Prison Rehabilitative Industries and Diversified Enterprises, Inc.

FINANCIAL STATEMENTS

December 31, 2024 and 2023

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December 31, 2024 and 2023

REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Prison Rehabilitative Industries and Diversified Enterprises, Inc.
Brandon, Florida

Opinion

We have audited the accompanying financial statements of Prison Rehabilitative Industries and Diversified Enterprises, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prison Rehabilitative Industries and Diversified Enterprises, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Prison Rehabilitative Industries and Diversified Enterprises, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Prison Rehabilitative Industries and Diversified Enterprises, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Prison Rehabilitative Industries and Diversified Enterprises, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Prison Rehabilitative Industries and Diversified Enterprises, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Receipts and Disbursements Related to the Triumph Gulf Coast, Inc. Grant Agreement (Project #297) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of Prison Rehabilitative Industries and Diversified Enterprises, Inc. and the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Tallahassee, FL
June 13, 2025

FINANCIAL STATEMENTS

Prison Rehabilitative Industries and Diversified Enterprises, Inc.
Statements of Financial Position

December 31,		**2024**		2023
Assets				
Current assets				
Cash	**$**	**4,449,383**	$	6,012,037
Investments		**31,574,174**		23,814,834
Accounts receivable, net		**6,920,303**		6,267,154
Lease receivable, current potion		**165,059**		146,311
Inventories, net		**9,303,628**		11,776,334
Prison Industry Trust Fund (PITF)		**1,392,023**		1,151,708
Other current assets		**655,685**		471,899
Total current assets		**54,460,255**		49,640,277
Non-current assets				
Lease receivable, less current portion		**82,529**		219,466
Operating lease right-of-use assets, net		**5,017,297**		3,134,068
Property, agricultural assets, and equipment, net		**9,889,937**		9,114,417
Total non-current assets		**14,989,763**		12,467,951
Total assets	**$**	**69,450,018**	$	62,108,228
Liabilities and Net Assets				
Current liabilities				
Accounts payable	**$**	**2,330,309**	$	1,927,324
Accrued liabilities		**3,400,795**		1,062,283
Current portion of operating lease liabilities		**1,078,400**		652,923
Total current liabilities		**6,809,504**		3,642,530
Long-term liabilities				
Operating lease liabilities, less current portion		**3,938,899**		2,481,144
Total long-term liabilities		**3,938,899**		2,481,144
Total liabilities		**10,748,403**		6,123,674
Net assets without donor restrictions				
Undesignated		**58,701,615**		55,984,554
Total net assets without donor restrictions		**58,701,615**		55,984,554
Total liabilities and net assets	**$**	**69,450,018**	$	62,108,228

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

Prison Rehabilitative Industries and Diversified Enterprises, Inc.
Statements of Activities

For the years ended December 31,	**2024**	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Revenue	**$ 67,961,851**	$ 65,578,823
Cost of sales	**(53,155,150)**	(52,667,477)
Gross margin	**14,806,701**	12,911,346
Operating expenses		
General and administrative	**(6,881,519)**	(6,400,764)
Distribution	**(3,033,122)**	(2,984,537)
Selling	**(2,234,362)**	(1,896,111)
Inmate services	**(956,461)**	(690,287)
Legal	**(201,659)**	(94,599)
Board	**(118,038)**	(111,562)
Victim restitution fund - traditional	**(79,041)**	(71,338)
Environmental contingency	**(14,510)**	-
Total operating expenses	**(13,518,712)**	(12,249,198)
Change in net assets without donor restrictions due to operations	**1,287,989**	662,148
Other revenue (expense)		
Gains and (losses)	**21,195**	43,291
PITF income	**832,542**	625,410
Interest income	**1,261,181**	781,348
Interest expense	**(268,469)**	(79,694)
Other	**(417,377)**	(4,332)
Total other revenue (expense)	**1,429,072**	1,366,023
Change in net assets without donor restrictions	**2,717,061**	2,028,171
Net assets without donor restrictions at beginning of year	**55,984,554**	53,956,383
Net assets without donor restrictions at end of year	**$ 58,701,615**	$ 55,984,554

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

Prison Rehabilitative Industries and Diversified Enterprises, Inc.
Statements of Cash Flows

For the years ended December 31,	**2024**	**2023**
Cash flows from operating activities		
Change in net assets without donor restrictions	**$ 2,717,061**	$ 2,028,171
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) operating activities:		
Depreciation and amortization	**1,470,813**	1,648,572
Amortization of right-of-use assets	**765,946**	459,654
(Gain) loss on disposal of assets	**1,258**	(43,291)
Loss on obsolete inventory	**1,123,409**	206,175
Unrealized and realized (gain) loss on investments	**(22,453)**	-
Provision for (recovery of) credit losses	**107,599**	26,035
Changes in operating assets and liabilities		
Accounts receivable	**(760,748)**	183,029
Inventories	**1,349,297**	5,455,818
Prison Industry Trust Fund	**(240,315)**	(543,120)
Other current assets	**(183,786)**	151,539
Accounts payable	**402,985**	(674,550)
Accrued liabilities	**2,338,512**	(402,619)
Operating lease liabilities	**(765,944)**	(459,655)
Net cash provided by (used in) operating activities	**8,303,634**	8,044,758
Cash flows from investing activities		
Purchase of property, agricultural assets and equipment	**(2,301,600)**	(1,212,187)
Proceeds from disposal of assets	**54,009**	142,751
Purchase of equipment to be leased	**(33,778)**	(8,062)
Receipts related to leased equipment	**151,967**	126,155
Purchase of investments	**(7,736,886)**	(3,999,778)
Net cash provided by (used in) investing activities	**(9,866,288)**	(4,951,121)
Net change in cash	**(1,562,654)**	3,093,637
Cash at beginning of year	**6,012,037**	2,918,400
Cash at end of year	**$ 4,449,383**	$ 6,012,037

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

For the years ended December 31,	**2024**	**2023**
Schedule of Certain Cash Flow Information		
Cash paid for interest	**$ 268,469**	$ 79,694
Schedule of Noncash Transactions		
Lease liabilities arising from obtaining right-of-use assets		
Operating leases	**$ 2,649,176**	$ 1,421,326

During 2023, management upgraded certain leased equipment prior to the end of its lease term. The amount of operating lease liabilities as of the date of exchange are netted against the lease liabilities arising from obtaining right-of-use assets above.

Note 1: DESCRIPTION OF THE ORGANIZATION

The Prison Rehabilitative Industries and Diversified Enterprises, Inc. (PRIDE) is a not-for-profit corporation authorized by the Florida Legislature to lease certain facilities and manage the correctional work programs of the Florida Department of Corrections (DC).

PRIDE was incorporated on December 14, 1981. The final transfer of the former correctional work programs was completed by July 1, 1984. The transfer included certain assets and liabilities of the DC correctional work program and was recorded by PRIDE at estimated fair value. In addition to these transfers, various lease agreements between PRIDE and DC provide for PRIDE to use certain land, buildings, and equipment in its operations.

PRIDE operates in a variety of industries including furniture manufacturing, agriculture, graphics and digital print technologies, sewn products, services and other general manufacturing. Through its operations in these industries, PRIDE teaches job skills, provides work training programs, and post release job placement to help reduce recommitment, inmate idleness, and provide incentive for good behavior in prison, through its Training and Mission Programs.

PRIDE receives no funding from the Florida Legislature and is totally supported by the earnings it generates from the sale of its products and services. A majority of PRIDE products are sold to state agencies and governmental entities or their contract vendors.

PRIDE has the following programs that are unique to its statutory mission:

- Inmate Re-Entry Services - Represents job training, vocational, and related training to assist inmates participating in PRIDE programs in acquiring job skills prior to release from incarceration.

- Transition Services - Represents post-release job placement support to ex-offenders who formerly participated in PRIDE programs, including both financial assistance and employment referral services.

- Victim Restitution Fund (traditional wages) - PRIDE voluntarily pays to DC ten cents for every dollar of inmate compensation earned by inmates that owe victim restitution.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and in conformity with the financial reporting provisions of Section 946.516 of the Florida State Statutes (the Statute). The Statute requires PRIDE to prepare their financial statements in accordance with accounting principles established by the Financial Accounting Standards Board (FASB).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (continued)

FASB provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, 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.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable result from sales of products to a variety of customers. Credit is extended to customers after their financial condition has been evaluated. Generally, collateral is not required.

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in income as received. The allowance for credit losses was $170,779 and $64,763 at December 31, 2024 and 2023, respectively.

Investments

PRIDE reports investments in certificates of deposits at their readily determinable fair values. Unrealized gains and losses are recorded in the period earned and are included in changes in net assets in the accompanying statements of activities. Interest is recognized as revenue when earned.

Inventory

Manufactured inventories are stated at the lower of cost or net realizable value and are accounted for under the first-in, first-out method. Crops in process are stated at the lower of cost or net realizable value and include all direct and indirect costs of growing crops. An obsolescence reserve is established for slow moving and potentially obsolete inventory based on review of inventory components and market conditions. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statements of activities in the period in which it occurs.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Agricultural Assets, and Equipment

All acquisitions of property and equipment in excess of $5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of one year are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation and amortization are computed using the straight-line method.

Leases

PRIDE leases office space and equipment. PRIDE determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities in the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, PRIDE uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that PRIDE will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

PRIDE’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Net Assets

PRIDE reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of PRIDE, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

As of December 31, 2024 and 2023, PRIDE has no net assets with donor restrictions.

Revenue Recognition

Revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied.

Revenue is recognized on sales in PRIDE's manufacturing and service operations when control of these products are transferred or services are provided to its customers, in an amount that reflects the consideration PRIDE expects to be entitled to in exchange for those products and services. PRIDE's principal terms of sale are FOB shipping point and PRIDE recognizes revenue for product sales upon shipment.

Revenue is recognized in PRIDE's agricultural operations, including citrus, sugarcane, cattle and timber products, as crops, cattle and cut timber are delivered and title passes to the customer in an amount that reflects the consideration PRIDE expects to be entitled to in exchange for those products and services. Certain of PRIDE's crops are harvested by customers. Revenue is recognized on these crops at the time of harvest. PRIDE initially recognizes revenue in an amount which is estimated based on contractual and market prices, if such market price falls within the range identified in the specific contract. Differences between the estimates and the final realization of revenues at the close of the harvesting season can result in either an increase or decrease to revenues. During the periods presented, no material adjustments were made to citrus or sugarcane revenues.

Shipping Costs

PRIDE treats shipping and handling activities until the customer obtains control of the goods as a fulfillment cost and not as a promised good or service. As such, shipping costs are included in distribution expenses, and any recoveries of costs charged to the customer are netted against distribution expenses as appropriate.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Other expenses are allocated across functional areas based on a fixed percentage.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

PRIDE is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) as an organization described in section 501(a)(l) and 170(b)(l)(A)(vi) and Chapter 617, Florida Statutes. Accordingly, no provision for income taxes has been made.

The Internal Revenue Service (IRS) has determined that PRIDE is not required to file a Form 990 because PRIDE is classified as an affiliate of a governmental unit under Section 1.6033-2(g)(6) of the *Income Tax Regulations.*

Contributions to PRIDE are tax deductible under Section 170 of the Code. PRIDE is also qualified to receive tax deductible bequests, transfers or gifts under Sections 2055, 2106, and 2522 of the Code.

Certain Other Taxes

PRIDE collects various taxes from customers and remits those amounts to applicable taxing authorities. PRIDE's policy is to exclude those taxes from sales and cost of sales.

Recent Accounting Pronouncements

In March 2023, the FASB issued ASU 2023-01, *Leases (Topic 842): Common Control Arrangements*. This guidance is effective for fiscal years beginning after December 15, 2023. The guidance provides a practical expedient for private companies and not-for-profit entities that are not conduit bond obligors to use the written terms and conditions of a common control arrangement to determine (1) whether a lease exists and, if so, (2) the classification of and accounting for that lease. The guidance also requires that leasehold improvements associated with common control leases be (1) amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset (the leased asset) through a lease, and (2) accounted for as a transfer between entities under common control through an adjustment to equity (or net assets for not-for-profit entities) if, and when, the lessee no longer controls the use of the underlying asset. PRIDE applied this guidance beginning January 1, 2024; however, it had no effect on the financial statements.

In August 2018, the FASB issued ASU 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*. This guidance is effective for non-public entities for fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance (i) prescribes the discount rate to be used in measuring the liability for future policy benefits for traditional and limited payment long-duration contracts, and requires assumptions for those liability valuations to be updated after contract inception, (ii) requires more market-based product guarantees on certain separate account and other account balance long-duration contracts to be accounted for at fair value, (iii) simplifies the amortization of deferred policy acquisition costs ("DAC") for virtually all long-duration contracts, and (iv) introduces certain financial statement presentation

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

requirements, as well as significant additional quantitative and qualitative disclosures. PRIDE is currently evaluating the impact of the guidance on its financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 13, 2025. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: LIQUIDITY AND AVAILABILITY OF RESOURCES

PRIDE maintains its financial assets primarily in cash, the Special Purpose Investment Account (SPIA) and certificates of deposit to provide liquidity to ensure funds are available as PRIDE's expenditures come due. The following reflects PRIDE's financial assets as of the statement of financial position dates, reduced by amounts not available for general use within one year of the statements of financial position date because of contractual or donor-imposed restrictions.

The following represents PRIDE's financial assets at December 31:

December 31,	**2024**	**2023**
Financial assets, at year-end:		
Cash	**$ 4,449,383**	$ 6,012,037
Investments	**31,574,174**	23,814,834
Accounts receivable, net	**6,920,303**	6,267,154
Financial assets available to meet cash needs for general expenditures within one year	**$ 42,943,860**	$ 36,094,025

Note 4: INVESTMENTS

The Florida State Treasury operates a special investment program for public entities. This program is authorized in Section 17.61(1), Florida Statutes, and is called the Special Purpose Investment Account (SPIA). Component units of the state, universities and colleges created by the Florida Constitution or Florida Statutes are eligible to invest in the SPIA.

Investments in the SPIA are valued at their estimated fair values in the accompanying statement of financial position. PRIDE held investments in SPIA of $2,837,930 and $2,740,698 at December 31, 2024 and 2023, respectively.

Note 4: INVESTMENTS (Continued)

SPIA funds are combined with state funds and are invested as part of the Treasury Investment Pool. The Treasury Investment Pool invests in a combination of short-term liquid instruments and intermediate term fixed income securities. Earnings are posted monthly based on a pro-rata share of total Treasury earnings. Each SPIA participant is assessed a monthly administrative fee of 0.12% of their average daily balance.

The investments held at Truist Investment Services, Inc. are invested in money market funds and certificates of deposit held by many different FDIC insured banking institutions, so it can achieve full FDIC coverage for the total sum of the investment. The certificates of deposit are considered negotiable and total $13,426,741 and $13,246,270 at December 31, 2024 and 2023, respectively.

Note 5: INVENTORIES

Inventories consist of the following at December 31:

December 31,	**2024**	**2023**
Raw materials and supplies	**$ 5,055,319**	$ 6,440,723
Work in process	**609,677**	436,371
Subassemblies	**743,931**	746,422
Finished goods	**2,687,612**	3,398,426
Crops in process	**1,945,871**	1,423,335
Total inventory	**11,042,410**	12,445,277
Reserve for inventory obsolescense and other	**(1,738,782)**	(668,943)
Inventories, net	**$ 9,303,628**	$ 11,776,334

Management increased its reserve for obsolete inventory by $1,123,409 and $206,175 during the years ended December 31, 2024 and 2023, respectively.

Note 6: PRISON INDUSTRIES TRUST FUND

PRIDE is authorized by state law to hold the PIE Program Certificate for the State of Florida. PRIDE is authorized to manage and operate correctional work programs under Section 946.504 of the Florida Statutes and is authorized to deposit and withdraw funds from the Prison Industries Trust Fund (PITF). Deposits to PITF are generated through a 50% withholding on all PIE inmate wages. The amount withheld and remitted to PITF and recognized as income was $832,542 and $625,410 the years ended December 31, 2024 and 2023, respectively.

PITF consists of cash. Withdrawals from PITF are authorized by the PRIDE board of directors. The withdrawn funds are to be used by PRIDE for purposes of construction or renovation of its facilities, for the expansion or establishment of correctional work programs as described in Section 946.522 of the Florida Statutes, or for PIE programs as authorized under Section 946.523 of the Florida Statutes. As of December 31, 2024 and 2023, respectively, PRIDE held $1,392,023 and $1,151,708 in the PITF.

Note 7: PROPERTY, AGRICULTURAL ASSETS, AND EQUIPMENT

Property, agricultural assets, and equipment consist of the following at December 31:

December 31,	*Estimated Useful Lives*	**2024**	**2023**
Building and building improvements	Up to 30 years	**$ 8,339,660**	$ 7,910,493
Leasehold improvements	Up to 20 years	**7,847,168**	7,833,283
Machinery and equipment	3-10 years	**19,375,261**	18,617,714
Livestock	5 years	**1,280,105**	1,124,599
Office equipment and furniture	3-10 years	**1,893,939**	1,947,380
Software	3-10 years	**601,888**	601,888
Vehicles	4-6 years	**2,081,157**	2,076,629
Total property, agricultural assets, and equipment		**41,419,178**	40,111,986
Less accumulated depreciation and amortization		**(31,529,241)**	(30,997,569)
Property, agricultural assets, and equipment, net		**$ 9,889,937**	$ 9,114,417

During the years ended December 31, 2024 and 2023, PRIDE sold or disposed of various property, agricultural assets and equipment and recognized (loss) gain of $(1,258) and $43,291, respectively.

Included in building and building improvements are three buildings with a net book value of approximately $821,000 that are being maintained by PRIDE but are not being used in current operations. PRIDE is maintaining the buildings and depreciating them with the intent to negotiate future usage with DC.

Note 8: LEASES

Operating Leases – Lessee

PRIDE has operating leases for office space and equipment. The leases have remaining lease terms of 3 to 6 years.

During the years ended December 31, 2024 and 2023, PRIDE executed lease agreements treated as operating leases. The execution of these lease agreements resulted in right-of-use assets and operating lease liabilities of $3,443,030 and $1,421,326 at commencement, respectively.

The components of lease expense consist of the following:

For the years ended December 31,	**2024**	**2023**
Operating lease cost	$ 765,946	$ 506,602

Note 8: LEASES (Continued)

Operating Leases – Lessee (continued)

Weighted average remaining lease term and discount rates consist of the following:

For the years ended December 31,	**2024**	**2023**
Weighted average remaining lease term		
Operating leases	5.1 years	5.1 years
Weighted average discount rate		
Operating leases	1.96%	1.96%

The maturities of lease liabilities subsequent to December 31, 2024 consist of the following:

For the years ending December 31,	
2025	$ 1,111,800
2026	1,075,252
2027	1,075,252
2028	1,071,421
2029	891,735
Thereafter	218,880
Total future minimum lease payments	5,444,340
Less imputed interest	(427,041)
Present value of lease liabilities	$ 5,017,299

PRIDE leases various land, buildings, and equipment from DC. Under terms of the leases, annual lease payments are 50% of PRIDE's operating income after adjustments and reserves for capital expenditures, working capital requirements, and provision for certain other payments. Such adjusted operating income for the years ended December 31, 2024 and 2023, was less than zero and, accordingly, no annual lease payments were required.

PRIDE's lease agreements with DC relative to the use of the correctional facilities expire in 2031 with automatic renewals for successive three-year terms until terminated in accordance with the agreement. Based on FS 946.505, upon expiration, all property relating to correctional work programs automatically reverts to full ownership by DC unless PRIDE intends to utilize such property in another correctional work program.

The fair value of the leased property cannot be reasonably estimated since the property is located next to correctional facilities. Therefore, in-kind revenue and expense has not been recognized in the accompanying financial statements.

Note 8: LEASES (Continued)

Financing Leases - Lessor

PRIDE is the lessor of dishwashers to DC under direct financing leases expiring in various years through 2026. PRIDE's net investment in the direct financing leases includes the cost of equipment installed as of December 31, 2024 and 2023, respectively, that totaled $663,929 and $630,151 offset by payments of $416,340 and $264,373 received through December 31, 2024 and 2023, respectively.

Minimum lease payments to be received as of December 31, 2024 through the end of the lease term are:

For the years ending December 31,	
2025	$ 165,059
2026	82,529
Total	$ 247,588

Minimum lease payments do not include monthly service costs for maintenance and supplies. Annual revenue related to these agreements was $378,854 and $373,451 for 2024 and 2023, respectively.

Note 9: REVENUE

PRIDE recognizes revenue at a point in time (IE date of sale) for its sale of products and services. As of December 31, 2024 and 2023, there are no performance obligations to be satisfied which are related to its sales.

A summary of revenues disclosed on a disaggregated basis follows:

For the years ended December 31,	**2024**	**2023**
Specialty manufacturing	**$ 23,017,904**	$ 22,916,595
Services	**12,829,670**	11,617,291
Land management	**10,801,154**	9,790,126
Graphics and digital	**10,315,663**	11,084,568
Sewn products	**6,520,877**	7,108,316
General manufacturing	**4,435,374**	3,061,927
Corporate	**41,209**	-
Total revenue	**$ 67,961,851**	$ 65,578,823

Contract Balances

A summary of contract balances follows:

December 31,	**2024**	**2023**
Contract assets		
Accounts receivable from contracts, beginning of year	$ 6,267,154	$ 6,476,218
Accounts receivable from contracts, end of year	$ 6,920,303	$ 6,267,154

Note 10: FUNCTIONAL EXPENSES

A summary of functional expenses follows:

	Program Services			Supporting Services	
For the year ended December 31,	Training Programs	Mission Programs	Total Program Services	General and Administrative	Total 2024
Cost of goods sold - direct cost	$ 29,628,030	$ -	$ 29,628,030	$ 268,469	$ 29,896,499
Personnel	14,472,781	634,998	15,107,779	4,517,755	19,625,534
Other	2,678,530	197,065	2,875,595	1,236,300	4,111,895
Tools and supplies	2,649,713	55,738	2,705,451	116,491	2,821,942
Depreciation and amortization	2,219,423	17,336	2,236,759	-	2,236,759
Transportation and travel	2,039,458	20,445	2,059,903	128,091	2,187,994
Repairs and maintenance	2,120,271	1,288	2,121,559	22,958	2,144,517
Utilities	1,540,153	4,500	1,544,653	162,453	1,707,106
Professional fees	329,244	-	329,244	864,758	1,194,002
Liability insurance	639,316	11,009	650,325	41,343	691,668
Equipment rental and other	144,962	-	144,962	100,413	245,375
Victim restitution	77,581	1,459	79,040	-	79,040
Total	**$ 58,539,462**	**$ 943,838**	**$ 59,483,300**	**$ 7,459,031**	**$ 66,942,331**

	Program Services			Supporting Services	
For the year ended December 31,	Training Programs	Mission Programs	Total Program Services	General and Administrative	Total 2023
Cost of goods sold - direct cost	$ 30,317,795	$ 2	$ 30,317,797	$ 79,694	$ 30,397,491
Personnel	13,961,090	463,048	14,424,138	3,731,816	18,155,954
Other	2,738,098	154,160	2,892,258	1,092,095	3,984,353
Tools and supplies	2,672,461	29,700	2,702,161	102,047	2,804,208
Depreciation and amortization	2,100,876	7,350	2,108,226	-	2,108,226
Transportation and travel	1,929,855	15,296	1,945,151	99,296	2,044,447
Repairs and maintenance	1,851,872	1,463	1,853,335	26,047	1,879,382
Utilities	1,644,236	2,160	1,646,396	171,635	1,818,031
Professional fees	75,421	6,000	81,421	750,843	832,264
Liability insurance	531,239	11,117	542,356	78,921	621,277
Equipment rental and other	195,083	-	195,083	84,315	279,398
Victim restitution	70,415	923	71,338	-	71,338
Total	**$ 58,088,441**	**$ 691,219**	**$ 58,779,660**	**$ 6,216,709**	**$ 64,996,369**

Note 10: FUNCTIONAL EXPENSES (Continued)

Functional expenses reconcile to the statements of activities as follows:

For the years ended December 31,	**2024**	2023
Cost of goods sold	**$ 53,155,150**	$ 52,667,477
Operating expenses	**13,518,712**	12,249,198
Interest expense	**268,469**	79,694
Total expenses	**$ 66,942,331**	$ 64,996,369

Note 11: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
    - observable; or
    - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Note 11: FAIR VALUE MEASUREMENTS (Continued)

SPIA - Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance.

Certificates of deposit – Investments are valued using pricing models maximizing the use of observable input for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Money market – Investments are valued using the present value of future cash flows and using simple discounting based on one-day maturity.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although PRIDE believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis, are summarized below:

December 31, 2024	Level 1	Level 2	Level 3	Total
SPIA	$ -	$ 2,837,930	$ -	$ 2,837,930
Money market	15,309,503	-	-	15,309,503
Certificates of deposit	-	13,426,741	-	13,426,741
Total	**$ 15,309,503**	**$ 16,264,671**	**$ -**	**$ 31,574,174**

December 31, 2023	Level 1	Level 2	Level 3	Total
SPIA	$ -	$ 2,740,698	$ -	$ 2,740,698
Money market	7,827,866	-	-	7,827,866
Certificates of deposit	-	13,246,270	-	13,246,270
Total	$ 7,827,866	$ 15,986,968	$ -	$ 23,814,834

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2024 and 2023, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 12: INMATE COMPENSATION PLANS

Traditional Wages

Florida Statute 946, which authorizes PRIDE to manage the state's prison industries, requires an inmate compensation plan. Under the inmate compensation plan, PRIDE is required to make inmate compensation payments directly to DC. These payments are credited to the account of the inmate that performs the labor.

The cost of the traditional inmate compensation plan was $1,157,738 and $1,034,559 for the years ended December 31, 2024 and 2023, respectively. The expense is recorded as a component of cost of sales.

Prison Industries Enhancement (PIE Wages)

Pursuant to Federal Statute 18 USC 1761 *(1979 Percy Amendment),* inmates involved in the production of goods in interstate commerce are paid a prevailing wage as established through the Florida Agency for Workforce Innovation. Deductions taken from gross wages include 50% for the Prison Industries Trust Fund, 10% for the Crimes Compensation Fund, 10% for court-ordered payments (as applicable), and other court-ordered obligations (e.g. child support), and are not to exceed 80% of gross wages.

PRIDE is required to make inmate compensation payments directly to DC. These payments, net of applicable withholdings, are credited to the account of the inmate that performs the labor. The cost of the PIE inmate compensation plan was $1,573,416 and $1,215,577 for the years ended December 31, 2024 and 2023, respectively. The expense is recorded as a component of cost of sales.

PRIDE's payments to DC for the Crimes Compensation Fund were $157,344 and $120,602 for the years ended December 31, 2024 and 2023, respectively. The expense is recorded as a component of cost of sales.

Note 13: CONTINGENCIES

PRIDE is subject to several lawsuits, investigations , and claims arising out of the normal conduct of its business, including those relating to commercial transactions, product liability and safety and health matters. Management believes that any liability arising from such claims would be immaterial to the accompanying financial statements. See additional information included in Note 16.

PRIDE is responsible for an environmental contingency at one of its manufacturing operations. Remediation activity began prior to June 30, 1999, and was completed in 2008. Monitoring is expected to continue throughout the next several years. The expense associated with the ongoing costs of monitoring was $-0- and $-0- for the years ended December 31, 2024 and 2023, respectively.

Note 13: CONTINGENCIES (Continued)

PRIDE's cash accounts with Truist Bank are invested in an overnight sweep. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Management considers the risk of loss remote.

PRIDE’s uninsured cash deposits are as follows:

December 31,	**2024**	2023
Truist Bank	**$ 4,265,646**	$ 5,840,082
Total uninsured cash	**$ 4,265,646**	$ 5,840,082

PRIDE's investment in the SPIA is not insured or guaranteed by the FDIC or any other government agency. Although SPIA seeks to preserve principal, it is not a guaranteed investment. PRIDE’s money market fund investments with Truist Investment Services, Inc. are not insured or guaranteed by the FDIC. PRIDE’s certificates of deposit investments held by Truist Investment Services, Inc. are fully insured by FDIC.

Note 14: CONCENTRATIONS

PRIDE's operations are concentrated to operations that take place predominantly within Florida's state prisons. In addition, PRIDE's operations are heavily regulated by the state. The operations of PRIDE are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including but not limited to DC. Such administrative directives, rules and regulations are subject to change by an act of Congress, the Florida Legislature, or an administrative change mandated by DC. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

PRIDE sells a significant amount of its products to state agencies. Concentrations in the percentage of sales to the following state agencies are as follows:

For the years ended December 31,	**2024**	**2023**
Florida Department of Corrections	**12%**	**12%**
Florida Department of Highway Safety and Motor Vehicles	**16%**	**15%**
Florida Department of Transportation	**5%**	**6%**

Note 15: RELATED PARTY TRANSACTIONS

The Department of Corrections is a significant customer and facilities and labor provider of PRIDE.

Board members who agree to receive compensation are paid an honorarium for attending in-person or via conference call for all board meetings and/or committee meetings.

Note 16: RISK MANAGEMENT PROGRAMS

PRIDE is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; disease, damage and destruction of crops; directors' and officers' liability; auto liability; garage liability and employee dishonesty.

PRIDE minimizes these risks through insurance policies with specific limits of liability and deductibles for casualty exposures. PRIDE participates in the State of Florida Department of Financial Services property and casualty insurance program. This property coverage is on an actual cash value basis (replacement cost less accumulated depreciation) for all of its locations throughout the State of Florida. For general liability coverage, PRIDE depends on the *Florida Sovereign Immunity Act,* Section 768.28 of the Florida Statutes, to limit the potential tort liability to $200,000 per person or $300,000 per occurrence.

At December 31, 2024, PRIDE is involved with two incidents pending claims with no lawsuit filed, and four incidents pending claims with lawsuits filed. In total, PRIDE has recorded $525,000 as a loss contingency associated with these claims. As of the date of the independent auditor's report, two of the lawsuits were settled for $275,000 and dismissed. For the remainder of the pending claims, only two others were estimated by legal counsel to result in probable damages to PRIDE, and these claims were limited to $200,000 per claim consistent with the *Florida Sovereign Immunity Act* mentioned above.

PRIDE's employee health insurance is a fully insured PPO program through Blue Cross Blue Shield of Florida: Blue Options. PRIDE's employee dental insurance is a self-insured program with maximum limits of $3,000 per participant per year. PRIDE's employee basic life and accidental death and dismemberment insurance is a fully insured policy up to one times an employee's salary rounded up to the nearest thousand, to a maximum of $50,000.

PRIDE's workers' compensation insurance program is through the State of Florida Department of Financial Services and short-term disability insurance is self-insured up to specified limits. PRIDE's long-term disability insurance is fully insured. PRIDE has insurance coverage in excess of the self-insured limits that provide both specific and aggregate coverage.

Note 17: RETIREMENT PLANS

401(k) Retirement Plan

The Prison Rehabilitative Industries and Diversified Enterprises 401(k) Retirement Plan (401(k) Plan) was established in January 2001. The 401(k) Plan provides for elective contributions by qualifying employees up to the maximum limit allowed by tax regulations. A Safe Harbor provision is in effect for the 401(k) Plan allowing for immediate vesting of employer match.

Beginning 2016, under the terms of the plan, PRIDE matches employee contributions based on the first 6% of employee compensation at a rate of one dollar for each dollar contributed. PRIDE, at its discretion, may make contributions in excess of these amounts. PRIDE's employer contributions to the plan during the years ended December 31, 2024 and 2023, was $450,177 and $442,308, respectively. There were no discretionary contributions to the 401(k) Plan for the years ended December 31, 2024 and 2023.

Note 18: OTHER REVENUE AND EXPENSE

Other expense on the statements of activities include $525,000 of accrued losses related to pending litigation. See additional information included in Note 16.

SUPPLEMENTARY INFORMATION

Prison Rehabilitative Industries and Diversified Enterprises, Inc.
Schedule of Receipts and Disbursements Related to the
Triumph Gulf Coast, Inc. Grant Agreement (Project #297)

As of and for the year ended December 31,		**2024**
Cash at beginning of year associated with Triumph Grant Award	$	-
Receipts		101,401
Disbursements		(101,401)
Cash at end of year associated with Triumph Grant Award	$	-

See independent auditor's report.