Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K

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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 for those years we elected REIT status. 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 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. On January 26, 2021, President Biden issued the Private Prison EO. The Private Prison EO directs the Attorney General to not renew DOJ contracts with privately operated criminal detention facilities. Two agencies of the DOJ, the BOP and the USMS **,** utilize our services. The BOP houses inmates who have been convicted, and the USMS is generally responsible for detainees who are awaiting trial. The BOP has experienced a steady decline in inmate populations over the last decade, a trend that was accelerated by the COVID- 19 pandemic. Our remaining prison contract with the BOP at the 1, 978- bed McRae Correctional Facility expired on November 30, 2022 and was not renewed. ~~This~~ **Following the non- renewal of the BOP** contract **in** ~~accounted for 2 % ($ 37. 8 million) and 2 % ($ 40. 6 million) of our total revenue for the twelve months ended December 31,~~ 2022 and **our** ~~2021, respectively. We completed the~~ sale of the McRae facility **to the state of Georgia** in August 2022 ~~to the Georgia Building Authority~~ , ~~and entered into~~ **we no longer operate** ~~an~~ **any prison contracts for** ~~agreement to lease the facility through November 2022 to allow us to fulfill our obligations to~~ the BOP. The Private Prison EO only applies to agencies that are part of the DOJ, which includes the BOP and USMS. ICE facilities are not covered by the Private Prison EO, as ICE is an agency of the DHS, not the DOJ **. For** ~~, although it is possible that~~ the ~~federal government could choose to take similar action on~~ **year ended December 31, 2023, USMS and** ICE ~~facilities in the future~~ **accounted for 21 % ($ 400. 4 million) and 30 % ($ 565. 5 million), respectively, of our total revenue** . For the **year** ~~twelve months~~ ended December 31, 2022, USMS and ICE accounted for 22 % ($ 403. 9 million) and 29 % ($ 527. 3 million), respectively, of our total revenue. For the **year** ~~twelve months~~ ended December 31, 2021, USMS and ICE accounted for 23 % ($ 433. 6 million) and 30 % ($ 552. 2 million), respectively, of our total revenue. Unlike the BOP, the USMS does not own detention capacity and relies on the private sector, along with various government agencies, for its detainee population ~~. The USMS has been advised by the Office of the Deputy Attorney General not to renew existing contracts, or enter into new contracts for private detention facilities. During the second quarter of 2021, we had direct contracts with the USMS for up to 992 detainees at our 2016- bed Northeast Ohio Correctional Center and for up to approximately 96 detainees at our 664- bed Crossroads Correctional Center in Montana that expired and were not renewed. On May 28, 2021, we entered into a new three- year contract with Mahoning County, Ohio to utilize up to 990 beds at our Northeast Ohio Correctional Center. Mahoning County is responsible for County inmates and federal detainees, including USMS detainees, and the County is using the Northeast Ohio facility to address its population needs. During the third quarter of 2021, we entered into an amendment to the contract with the state of Montana to utilize all of the capacity at the Crossroads Correctional Center, including the space vacated by the USMS, and to extend the existing contract to June 30, 2023, with additional renewal options by mutual agreement through August 31, 2029. We had a direct contract with the USMS to care for detainees at our 600- bed West Tennessee Detention Facility that expired on September 30, 2021 and was not renewed. In addition, we had a direct contract with the USMS to care for detainees at our 1, 033- bed Midwest Regional Reception Center (formerly known as the Leavenworth Detention Center) that expired on December 31, 2021 and was not renewed. We are actively marketing the West Tennessee Detention Facility and the Midwest Regional Reception Center to other government agencies. However, we can provide no assurance that we will be able to reach agreements for the utilization of these facilities~~ . We currently have two detention facilities that have direct contracts with the USMS ~~that expire~~ **. Because of the lack of alternative bed capacity, one of the contracts was renewed upon its expiration** in September 2023 **,** and **now expires in September 2028. The second direct contract expires in** September 2025 ~~. The facility with the contract expiring in September 2023 services a substantial number of USMS detainees that we believe will be challenging to replace, and we intend to work with the USMS to enable it to~~

~~continue to fulfill its mission. However, we can provide no assurance that this contract will be renewed or replaced upon expiration~~ . It is too early to predict the outcome of the expiration of the contract scheduled to expire in September 2025, and future developments could occur prior to the scheduled expiration date. Immigration reform laws are currently a focus for legislators and politicians at the federal, state, and local level. Legislation has been passed in California **, Colorado,** and New Jersey, where we operate detention facilities, as well as Maryland, Illinois, Oregon and Washington, that ~~would prohibit~~ **prohibits** state **and local** agencies from contracting to detain immigrants in ~~civil cases with~~ ICE **custody** ~~and private detention facilities~~ . In addition, legislation has been proposed in New Mexico ~~and Colorado~~ , ~~where~~ **a state in which** we own facilities, that would prohibit state **and local** agencies from contracting to detain immigrants in ~~civil cases with~~ ICE **custody. While recent court decisions in California and New Jersey have struck down these restrictions as to direct contracts between ICE** and private **companies** ~~detention facilities. During 2022~~ , **restrictions on state and local agency contracts to detain immigrants in ICE custody** ~~the Ninth Circuit Court of Appeals ruled that California' s legislation violated the Supremacy Clause of the U. S. Constitution, which~~ generally ~~prohibits~~ **remain in place in the** states **where such** ~~from interfering with the enforcement of federal~~ laws **have been passed** ~~and the federal government' s exercise of its constitutional powers~~ . 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 (including ~~COVID- 19 infections or other~~ disease outbreaks at the facilities we own and manage) 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 an adverse impact on our business **, reputation** , financial condition, results of operations or the market price of our common stock. 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 or minimum guaranteed occupancy levels. 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. We do not lobby or advocate for any policies that determine the basis for or duration of an individual' s incarceration or detention. Under a per diem rate structure, a decrease in our occupancy rates could cause a decrease in revenue and profitability. For the years **2023,** 2022, **and** 2021 ~~, and 2020~~ , the average compensated occupancy of our facilities, based on rated capacity, was **72 %,** 70 %, **and** 72 ~~%, and 74~~ %, 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 ~~, including as a result of COVID- 19 and Title 42~~ . When combined with relatively fixed costs for operating each facility, a decrease in occupancy levels could have an adverse impact 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 **results of operations,** 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. Efforts to reduce the U. S. federal deficit could adversely affect our liquidity, results of operations and financial condition. Any reductions in government spending in an effort to reduce the U. S. federal deficit could result in a reduction in the utilization of our services or additional pricing pressure. Further, there is ongoing uncertainty regarding the federal budget and federal spending levels, including the possible impacts of a failure to increase the " debt ceiling. " Any U. S. government default on its debt could have broad macroeconomic effects that could, among other things, raise our borrowing costs. Any future shutdown of the federal government or failure to enact annual appropriations could also have a material adverse impact on our liquidity, results of operations and financial condition. ~~The COVID- 19 pandemic has had, and we expect could continue to have, certain negative effects on our business, and such effects may have a material adverse effect on our results of operations, financial condition and cash flows. The public health crisis caused by the COVID- 19 pandemic and the unprecedented measures taken by United States federal, state and local government authorities in an effort to contain and mitigate the spread of COVID- 19, have had, and we expect could continue to have, certain negative effects on our business, including, without limitation, the following: • The decision imposed by the federal government to deny entry at the United States southern border to asylum- seekers and anyone crossing the United States southern border without proper documentation or authority in an effort to contain the spread of COVID- 19 under Title 42 has resulted in a reduction in ICE populations, including in our detention facilities. Litigation challenging the policy of denying entry at the United States southern border to asylum- seekers and anyone crossing the border without proper documentation or authority continues. On April 1, 2022, the CDC issued a Public Health Determination terminating Title 42 with an effective date of May 23, 2022. However, on April 25, 2022, a federal judge issued a temporary restraining order blocking the termination of Title 42, and on May 20, 2022, ruled that the Biden administration violated administrative law when it announced that it planned to cease Title 42. On November 15, 2022, another federal judge ruled that expulsions under Title 42 were a violation of the Administrative Procedure Act, noting that Title 42 was an" arbitrary and capricious" violation of the Act, requiring the federal government to process all asylum seekers under applicable immigration~~

~~law in effect prior to the implementation of Title 42. However, on December 19, 2022, the Supreme Court temporarily maintained Title 42, and on December 27, 2022, granted a temporary stay on the cessation of Title 42, while it considers an appeal by a group of states seeking to continue Title 42. • We have had positive COVID- 19 cases at our facilities. We continue to take measures to protect our employees and those entrusted to our care, which have included, but are not limited to, enhanced hygiene practices, the suspension or restriction of visitation policies (after consultation with our government partners), following guidance provided by the CDC for Correctional and Detention Facilities, following national and local health standards, and the separation of vulnerable inmate populations from the rest of the inmate population for their protection, and have been subjected to certain occupancy restrictions that continue for certain government partners, which has had and continues to have a negative impact on our revenue. • We have experienced labor shortages and wage pressures in many markets across the country and our personnel costs and expenses at our facilities have increased as a result of COVID- 19. In response to the COVID- 19 pandemic, we have, among other things, purchased PPE and supplies, increased compensation and provided additional benefits to staff at our correctional, detention, and residential reentry facilities, and implemented enhanced hygiene practices at our facilities. • Government agencies and referring boards have decided, and may continue to decide, to refer residents to home confinement or otherwise reduce the utilization of community facilities, such as our residential reentry facilities. • Actions we have taken or may take, or decisions we have made or may make, as a consequence of COVID- 19, may result in legal claims or litigation against us. Any of the negative impacts of the COVID- 19 pandemic, including those described above, alone or in combination with others, may have a material adverse effect on our results of operations, financial condition and cash flows.~~ 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. 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, ~~38~~ **32** of our facility contracts with the customers listed under" Business – Facility Portfolio" are currently scheduled to expire on or before December 31, ~~2023~~ **2024** but have renewal options (25), or are currently scheduled to expire on or before December 31, ~~2023~~ **2024** and have no renewal options (~~13~~ **7**). 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, ~~2022~~ **2023** for the ~~38~~ **32** contracts with scheduled maturity dates, notwithstanding contractual renewal options, on or before December 31, ~~2023~~ **2024** was $ ~~645~~ **642** . ~~8~~ **9** million, or ~~35~~ **34** % of total revenue. ~~Additionally~~ **As stated above** , ~~on January 26, 2021, President Biden issued~~ the ~~Private Prison EO. The~~ Private Prison EO directs the Attorney General to not renew DOJ contracts with privately operated criminal detention facilities. Two agencies of the DOJ, the BOP and the USMS **,** utilize our services. The BOP houses inmates who have been convicted, and the USMS is generally responsible for detainees who are awaiting trial. The BOP has experienced a steady decline in inmate populations over the last decade, a trend that was accelerated by the COVID- 19 pandemic. Our remaining prison contract with the BOP at the 1, 978- bed McRae Correctional Facility expired on November 30, 2022 and was not renewed. ~~This contract accounted for 2 % ($ 37. 8 million) and 2 % ($ 40. 6 million) of our total revenue for the twelve months ended December 31, 2022 and 2021, respectively. We completed the sale of the McRae facility in August 2022 to the Georgia Building Authority, and entered into an agreement to lease the facility through November 2022 to allow us to fulfill our obligations to the BOP.~~ The Private Prison EO only applies to agencies that are part of the DOJ, which includes the BOP and USMS. ICE facilities are not covered by the Private Prison EO, as ICE is an agency of the DHS, not the DOJ ~~, although it is possible that the federal government could choose to take similar action on ICE facilities in the future~~ . For the **year** ~~twelve months~~ ended December 31, ~~2022~~ **2023** , USMS and ICE accounted for ~~22~~ **21** % ($ ~~403~~ **400** . **4** ~~9 million) and 29 % ($ 527. 3 million), respectively, of our total revenue. For the twelve months ended December 31, 2021, USMS and ICE accounted for 23 % ($ 433. 6~~ million) and 30 % ($ ~~552~~ **565** . ~~2~~ **5** million), respectively, of our total revenue ~~. Unlike the BOP, the USMS does not own detention capacity and relies on the private sector, along with various government agencies, for its detainee population. The USMS has been advised by the Office of the Deputy Attorney General not to renew existing contracts, or enter into new contracts for private detention facilities. We currently have two detention facilities that have direct contracts with the USMS that expire in September 2023 and September 2025. The facility with the contract expiring in September 2023 services a substantial number of USMS detainees that we believe will be challenging to replace, and we intend to work with the USMS to enable it to continue to fulfill its mission. However, we can provide no assurance that this contract will be renewed or replaced upon expiration. It is too early to predict the outcome of the expiration of the contract scheduled to expire in September 2025, and future developments could occur prior~~

~~to the scheduled expiration date~~. On December 6, 2022, we received notice from the CDCR **,** of its intent to terminate the lease agreement for our 2, 560- bed California City Correctional Center by March 31, 2024, due to the state' s declining inmate population. ~~The lease agreement~~ **As part of** ~~is~~ **its** ~~fully funded through~~ **annual budget process for** the ~~state of California' s current~~ fiscal year ending June 30, ~~2023. Funding for the lease of the facility for the~~ 2024 ~~fiscal year~~, ~~beginning July 1, 2023, will be determined in~~ the California legislature ~~in~~ **approved funding for** the ~~first half of~~ **lease through March 31,** ~~2023~~ **2024** ~~as part of the annual budget process~~. **We have** ~~As part of this process, we plan to engage~~ **engaged** with the state of California regarding the continued utilization of ~~the~~ **our** California City facility by the CDCR. However, we can provide no assurance that we will be successful in reaching an agreement for the utilization of the facility beyond ~~June 30~~ **March 31** , ~~2023~~ **2024 . We are also marketing the facility to other potential customers** . Rental revenue generated from the CDCR at the California City facility was $ **31. 1 million, $** 34. 0 million, **and** $ 33. 3 million **for 2023** , **2022,** and **2021, respectively. Facility net operating income at the facility was** $ ~~32~~ **25** . ~~8~~ **5 million, $ 27. 9 million and $ 27. 4** million for **2023** ~~the twelve months ended December 31~~ , 2022, **and** 2021, ~~and 2020~~ respectively. 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. Based on information available as of the date of this Annual Report, other than the previously mentioned lease agreement with the CDCR for our California City facility, we believe we will renew all other contracts with our government partners that have expired or are scheduled to expire within the next twelve months that could have a material adverse 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~~ **can provide no** ~~assure~~ **assurance** that we will continue to achieve ~~such~~ **high** renewal rates in the future. 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 **the** privatization **of correctional, detention, and reentry facilities** . 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 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~~ **an ongoing** 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, President Trump 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 or the use of other technologies, may reduce the number of offenders who would otherwise be incarcerated or detained. Similarly, reductions in crime rates, increases in resources dedicated to preventing crime, reduced funding for law enforcement, or strained law enforcement resources 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 **may** ~~recently have required~~ **require** 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 **with favorable terms, if at all,** 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. Even if we identify sites where local leaders and residents generally support the establishment of a correctional ~~or~~ **,** detention **, or residential reentry** facility, whether to be publicly or privately operated, such endeavors may still face resistance by broader groups to facilities perceived as supporting over- incarceration. Therefore, 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 **, or residential reentry** facility. As a result, we may report significant charges if we decide to abandon efforts to develop a correctional ~~or~~ **,** detention **, or residential reentry** 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 ~~. 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. The term of the amended agreement was further extended in September 2020, from September 2021 to September 2026. ICE has modified the mission at this facility in the past, for example, to authorize two parent family units. During the fourth quarter of 2021, ICE suspended the placement of children at this facility, but continues to use the facility under the Family Residential Standards for people claiming asylum because the facility design provides flexibility for unique needs of various residential populations. Depending on the demands at the southern border, ICE could again in the future place accompanied children at this facility for residential services. Providing family residential services, particularly to children, 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, 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 unrelated 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. During 2022, 2021, and 2020, revenues at this facility were $ 156. 5 million, $ 159. 9 million, and $ 168. 0 million, respectively~~ . 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. We may also experience a disruption in cash flows when transitioning from one contract to another. For example, during 2022, as a result of a new contract award from the state of Arizona for up to 2, 706 inmates, we transitioned the population at our 3, 060- bed La Palma Correctional Center from ICE detainees to inmates from the state of Arizona, which resulted in the disruption of earnings and cash flows **during the transition period. Further, due to higher staffing level requirements under the management contract with Arizona, combined with a challenging labor market, we expect the disruption at this facility will continue** until **we stabilize** the ~~occupancy of inmates from the state of Arizona reached stabilization~~ **operating expense structure by reducing incremental expenses associated with temporary staffing, which we have recently begun to experience** . Disruptions like these 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. 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 or pay liquidated damages. 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 reputation and** our ability to bid in response to Requests for Proposals, or RFPs, in one or more jurisdictions. 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, environmental, health care, data privacy, transportation, telecommunications, and safety regulations, which are administered by many regulatory authorities. Some of the regulations are unique to the corrections industry, some target private, for- profit entities by imposing location requirements, compliance requirements, elevated litigation risk and financial penalties only on private, for- profit correction and detention providers, and some are unique to government contractors. The combination of regulations we face is unique and complex. Facility management 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. There also has been increasing focus by U. S. and foreign government authorities on environmental matters, such as climate change, the reduction of greenhouse gases and water consumption **. In particular, the State of California recently passed the Climate Corporate Data Accountability Act and the Climate- Related Financial Risk Act that will impose broad climate- related disclosure obligations on certain companies doing business in California, starting in 2026. The SEC has included in its regulatory agenda potential rulemaking on climate change disclosures that, if adopted, could significantly increase compliance burdens, associated regulatory costs, and complexity** . New or revised laws and regulations or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of our properties or result in significant additional expense and restrictions on our business operations. 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. **The failure to comply with data privacy, security and exchange legal requirements could have a material adverse impact on our business, financial position, results of operations, cash flows and reputation. We are subject to complex and evolving U. S. federal and state privacy laws and regulations, which sometimes conflict among the various jurisdictions where we do business. For example, we are subject to HIPAA, which requires us to protect the privacy and security of individually identifiable health information, known as “ protected health information ” and recognize individual rights related to understanding and controlling how health information is used or disclosed. Various states, including California, Colorado, Virginia and New Jersey, have passed laws pertaining to the processing of personal data that require companies, including us, to provide new disclosures and options to such persons about data collection, use and sharing practices. Some of these laws are already in effect, while others will go into effect during 2024 and 2025. HIPAA and state laws require us to report data breaches to affected individuals, government regulators, and in certain cases involving large breaches, the media. Further, the U. S. federal government and a significant number of additional states are considering expanding or passing privacy laws in the near term. We are also subject to increasing legal requirements with respect to the use of artificial intelligence and machine learning applications and tools (including in relation to hiring and employment practices) and biometric information. These legal requirements are rapidly changing and are subject to uncertain application, interpretation and enforcement standards. The increasingly complex, restrictive and rapidly evolving regulatory environment at the federal and state level related to data privacy and data protection, including protected health information, may require significant continued effort and cost, changes to our business and data processing practices and impact our ability to obtain and use data. These laws provide for civil penalties for violations, and some confer a private right- of- action to certain individuals for data breaches. Federal and state regulatory bodies, including the Federal Trade Commission and the California Privacy Protection Agency are engaging in enforcement investigations and actions with respect to privacy and data protection. There is no assurance that our security controls, training of employees on data privacy and data security, and policies, procedures and practices will prevent the improper use or disclosure of personal data. Our inability to adapt or comply with such legal requirements, or the improper use or disclosure of personal data in violation of data privacy laws could harm our reputation, cause loss of consumer confidence, subject us to government enforcement actions, 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 have a material adverse impact on our business, financial position, results of operations and cash flows.** 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 ~~54~~ **52** % of our total revenues for the year ended December 31, ~~2022~~ **2023** ($ ~~994~~ **995** . ~~6~~ **0** million). For the year ended December 31, ~~2022~~ **2023** , ICE, USMS, and the BOP accounted for ~~29~~ **30** % ($ ~~527~~ **565** . ~~3~~ **5** million), ~~22~~ **21** % ($ ~~403~~ **400** . ~~9~~ **4** million), and ~~3~~ **2** % ($ ~~63~~ **29** . ~~4~~ **1** million), respectively, of our total revenue. Although the revenue generated from each of these agencies is derived from numerous management contracts and various types of properties, i. e. correctional, detention, and reentry, 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 federal agencies, including ICE and the USMS, and a relatively small group of other governmental customers for a significant percentage of our revenues. Additionally, the Private Prison EO ~~issued by President Biden on January 26, 2021,~~ directs the Attorney General to not renew DOJ contracts with privately operated criminal detention facilities. Two agencies of the DOJ, the BOP and the USMS **,** utilize our services. The BOP houses inmates who have been convicted, and the USMS is generally responsible for detainees who are awaiting trial. The BOP has experienced a steady decline in inmate populations over the last decade, a trend that **was** ~~has been~~ accelerated by the COVID- 19 pandemic. Our remaining prison contract with the BOP at the 1, 978- bed McRae Correctional Facility expired on November 30, 2022 and was not renewed. ~~This contract accounted for 2 % ($ 37. 8 million) and 2 % ($ 40. 6 million) of our total revenue for the twelve months ended December 31, 2022 and 2021, respectively. We completed the sale of the McRae facility in August 2022 to the Georgia Building Authority, and entered into an agreement to lease the facility through November 2022 to allow us to fulfill our obligations to the BOP.~~ The Private Prison EO only applies to agencies that are part of the DOJ, which includes the BOP and USMS. ICE facilities are not covered by the Private Prison EO, as ICE is an agency of the DHS, not the DOJ **. For** ~~, although it is possible that~~ the ~~federal government could choose to take similar action on~~ **year ended December 31, 2023, USMS and** ICE ~~facilities in the future~~ **accounted for 21 % ($ 400** . ~~As previously mentioned herein~~ **4 million) and 30 % ($ 565. 5 million)** , **respectively, of our total** revenue **. Revenue** from our South Texas Family Residential Center **, a facility that we believe is unique in its design and operation,** was $ 156. **6 million in 2023, $ 156.** 5 million in 2022, **and** $ 159. 9 million in 2021 ~~, and $ 168. 0 million in 2020~~ . The loss or reduction in value of this contract, whether due to change in mission, legal challenges, or change in government policy, could have an adverse impact on our financial condition, results of operations, and cash flows ~~. As a result of our acquisitions, we have recorded and will continue to record goodwill and other intangible assets. In the future, our goodwill or other intangible assets may become impaired, which could result in non- cash charges to our results of operations. We have goodwill and other intangible assets resulting from business acquisitions, and we could record additional goodwill and other intangible assets if we consummate additional business acquisitions in the future. We evaluate the carrying value of goodwill annually, and whenever circumstances indicate the carrying value of goodwill may be impaired, as defined by U. S. generally accepted accounting principles. We will continue to evaluate the goodwill for impairment by performing 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. Estimated fair values could change if there are changes in assumptions related to our capital structure and cost of debt and equity and operating cash flows, as well as considerations related to our equity valuation. Impairments of goodwill or other intangible assets could require 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. 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. Staffing challenges have recently been exacerbated by labor shortages in the marketplace. We have experienced labor shortages and wage pressures in many markets across the country, and have provided customary inflationary wage increases to remain competitive ~~, including increases to most of our facility staff during July of the last three years since the COVID- 19 pandemic started. Recruiting has been particularly challenging during the pandemic due to the front- line nature of the services we provide, and the shortage of nursing staff across the country has intensified as a result of the COVID- 19 pandemic, resulting in a significant increase in registry nursing expenses~~ . The challenges of recruiting and retaining staff, including nursing, has been and could continue to be exacerbated by ~~actions taken or contemplated to be taken by government authorities intended to mitigate the spread of COVID- 19 such as health and safety directives or other~~ -- **the current labor market** ~~requirements that apply to us and our facilities~~ . Further, we have incurred ~~, and expect to continue to incur,~~ incremental expenses to help ensure sufficient staffing levels under unique and challenging working conditions. ~~In addition, we~~ **These incremental investments have enabled us to increase overall staffing levels. We** achieved higher staffing **levels** during **2023 when compared to** 2022 **and** , **correspondingly, we were able to reduce our use of temporary incentives by $ 9. 8 million** as we ~~made~~ **began to see improvement in our attraction and retention of facility staff in this challenging labor market. We believe these** investments in ~~staffing to prepare~~ **our workforce have positioned** us to manage the increased number of residents we ~~anticipate at our facilities once~~ **have begun to experience now that** the remaining occupancy restrictions caused by the COVID- 19 pandemic ~~are~~ **, most notably Title 42, have been** removed. We **have** ~~expect to continue~~ **continued** to invest in staffing resources during 2023 **, which has resulted in additional compensation and incremental expenses, and we expect to continue to invest in staffing resources in future quarters** , which may result in additional compensation and incremental expenses. Incremental expenses include, but may not be limited to, incentive payments to our front- line and field staff, temporary employee housing expenses and other travel related reimbursements, additional paid time off, off- cycle wage increases in certain markets to remain competitive, **and** ~~further increases in~~ registry nursing expenses **. As** ~~, as well as expenses to procure personal protective equipment and other~~ -- **the labor market improves** ~~supplies. Most federal, state~~ and **labor shortages** ~~partner mandates related to COVID- 19 vaccination, testing,~~ and ~~preventative measures as applied~~ **wage pressures are alleviated, which we believe will take some additional time, we expect** to **further reduce** our ~~workforce~~ **reliance on these temporary incentives. While we** have ~~been lifted~~ **achieved recent successes, the benefits of** ~~or~~ **our** ~~significantly relaxed. However~~ **investments in staffing may not be sustained** , ~~as~~ **and labor shortages could intensify again in the future, which could adversely affect our results of operations, financial condition and cash flows. To the extent** federal and state agencies with oversight in areas where we operate review and adopt more permanent measures to address the continuing and future potential threat of airborne infections in work environments, it is possible that compliance with future mandates may impose additional compliance and other costs. The requirements could also result in attrition, including attrition of qualified personnel, and difficulty securing future labor needs, which could materially and adversely affect our results of operations, financial condition and cash flows. We are subject to various types of litigation. 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 an adverse impact on our business, financial condition or results of operations. As of December 31, ~~2022~~ **2023** , we employed 11, ~~144~~ **694** full- and part-time employees, including ~~at~~ **employees with** our transportation and electronic monitoring subsidiaries, TransCor and Recovery Monitoring Solutions Corporation, respectively. Approximately 1, ~~420~~ **860** of our employees at ~~eight~~ **12** of our facilities, or approximately ~~12~~ **15** . ~~7~~ **9** % of our workforce, are represented by labor unions. All of our collective bargaining agreements contain no- strike clauses that bind the unions and the bargaining unit employees. Work stoppages at any of our facilities are exceedingly rare. 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 an adverse impact on 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. 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, illness, 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, from the misconduct of our employees, or the failure to prevent or detect the introduction of contraband and prohibited substances. 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. 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 an adverse impact 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. We have experienced increases in personnel costs and expect the labor market to remain challenging, which could have a material adverse effect on our operations. See" Part II, Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations and Management' s Discussion and Analysis of Financial Condition and Results of Operations – Inflation." We depend in part on the performance and capabilities of third parties with whom we have commercial relationships. We maintain business relationships with key partners, suppliers, channel partners and other parties that have complementary products, services or skills. We depend, in part, on the performance and capabilities of these third parties and on the financial condition of, and our relationship with, distributors and other indirect channel partners, which can affect our capacity to effectively and efficiently serve current and potential government partners. **We depend on these third parties and suppliers to also protect themselves from the risks of cybersecurity to ensure timely delivery of products and services we procure.** Additionally, cost inflation and supply chain disruptions may lead to higher labor and other costs, as well as an inability to procure products needed to deliver the services we provide, which could adversely affect our results of operations. 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 an 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, including as a result of supply chain delays, could have an adverse impact 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. 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. The primary risk we face for asset impairment charges is associated with real estate that we own. As of December 31, ~~2022~~ **2023** , we had $ 2. ~~2~~ **1** billion in property and equipment, including $ ~~202~~ **253** . ~~1~~ **2** million in long- lived assets at eight idled CoreCivic Safety facilities ~~and~~ **,** two idled CoreCivic Community facilities **, and one idled CoreCivic Properties correctional facility** . 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. Certain of our facilities are subject to options to purchase and reversions. ~~Ten~~ **Nine** 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, ~~2022~~ **2023** , the ~~ten~~ **nine** facilities currently subject to these options generated $ ~~325~~ **304** . ~~7~~ **2** million in revenue (~~17~~ **16** . ~~7~~ **0** % of total revenue) and incurred $ ~~274~~ **260** . ~~4~~ **6** 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. 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 industry standard administrative, technical and physical safeguards designed to protect the **confidentiality,** integrity **, availability** and security of 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 **vendors, government partners, and** third- party service providers, could be vulnerable to service interruptions, outages, **cyberattacks** ~~cyber- attacks~~ and security breaches and incidents, human error, earthquakes, hurricanes, floods, pandemics, fires, other natural disasters, power losses, disruptions in telecommunications services, fraud, military or **wars and other** ~~political~~ **geopolitical** conflicts (including ~~the war~~ between Ukraine and Russia **and Israel and Hamas**), terrorist attacks and other geopolitical unrest, **changes in social, political, or regulatory conditions or in laws and policies, or other changes or events. The current cybersecurity threat environment presents increased risk for all companies, including companies in our industry. We, our employees, government partners, and third parties are regularly the target of cyberattacks and other attempts to breach, or gain unauthorized access to, our information systems and databases. Moreover, given the current cybersecurity threat environment, we expect the volume and intensity of cyberattacks and attempted intrusions to continue to increase in the future. Cybersecurity threats and techniques used in cyberattacks are pervasive, sophisticated and difficult to prevent, including,** computer viruses, **malicious or destructive code (such as** ransomware **)** , **social engineering (including phishing, vishing** and **smishing), denial of service or information or security breach tactics that could result in disruptions to our business and operations, unauthorized disclosure, release, gathering, monitoring, misuse, loss or destruction or theft of confidential, proprietary or** other **information** ~~malicious software~~ , ~~changes in social~~ **including intellectual property of ours** , ~~political, or~~ **our employees** ~~regulatory conditions~~ or ~~in laws~~ **of third parties. Cyberattacks are carried out on a worldwide scale** and ~~policies~~ **by a growing number of cyber actors** , ~~or~~ **including organized crime groups, hackers, terrorist organizations, extremist parties, hostile foreign governments, state- sponsored actors, activists, disgruntled employees and** other **third parties** ~~changes or 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. In addition, since Russia' s invasion of Ukraine **and the recent Israel and Hamas conflict** , many companies have experienced heightened cybersecurity risks. ~~Any security~~ **Cybersecurity threats and** ~~breach or event resulting in~~ the ~~interruption~~ **techniques used in cyberattacks change** , ~~delay or failure~~ **develop and evolve rapidly, including from emerging technologies, such as advanced forms** of ~~our services or~~ **artificial intelligence, machine learning and quantum computing. Further, the** information systems ~~,~~ **of third parties upon which we rely in connection with** ~~or~~ **our business** ~~the misappropriation~~ , ~~loss~~ **such as vendors** , ~~or~~ **suppliers, government partners, and** 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 **be comprised in a manner that adversely affects us and our information systems. Additionally, the failure of our employees to exercise sound judgment and vigilance when targeted by social engineering or other cyberattacks may increase our vulnerability. There is no assurance that the security measures we take to reduce the risk of such incidents and protect our systems will be sufficient. Any cyberattack, data breach, security breach, or other security incident resulting in the interruption, delay, compromise 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, or other proprietary information, including intellectual property, whether by us directly, our vendors, our employees, our government partners, those entrusted to our care, 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 investigation and notification regarding the ~~event~~ **incident** and remedial measures to prevent future occurrences and mitigate past violations, result in lost business, or otherwise adversely affect our results of operations. **Moreover, any significant cybersecurity incident could require us to devote significant management time and resources to address such incident, interfere with our pursuit of other important business strategies and initiatives, and cause us to incur additional expenditures, which could be material. There is no assurance that any remedial actions will meaningfully limit the success of future attempts to breach our information systems, particularly because malicious actors are increasingly sophisticated and utilize tools and techniques specifically designed to circumvent security measures, avoid detection and obfuscate forensic evidence, which means we may be unable to identify, investigate or remediate effectively or in a timely manner.** Although we maintain ~~cyber- security~~ **cybersecurity** 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 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 **; and investor, societal and political sentiments on ESG, both as to particular ESG factors and as to its general relevance to investors and their decisions, continue to evolve** . Further, pending rules proposed by the SEC and the Federal Acquisition Regulatory Council may require new environmental and climate risk disclosures which may introduce **additional regulatory obligations and** legal and reputational risk. **Additionally, the State of California recently passed the Climate Corporate Data Accountability Act and the Climate- Related Financial Risk Act that will impose broad climate- related disclosure obligations on certain companies doing business in California, starting in 2026.** During ~~2022~~ **2023** , we issued our ~~fourth~~ **fifth** ESG report ~~to detail~~ **, which broadly describes** how we attempt to deliver on our service commitment to our government **and other third- party** partners and manage our operations responsibly and ethically. ~~These~~ -- **The** policies and practices **we summarize in our ESG reporting** , whether ~~it be~~ **they relate to** 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 **and evolving** 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 **, or perceived failure,** to **meet expectations on ESG reporting,** achieve **meaningful** progress on ~~our~~ ESG **- related** policies and practices ~~on a timely basis~~ , **address stakeholder expectations** or ~~at all, or to~~ meet ESG criteria set by third parties **on a timely basis, or at all** , could adversely affect our business, **results of operations,** financial ~~performance, or growth~~ **condition and cash flows** . By electing to ~~set and~~ publicly share ~~these~~ **ESG- related information and our approach to** 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 **meet goals we share, report accurate data or** act **in a manner deemed appropriate or** ~~responsibly~~ **responsible in light of shifting social and political standards and perspectives** in the areas in which we report, such as safety and security, human rights, diversity, quality assurance ~~and facility oversight~~ , community ~~development~~ **engagement** , and environmental sustainability. Any harm to our reputation resulting from **sharing information,** setting ~~these~~ **goals, attempting to meet external** standards **set by third- parties** or our failure or perceived failure to meet such standards **or act in a manner that meets evolving societal and political perspectives** could impact **, among other things** : 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, **results of operations,** financial **condition** ~~performance,~~ and ~~growth~~ **cash flows** . Our ESG report is not ~~a~~ **incorporated by reference into and does not form any** part of this Annual Report. 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, global climate change, 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 COVID- 19 pandemic)~~ , global climate change (including the potential for increased inclement weather and natural disasters), ~~war~~ **wars and other geopolitical conflicts** (including ~~the war~~ between Ukraine and Russia **and Israel and Hamas)** and 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 an adverse impact 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, ~~2022~~ **2023** , we had total indebtedness of $ 1, ~~264~~ **106** . ~~5~~ **7** million. Our indebtedness could have important consequences. For example, it could: • make it more difficult for us to satisfy our obligations with respect to our indebtedness; • increase our vulnerability to general adverse economic and industry conditions; • 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, stock repurchases and other general corporate purposes; • limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; • restrict us from pursuing strategic acquisitions or certain other business opportunities; • place us at a competitive disadvantage compared to our competitors that have less debt; and • 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 **suspend our share repurchase program,** reduce capital expenditures, 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~~ **The New Bank** Credit ~~Agreements~~ **Facility** , indentures related to our senior notes, and other debt instruments have restrictive covenants that could limit our financial flexibility. The indentures related to our ~~4. 625 % senior notes due 2023 (until their repayment and satisfaction on February 1, 2023),~~ 8. 25 % senior notes due 2026, and 4. 75 % senior notes due 2027, collectively referred to herein as our senior notes, and the ~~indentures~~ **credit agreement** related to our New Bank Credit Facility ~~, together with our senior notes, our Credit Agreements,~~ contain restrictive covenants that limit our ability to engage in activities that may be in our long- term best interests. Our New Bank Credit Facility requires us to comply with certain financial covenants, including leverage and fixed charge coverage ratios. ~~Our~~ **The New Bank** Credit ~~Agreements~~ **Facility** ~~include~~ **includes** 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. The indenture related to our 8. 25 % senior notes due 2026 additionally limits our ability to incur indebtedness, make restricted payments and investments and prepay certain indebtedness. 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. Our New Bank Credit Facility is secured by a pledge of all of the capital stock (or other ownership interests) of our domestic restricted subsidiaries, 65 % of the capital stock (or other ownership interests) of our" first- tier" foreign subsidiaries, all of our accounts receivable and those of our domestic restricted subsidiaries, and substantially all of our deposit accounts and those of our domestic restricted subsidiaries. In the event that (a) the consolidated total leverage equals or exceeds 4. ~~00~~ **25** to 1. 00 or (b) we incur certain debt above a specified threshold, certain intangible assets and unencumbered real estate assets that meet a 50 % loan- to- value requirement are required to be added as collateral. Subject to compliance with the restrictive covenants under our existing indebtedness, we may incur additional indebtedness secured by existing or future assets of ours or our subsidiaries. In the event of a default under our New Bank Credit Facility or any other secured indebtedness, or if we experience insolvency, liquidation, dissolution or reorganization, the holders of our secured debt would be entitled to payment from their collateral security, and after that the holders of our unsecured debt (including the holders of any deficiency remaining after application of collateral to secured debt) would 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 unsecured debtholders 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 ~~New~~ Term Loan ~~A~~ and ~~New~~ Revolving Credit Facility both mature in ~~May~~ **October** ~~2026~~ **2028** ~~. On February 1, 2023, we repaid the outstanding principal amount of our 4. 625 % senior notes due 2023, which had an outstanding principal balance of $ 153. 8 million as of December 31, 2022~~ . We also have outstanding $ ~~614~~ **593** . 1 million in aggregate principal amount of our 8. 25 % senior notes due 2026, and $ ~~250~~ **243** . ~~0~~ **1** million in aggregate principal amount of our 4. 75 % senior notes due 2027. In addition, we have $ ~~150~~ **145** . ~~4~~ **5** million outstanding under a non- recourse mortgage note with an interest rate of 4. 43 % maturing in 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. 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 amount of our cash flows, 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 to 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 cash flows. We are required to repurchase all or a portion of our senior notes upon a change of control, and the debt under our New Bank Credit Facility is 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 New Bank Credit Facility and under the terms of our other indebtedness. A change in control (as described in our New Bank Credit Facility), is also a default under our New Bank Credit Facility, entitling the lenders to refuse to make further extensions of credit thereunder and to accelerate the maturity of the debt outstanding under the New Bank Credit Facility. Prior to repurchasing the notes upon a change of control event, we must either repay outstanding indebtedness under our New Bank Credit Facility or obtain the consent of the lenders under our New Bank Credit Facility. If we do not obtain the required consents or repay our outstanding indebtedness under our New Bank Credit Facility, we would effectively be prevented 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 New Bank Credit Facility 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 New Bank Credit Facility indebtedness, and may incur additional indebtedness as a result so long as we comply with the limitations in our senior notes and New Bank Credit Facility while they are in effect. As of December 31, ~~2022~~ **2023** , we had $ ~~233~~ **257** . ~~2~~ **1** million of additional borrowing capacity available under our ~~New~~ Revolving Credit Facility. The New Bank Credit Facility includes an option to increase the availability under the ~~New~~ Revolving Credit Facility and to request term loans from the lenders in an aggregate amount not to exceed the greater of (a) $ 200. 0 million and (b) 50 % of consolidated EBITDA for the most recently ended four- quarter period, subject to, among other things, the receipt of commitments for the increased amount. In addition, so long as we comply with the limitations in our senior notes and New Bank Credit Facility while they are in effect, we may incur additional debt from time to time when we determine that market conditions and the opportunity to utilize the proceeds therefrom 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. 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 New Bank Credit Facility 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 New Bank Credit Facility would be reduced. In the event that the availability under our New Bank Credit Facility 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 New Bank Credit Facility, (iii) accessing the public capital markets, or (iv) retaining more of our cash flow. 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, detention and incarceration policies and the association of private companies with the enforcement of such policies have caused some financial institutions to decline to provide capital, credit or financial services to private entities that own or operate correctional and detention facilities, including CoreCivic, or to otherwise participate in the provision of capital, credit or financial services in connection with the development of correctional and detention facilities that are associated with private companies. **Moreover, proposed and future legislation could restrict financial institutions from providing capital, credit or financial services to private entities that own or operate correctional and detention facilities, including CoreCivic. For example, the New York State Legislature is considering a bill that would prohibit New York state chartered banks from investing in and providing financing for privately operated secured facilities. If this legislation becomes law, certain financial institutions may be prohibited from providing us with capital, credit or financial services.** 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. Rising interest rates increase the cost of our variable rate debt. We have incurred and expect in the future to incur indebtedness that bears interest at variable rates, including indebtedness under our New Bank Credit Facility. Accordingly, rising interest rates increase our interest costs, which could have an adverse impact on us and our ability to pay down our debt, return capital to our stockholders and pay maturing debt or cause us to be in default under certain debt instruments. Risks Related to our Corporate Tax Structure ~~We may fail to realize the anticipated benefits of revoking our REIT election and becoming a taxable C Corporation effective January 1, 2021, or those benefits may take longer to realize than expected, if at all, or may not offset the costs of revoking our REIT election and becoming a taxable C Corporation. We believe that revoking our REIT election and becoming a taxable C Corporation, among other things, provides us with greater flexibility to use our free cash flows as we are no longer required to operate under the REIT rules, including the requirement to distribute at least 90 % of our taxable income to our stockholders. However, the amount of our free cash flows may not meet our expectations, which may reduce, or eliminate, the anticipated benefits of the transition from a REIT to a taxable C Corporation. For example, if our cash flows do not meet our expectations, our ability to implement our new capital allocation strategy may be delayed, and we may not be able to reduce our debt as quickly as we desire. Moreover, there can be no assurance that the anticipated benefits of the transition from a REIT to a taxable C Corporation will offset its costs, which could be greater than we expect. Our failure to achieve the anticipated benefits of the transition from a REIT to a taxable C Corporation at all, or in a timely manner, or a failure of any benefits realized to offset its costs, could negatively affect our business, financial condition, results of operations or the market price of our common stock.~~ If we failed to remain qualified as a REIT for those years we elected REIT status, we would be subject to corporate income taxes and would not be able to deduct distributions to stockholders when computing our taxable income for those years. We operated in a manner that was intended to allow us to qualify as a REIT for federal income tax purposes during those years we elected REIT status, 2013 through 2020. However, we cannot assure you that we qualified as a REIT during those years. Qualification as a REIT required 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. Satisfaction of these requirements depended on 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. These REIT provisions of the Code are complex and are not always subject to clear interpretation. If we failed to qualify as a REIT in any taxable year we elected REIT status, we would be subject to federal income tax (including any applicable alternative minimum tax for years before 2018 and after 2022) on our taxable income computed in the usual manner for corporate taxpayers and without any deduction for distributions to our stockholders. Any such corporate income tax liability could be substantial and would reduce the amount of cash available for other purposes, because, unless we would be entitled to relief under certain statutory provisions, we would be taxable as a C Corporation, beginning in the year in which the failure occurred and for each year thereafter, and we would not be allowed to re- elect to be taxed as a REIT for the following four years. In addition, it is possible that we would need to borrow additional funds or issue additional securities to pay any such additional tax liability. Even if we remained qualified as a REIT for those years we elected REIT status, we may owe taxes under certain circumstances. Even if we qualify as a REIT for those years we elected REIT status, we will be subject to certain U. S. federal, state and local taxes on our income and property, including on taxable income that we did 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 for those years we elected REIT status 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 for those years we elected REIT status. Furthermore, we conducted substantial activities through TRSs, and the income of those subsidiaries is subject to U. S. federal income tax at regular corporate rates. Performing services through our TRSs during those years we elected REIT status may increase our overall tax liability or subject us to certain excise taxes. During those years we elected REIT status, we conducted significant business activities through our TRSs. 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. During those years we elected REIT status, we conducted a significant portion of our business activities through our TRSs. The TRS rules 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. We believe our arrangements with our TRSs were on arm' s- length terms. If it is determined that our arrangements with our TRSs were not on an arm' s- length terms, we would be subject to the 100 % excise tax. The value of the securities we owned in our TRSs during those years we elected REIT status was limited under the REIT asset tests. Under the Code, we would fail to qualify as a REIT if more than 20 % of the value of our gross assets were represented by securities of one or more TRSs. While we monitored the value of the securities of our TRSs, there can be no assurance that we were able to comply with this limitation. If it is determined that we were unable to comply with this limitation, we would fail to qualify as a REIT for those years we elected REIT status beginning in the year in which we did not comply with this limitation. The tax imposed on REITs engaging in" prohibited transactions" limited our ability to engage in transactions during those years we elected REIT status 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 believe that we held any properties that would be characterized as held for sale to customers in the ordinary course of our business during those years we elected REIT status, we would be subject to such 100 % excise tax if the Internal Revenue Service, or IRS, were to successfully challenge our characterization of our properties or the availability of certain safe harbors. General Risk Factors The market price of our equity securities may vary substantially, which may limit our stockholders' ability to liquidate their investment. Factors that could affect the market price of our equity securities include, but are not limited to, the following: • actual or anticipated variations in our quarterly results of operations; • changes in market valuations of companies in the corrections, detention, or residential reentry industries; • changes in expectations of future financial performance or changes in estimates of securities analysts; • changes in government policy, legislation and regulations that affect utilization of the private sector for corrections, detention, and residential reentry services **including, but not limited to, government funding proposals** ; • fluctuations in stock market prices and volumes; • issuances and re- purchases of common shares or other securities in the future; and • 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 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 New Bank Credit Facility) 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 New Bank Credit Facility), 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 return capital 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. 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: • 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; • 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 • 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.