

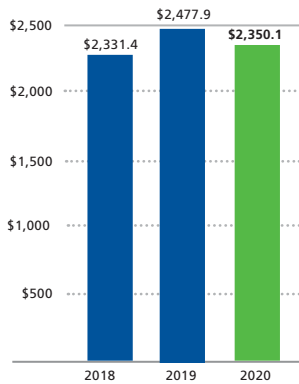


2020 ANNUAL REPORT

FINANCIAL HIGHLIGHTS

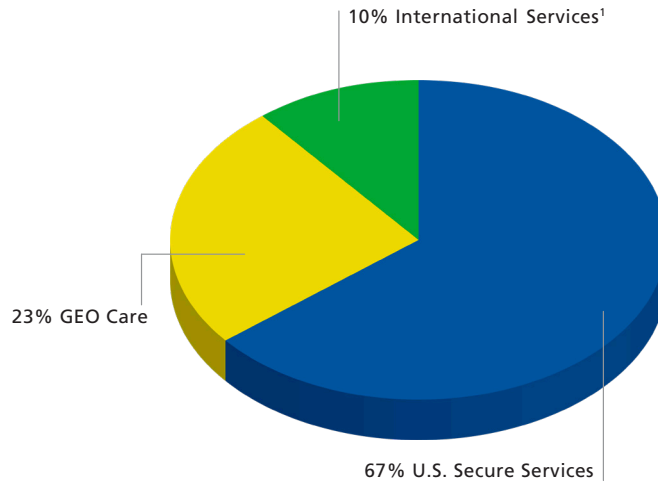
Total Revenues

\$ In Millions



Business Unit

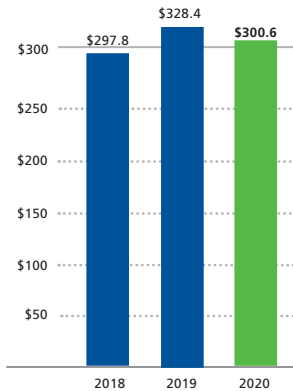
% of Revenues



¹ Includes Facility Construction and Design Revenue

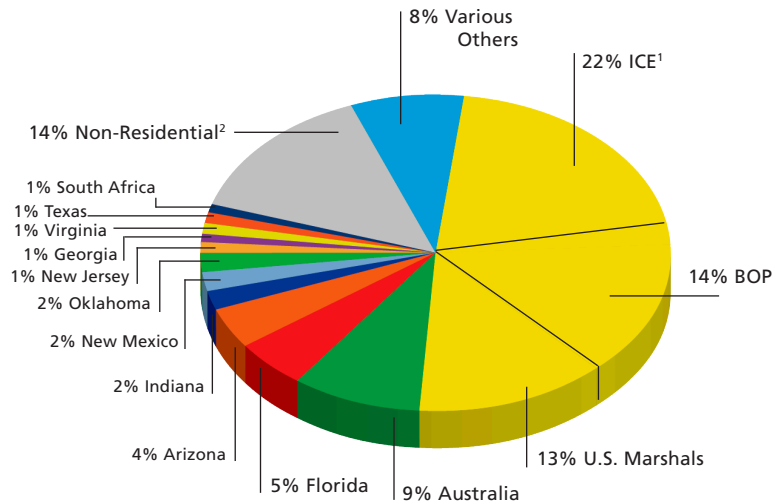
Adjusted Funds From Operations (AFFO)*

\$ In Millions



Customer

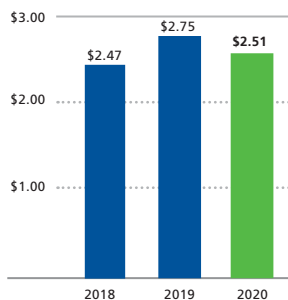
% of Revenues



¹ Not including ICE Alternatives to Detention program

² Includes ICE Alternatives to Detention program and other federal state and local contracts

AFFO Per Share*



*This annual report contains certain Non-GAAP measures. Please refer to GEO's Fourth Quarter and Full Year 2020 Earnings Announcement and Supplemental Disclosure issued on February 16, 2021 for a description of such Non-GAAP measures and a reconciliation of such Non-GAAP measures to their most comparable GAAP measure.

LETTER TO THE SHAREHOLDERS



For the last three decades, our high-quality services have been underpinned by the unmatched dedication of our employees and an unwavering organizational commitment to operational excellence across all our service lines.

George C. Zoley

*Chairman Of The Board,
Chief Executive Officer & Founder*

As we reflect on the unprecedented challenges we faced in 2020, it is important for us to take time to recognize the strength and perseverance of our employees around the globe, who have continued to make daily sacrifices and have remained committed to providing high-quality services and humane and compassionate care to all those entrusted to our facilities and programs.

Throughout the year, our operating divisions faced significant operational and financial challenges associated with the global COVID-19 pandemic. From the beginning of the public health crisis, our corporate, regional, and field staff have taken steps to mitigate the risks of the novel coronavirus and have worked with our government partners to implement best practices consistent with the guidance issued by the Centers for Disease Control and Prevention. Ensuring the health and safety of all those entrusted to our care and of our employees has always been our number one priority.

GEO's COVID-19 mitigation initiatives have included:

- Focus on increasing testing capabilities at our secure services facilities, including investing approximately \$2 million to acquire 45 Abbott Rapid COVID-19 ID NOW devices and testing kits. By the end of December of 2020, we had administered more than 50,000 COVID-19 tests to those in our care.
- Installation of Bi-Polar Ionization Air Purification Systems at select secure services facilities to reduce the spread of airborne bacteria and viruses, representing a company investment of approximately \$3.7 million.
- Providing continuing access to facemasks and personal hygiene products.
- Implementing social distancing pursuant to directives from our government agency partners.

For the last three decades, The GEO Group has partnered with government agencies throughout the

United States and around the world to deliver private-sector solutions to meet public-sector challenges. Our high-quality services have been underpinned by the unmatched dedication of our employees and an unwavering organizational commitment to operational excellence across all our service lines.

Operational Milestones

Although we faced a challenging operational environment during 2020, our employees, facilities and programs achieved several important milestones. Our GEO Secure Services business unit served over 250,000 individuals, while managing an average daily population of approximately 47,000 in our facilities in the United States. Our GEO Transport, Inc. division safely transported more than half a million passengers while driving more than 14 million miles in the U.S. and internationally.

Our GEO Care business unit served more than 700,000 individuals during the year, while managing an average daily census of over 200,000 participants in our community reentry, youth services treatment, and electronic monitoring programs.

Additionally, we undertook several project activations during the year. In the first half of 2020, we achieved normalized operations at the government-owned, 512-bed El Centro Detention Facility in California under a new managed-only contract with the U.S. Marshals Service, and we entered into a new, 10-year contract with U.S. Immigration and Customs Enforcement (ICE) for the continued operation of our company-owned, 1,904-bed South Texas ICE Processing Center.

During the second half of 2020, we began the activation of our three company-owned, 700-bed Golden State, 700-bed Central Valley, and 750-bed Desert View ICE Annexes in California under new 15-year contracts, and we transitioned our company-owned, 661-bed Eagle

Pass Detention Facility in Texas from an out-of-state contract with the State of Idaho to a new agreement with the U.S. Marshals Service.

In Australia, we finalized two expansion projects during 2020. In New South Wales, we completed a 489-bed expansion at the Junee Correctional Centre, bringing its total capacity to 1,279 beds, and in Victoria, we completed a 137-bed expansion to the Fulham Correctional Centre, increasing its total capacity to 922 beds.

Our GEO Care business reactivated our company-owned Parkview Center in Alaska, under a new 112-bed contract with the Alaska Department of Corrections. GEO Care also entered into new contracts in Tennessee and Idaho to open more than a dozen new day reporting and non-residential program sites with capacity to serve approximately 3,400 community-based participants.

These important milestones are representative of our long-standing private-public partnerships with government agencies in the United States and around the world. We take pride in our facilities and programs, which are highly rated and provide innovative private-sector solutions that help our government agency partners meet a diverse set of public policy priorities.

Publication of Second Annual Human Rights and ESG Report

We are also proud of the work we have done to further our commitment to Environmental, Social, and Governance (ESG). In September of 2020, we published our second annual Human Rights and ESG report.

This important report includes updated disclosures and metrics related to the development of our employees; our adherence to ethical governance practices; and our efforts to advance environmental sustainability in the construction and operation of our facilities.

The report also highlights our continued commitment to improving the lives of those entrusted to our care by providing enhanced rehabilitation and post-release support services through our award-winning GEO Continuum of Care® program.

Award-Winning GEO Continuum of Care®

Despite the unprecedented challenges associated with the COVID-19 pandemic, our GEO Continuum of Care® programs completed approximately 2.6 million hours of enhanced rehabilitation programming in 2020.

Our academic programs awarded more than 1,200 high school equivalency degrees, and our vocational courses awarded close to 4,000 vocational training certifications. Our substance abuse treatment programs awarded more than 7,600 program completions, and we achieved

over 34,000 behavioral program completions and more than 31,000 individual cognitive behavioral sessions. We also provided post-release support services to more than 3,600 individuals returning to their communities, with over 1,300 post-release participants attaining employment.

In August of 2020, our GEO Continuum of Care® programs in Florida achieved a three-year accreditation from CARF International, an independent accrediting organization focused on promoting the quality, value, and optimal outcomes of rehabilitation programs. This accomplishment represents the highest level of accreditation that can be given to an organization in the area of in-custody rehabilitation. This important recognition is a testament to our company's leadership in delivering enhanced in-custody rehabilitation programs and post-release support services through our award-winning GEO Continuum of Care®.

Financial Performance

While our operational and financial performance for 2020 was impacted by the COVID-19 pandemic, the dedication and professionalism of our employees and the operational milestones we achieved during the year supported our ability to continue to enhance value for our shareholders. For the full year 2020, we reported total revenues of \$2.35 billion, Net Income Attributable to GEO of \$0.94 per diluted share, Adjusted EBITDA of \$439.8 million, and Adjusted Funds from Operations of \$2.51 per diluted share.

In recent years, heightened political rhetoric has led to the mischaracterization of our long-standing role as a government services provider and has created concerns regarding our future access to financing. In recognition of these new challenges, we have implemented several initiatives:

- Established a focus on debt reduction. In 2020, we reduced total net debt by approximately \$100 million.
- Reduced our quarterly dividend payment from \$0.48 to \$0.25 per share.
- Implemented an ongoing review of assets for potential sale. In the first quarter of 2021, we completed the sale of our interest in the Talbot Hall reentry center in New Jersey, resulting in net proceeds of \$13.2 million.
- In February of 2021, we successfully completed a private offering of \$230 million in exchangeable senior unsecured notes due 2026, while concurrently funding the redemption of the outstanding amount of \$194 million of our senior unsecured notes due 2022.

BOARD OF DIRECTORS



George C. Zoley
Chairman of the Board, Chief Executive Officer and Founder
The GEO Group, Inc.



Richard H. Glanton
Lead Independent Director*,
Chair, Audit and Finance Committee
and Chair, Compensation Committee



Guido Van Hauwermeiren
Chair, Corporate Planning
Committee, Independent Director*



Jose Gordo
Chair, Nominating and Corporate
Governance Committee,
Independent Director*



Scott M. Kernan
Chair, Operations and
Oversight Committee



Anne N. Foreman
Independent Director*



Duane Helkowski
Independent Director*



Christopher C. Wheeler
Independent Director*



Julie M. Wood
Independent Director*

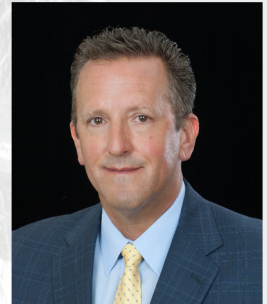
SENIOR OFFICERS



George C. Zoley
Chairman of the Board,
Chief Executive Officer and Founder



Brian R. Evans
Senior Vice President and
Chief Financial Officer



Blake Davis
Senior Vice President and President,
GEO Secure Services



David J. Venturella
Senior Vice President,
Client Relations



Richard K. Long
Senior Vice President,
Project Development



Ann M. Schlarb
Senior Vice President and
President, GEO Care



Joe Negron
Senior Vice President,
General Counsel and Secretary



THE GEO GROUP, INC. HEADQUARTERS

COVID-19 SENSITIVE/RESPONSIVE

Over the course of 2020, the determination and commitment of our frontline employees has been tested like never before, as our facilities and programs have met the unprecedented challenges of the global COVID-19 pandemic. We are incredibly proud of our employees, who have continued to make daily sacrifices and have remained committed to providing high-quality services and humane and compassionate care to all those entrusted to our facilities and programs.

COVID-19 MITIGATION INITIATIVES

From the beginning of the global COVID-19 pandemic, our corporate, regional, and field staff have taken steps to mitigate the risks of the novel coronavirus and have worked with our government partners to implement best practices consistent with the guidance issued by the Centers for Disease Control and Prevention. Ensuring the health and safety of all those entrusted to our care and of our employees has always been our number one priority.

GEO's COVID-19 mitigation initiatives have included:

Guidance

- We issued guidance to all our facilities, consistent with the guidance issued for correctional and detention facilities by the Centers for Disease Control and Prevention (CDC).

Testing

- We increased testing capabilities at our secure services facilities and entered into contracts with multiple commercial labs to provide adequate testing supplies and services.
- We invested approximately \$2 million to acquire 45 Abbott Rapid COVID-19 ID NOW devices and testing kits capable of diagnosing not only COVID-19, but also Influenza and Strep Throat.
- By the end of December of 2020, we had administered more than 50,000 COVID-19 tests to those in our care at our secure services facilities.

Bi-Polar Ionization

- We invested \$3.7 million to install Bi-Polar Ionization Air Purification Systems at select secure services facilities to reduce the spread of airborne bacteria and viruses.

- Bi-Polar Ionization Air Purification Systems are specially-designed electronic devices that create bi-polar - negative and positive - ions that can effectively break down a wide variety of harmful bacterial and viral contaminations into a less complex and safe form by attacking the DNA of bacteria and viruses.

Facemasks and Personal Hygiene Products

- We have provided continuing access to facemasks to all inmates and detainees, with a minimum of three facemasks per week or more often upon request.
- We increased the frequency of distribution of personal hygiene products, including soap, shampoo and body wash, and tissue paper, and we are ensuring the daily availability of bars of soap or soap dispensers at each sink for hand washing in all of our facilities.

Social Distancing

- We have implemented social distancing pursuant to directives from our government agency partners.
- We have communicated social distancing obligations and requirements via meetings, memos, and postings.
- We deployed floor markers throughout our facilities to inform and encourage social distancing.
- We have modified inmate/detainee movements to accommodate social distancing.

Engineering Controls

- We temporarily suspended onsite social visitation.
- We established requirements for staff to complete a medical questionnaire and pass a daily temperature check.

- We modified intake procedures to screen new inmates/detainees.
- We established isolation and quarantine procedures for COVID-19 positive and symptomatic cases, consistent with CDC guidelines.

Administrative/Work Practice Controls

- We posted reminders regarding coughing and sneezing etiquette, the importance of frequent handwashing, and the use of facemasks.
- We increased cleaning and disinfection of facilities, including high-touch areas (e.g., doorknobs/handles, light switches, handheld radios), housing unit dayrooms, dining areas, and other areas where inmates/detainees assemble.
- We advised our employees to remain home if they exhibit flu-like symptoms, and we have exercised flexible paid leave and Paid Time Off policies to allow for employees to remain home if they exhibit flu-like symptoms or to care for a family member.
- We enacted quarantine and testing policies for any employees who may have come into contact with an individual who has tested positive for COVID-19.

Vaccination

- We are working closely with our government partners and State and Local Health Departments to coordinate vaccination efforts for staff, inmates, and detainees at our facilities across the country, and the coordination of

these vaccination efforts is in alignment with recommendations from the CDC's Advisory Committee on Immunization Practices (ACIP), as well as criteria established through the Food and Drug Administration approval process.

- The timing of vaccine distribution to staff, inmates, and detainees is presently being directed by the Local and State Health Departments in the jurisdictions in which we operate through the guidance and prioritization recommendations offered by the CDC and ACIP.
- Our staff are not required, nor mandated, to receive the vaccine but will be offered the vaccine when made available to them by their respective Local and/or State Health Departments.
- We have also advised our staff that if they have any questions regarding vaccination, they should direct them to their health care provider and/or their respective Local/State Health Department.

Along with implementing these measures, GEO is continuing to coordinate closely with our government agency partners and local health agencies to ensure the health and safety of all those in our care and our employees. We are grateful for our frontline employees, who are making sacrifices daily to provide care for all those in our facilities, during this unprecedented global pandemic.

FOR FURTHER INFORMATION ON THE GEO GROUP'S COVID-19 MITIGATION MEASURES, VISIT: [GEOGROUP.COM/COVID19](https://geogroup.com/covid19)

**The information on or accessible through our websites is not incorporated by reference in this Annual Report.*



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

GEO'S COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

- For the last three decades, The GEO Group has partnered with government agencies throughout the United States and around the world to deliver private-sector solutions to meet public-sector challenges.
- The September 2020 publication of our second Human Rights and Environmental, Social and Governance (ESG) report is an important step in furthering our commitment to providing transparent and comprehensive ESG disclosures and metrics.
- This report builds on our first ever Human Rights and ESG report, and incorporates updated disclosures and metrics based on recognized ESG reporting standards, related to the development of our employees; our adherence to ethical governance practices throughout our company; and our efforts to advance environmental sustainability in the construction and operation of our facilities.
- The report also highlights our continued commitment to improving the lives of those entrusted to our care by providing enhanced rehabilitation and post-release support services through our award-winning GEO Continuum of Care® (CoC) program.
- We recognize the continued interest from our diverse stakeholder groups in learning more about our company, and we welcome an ongoing engagement with our stakeholders as our company continues its ESG journey in the future.

GEO'S ESG ASPIRATIONS

- To implement best practices that follow recognized global Human Rights standards and respect the dignity and basic human rights of all individuals in our care.
- To be a leading provider of enhanced in-custody rehabilitation programs and post-release support services through our award-winning GEO Continuum of Care®.
- To maintain and manage quality facilities that provide a safe and humane environment, deliver high quality medical care, and adhere to independent accreditation standards.
- To provide development opportunities to our workforce and to instill an organizational culture rooted in diversity, inclusion, and respect.
- To advance environmental sustainability in the construction and operation of our facilities by investing in energy conservation measures and following independent Green Building certification standards.





HUMAN RIGHTS FOCUSED

We acknowledge the unique nature of our operations as a provider of management services for correctional and rehabilitation facilities and immigration processing centers, as well as, community reentry and electronic monitoring services to governmental entities. We recognize the significant role that respect for human rights plays in our operations in the United States and around the world.

Throughout the years, GEO has been committed to respecting the human rights of all individuals in our care, including ongoing efforts to drive continuous improvement in the following areas:

- Safe and Humane Environment
- Access to Healthcare
- Access to Legal Services
- Access to Family/Friends Communications
- Access to Religious Opportunities
- Access to Safe and Nutritious Meals
- Access to Recreational Amenities
- Access to Rehabilitation Programs for State Inmates

For more information related to our commitment to respecting human rights visit: geogroup.com/ESG



GEO CONTINUUM OF CARE®



GEO is a world leader in the provision of enhanced in-custody rehabilitation programs and post-release support services through the GEO Continuum of Care® (CoC). The GEO Continuum of Care® – an innovative and award-winning initiative we piloted in two state correctional facilities starting in 2015 – provides enhanced in-custody rehabilitation programming, including cognitive behavioral treatment, integrated with post-release support services.



\$14M

committed in company funding in 2020
for GEO Continuum of Care® Program

OUR EVIDENCE-BASED TREATMENT BEGINS WITH INDIVIDUALIZED RISKS AND NEEDS ASSESSMENTS AND OFFERS SEVERAL UNIQUE AND ENHANCED PROGRAMS, INCLUDING:

- Enhanced academic programming with the use of Smart-Board technology for interactive learning in every classroom.
- Enhanced vocational training through national, state, and industry certified programs focused on future job and career opportunities.
- Industry-leading Cognitive Behavioral and Substance Abuse treatment based on nationally recognized curricula.
- Post-release support services, which involve post-release case managers and 24-hour support to assist released individuals with the most crucial needs upon their release back into the community, including clothing, food, housing, employment, and transportation assistance.

2020 GEO CONTINUUM OF CARE® PROGRAM MILESTONES:

- Completed approximately 2.6 million hours of rehabilitation programming
- Awarded approximately 1,200 GEDs and high school equivalency degrees
- Awarded over 7,600 vocational training certifications
- Awarded approximately 8,700 substance abuse treatment program completions
- Achieved over 34,000 behavioral program completions and more than 31,000 individual cognitive behavioral sessions
- Provided Post-Release support services to more than 3,600 individuals with over 1,300 attaining employment



FACILITATING TRANSITION: GEO'S POST-RELEASE SUPPORT SERVICES

Approximately 95% of all individuals incarcerated will return to their communities. GEO's Post-Release Support Services provide case management, develop and maintain community partnerships, and coordinate and distribute transitional resources based on individual need.

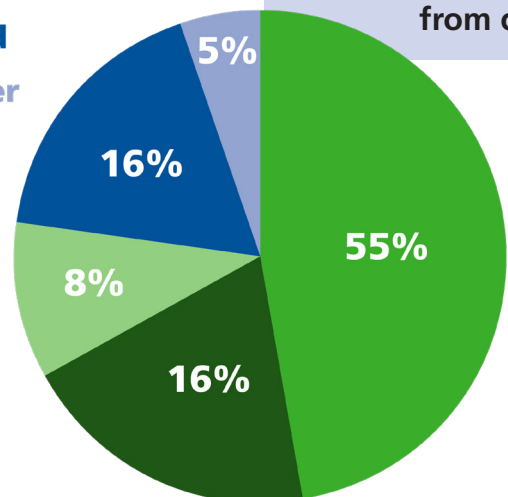
As an extension of the GEO Continuum of Care®, GEO's post-release case managers coordinate and facilitate the delivery of resources through more than 200 preferred providers. Weekly calls are scheduled with post-release participants to assess progress and provide support for up to 12 months, as well as motivate participants to continue in the behavioral change process.



2020 POST-RELEASE SUPPORT FUNDING

- Housing
- Clothing
- Transportation
- Food
- Other

GEO allocated **\$1.7 million** in annual funding in 2020 to assist those released from custody



ENVIRONMENTALLY RESPONSIBLE



Solar Panels at GEO's Adelanto ICE Processing Center

INVESTING IN ENERGY IMPROVEMENTS

In an effort to improve the energy efficiency of our facilities, GEO has invested approximately \$12 million over the last four years to retrofit, modify, and upgrade lighting, water, laundry and HVAC systems in our facilities. We have contracted with a third party, Iconergy, to provide Investment Grade Audit reports across our GEO Secure Services facilities and based on those reports implemented the following Energy Conservation measures at several of our facilities:

- Light Efficiency (LED fixtures)
- Water Efficiency (Push Button shower, toilet and faucet fixtures)
- Water Service upgrades
- HVAC Duct Sealing & Outside Fresh Air Intake

- Identifying, measuring, and offsetting the environmental footprint of our global operations;
- Reducing our environmental impact through local operations initiatives;
- Preventing pollution by conserving energy and resources, recycling, minimizing waste and pursuing other resource reduction strategies;
- Maintaining full compliance with applicable environmental laws, regulations, and company policies and procedures; and
- Working with our stakeholders on activities that promote environmental protection and stewardship.

For more information on GEO's Environmental Sustainability Policy Statement, please visit geogroup.com/Portals/0/Environmental_Policy.pdf

GEO HAS INVESTED APPROXIMATELY

\$12M

Over the last four years to implement Energy Conservation Measures across GEO Secure Services facilities

ASSESSING GEO'S ENVIRONMENTAL PERFORMANCE

In 2020, GEO undertook the initiative of determining the company's carbon footprint, including Green House Gas Emissions and energy consumption data. Our corporate office worked directly with the field to gather data from each facility regarding energy use, including natural gas, diesel, fuel, propane, and electricity; and water use, as well as Scope 1 and Scope 2 emissions.

Learn more about GEO's Environmental Performance Metrics in the Energy and Environmental Sustainability section of our Human Rights and ESG Report which can be found at geogroup.com/ESG and wearegeo.com

ENVIRONMENTAL SUSTAINABILITY POLICY STATEMENT

For the first time ever, we have issued an Environmental Policy Statement. We are committed to maintaining the environment and reducing the footprint of our business operations by:

THE GEO GROUP FOUNDATION

\$16 Million

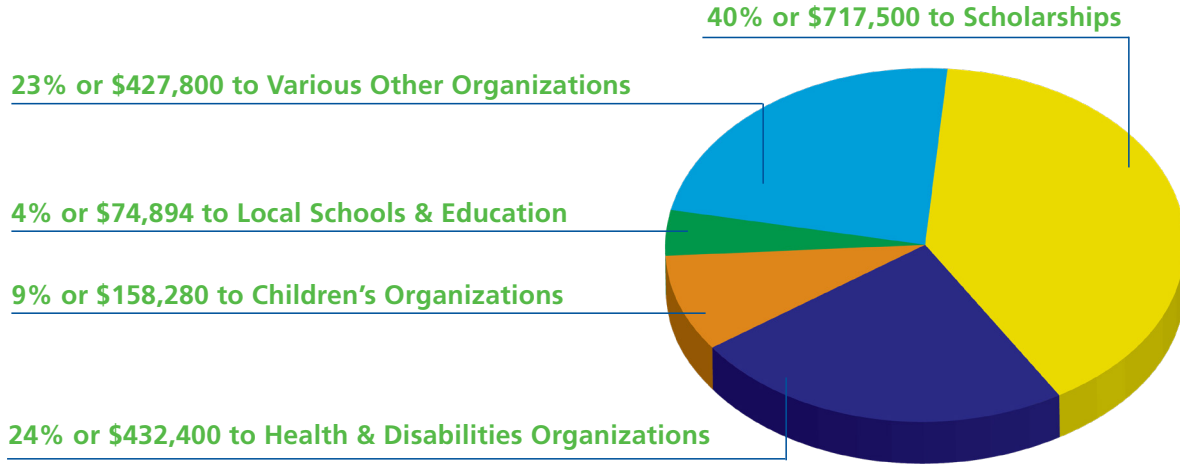
to various charitable causes since 2011

\$700,000+

or 40% of total charitable donations in 2020 were allocated to college and university scholarships

\$1.1 Million

donated to diverse charitable causes in 2020



ENGAGING WITH OUR STAKEHOLDERS: COMMUNITY ENGAGEMENT AND PHILANTHROPY

The GEO Group is committed to making a difference in the communities in which we operate. Every year, through The GEO Group Foundation, we support charities, schools, community organizations, and higher education scholarships for students across the country.

Since 2011, The GEO Group Foundation has donated more than \$16 million to various charitable causes throughout the country, including approximately \$5.4 million in student scholarships.

2020 GEO Group Foundation Highlights

- Approximately \$1.8 million in charitable donations
- More than \$700,000 donated to college and university scholarships
- Approximately \$1.1 million donated to a diverse group of organizations focused on health, disabilities, at-risk children and youth, and education

\$1,810,874

Total GEO Foundation Donations in 2020



GEO CARE & GEO REENTRY



GEO Care oversees the GEO Continuum of Care® division, GEO's community reentry centers, non-residential reentry programs, and youth treatment facilities along with the provision of electronic and location monitoring services to governmental agencies across the United States.

Through the delivery of high-quality, innovative, and effective programs, GEO Care has established itself as the premier provider of diversified community reentry and rehabilitation services. GEO Care's diversified business divisions have leading market positions in the operation of community-based reentry programs, youth rehabilitation services, and supervision programs through cutting-edge electronic monitoring technologies.



GEO Reentry provides individuals with the resources necessary to productively transition back into society. Through approximately four dozen reentry centers, GEO Reentry provides temporary housing, employment assistance, rehabilitation, substance abuse counseling, and vocational and education programs.

GEO Reentry also offers services through evidence-based cognitive behavioral treatment programs at more than 70 non-residential reentry centers nationwide which have the capacity to serve approximately 7,800 participants on behalf of federal, state and local government agencies. Through these services, parolees and probationers are provided behavioral assessments, treatment, supervision, and education.



10,882
RESIDENTIAL REENTRY BEDS

44
RESIDENTIAL REENTRY
CENTERS

77
NON-RESIDENTIAL CENTERS

207,000
INDIVIDUALS UNDER COMMUNITY
SUPERVISION



YOUTH SERVICES



For more than four decades, GEO Care's Abraxas division has provided residential, shelter care, and alternative education programs specifically designed to address the needs of individuals within the juvenile justice system with programs tailored to young individuals in need of mental health, behavioral health, and drug and alcohol treatment.

Abraxas oversees approximately 1,200 youth services beds spanning residential facilities and additional non-residential programs, which serve a diverse base of state and local government agencies that rely on this network of facilities to treat the young individuals in their care.

1,235

YOUTH SERVICES BEDS

11

RESIDENTIAL FACILITIES

3

NON-RESIDENTIAL PROGRAMS

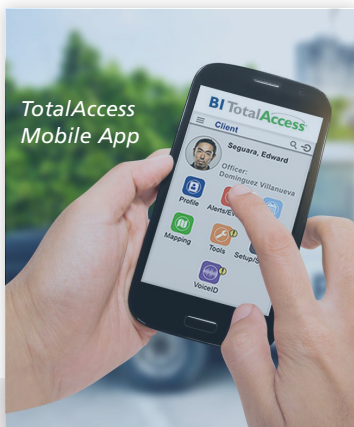


ABRAXAS I, MARIENVILLE, PA

ELECTRONIC & LOCATION MONITORING

STRENGTHENING COMMUNITIES THROUGH INNOVATION

Through its wholly-owned subsidiary, BI Incorporated, GEO Care offers federal, state, and local government agencies a full continuum of monitoring technologies and related supervision services for parolees, probationers, pretrial defendants, and individuals involved in the immigration process. Founded in 1978, BI has a presence across all 50 states and monitors approximately 155,000 individuals through electronic monitoring technologies and case management services. Through the Intensive Supervision and Appearance Program (ISAP), a core component of the Department of Homeland Security's Alternatives to Detention program, BI provides community supervision and monitoring services for U.S. Immigration and Customs Enforcement.

BI HomeGuard[®] 2020



BI LOC8[®]

SmartLINK



BI offers government agencies more than a dozen compliance technologies that can be applied in flexible configurations, including:

- Global Positioning Satellite (GPS) technology to enhance compliance
- Court admissible, transdermal and remote breath alcohol monitoring devices to accurately test and drive sobriety
- Innovative radio frequency solutions, ideal for monitoring compliance to curfews and other defined locations
- Officer and client-focused mobile apps to enhance supervision
- An array of monitoring services, including U.S.-based 24/7 call centers

GEO SECURE SERVICES



99.71%

2020 AVERAGE ACA
ACCREDITATION
SCORE

Established in 1984, GEO Secure Services oversees the operation and management of correctional facilities and processing centers in the United States, Australia, South Africa, and the United Kingdom.

GEO's U.S. Secure Services division oversees the operation and management of approximately 74,000 beds in 58 secure facilities providing services on behalf of the Federal Bureau of Prisons, U.S. Marshals Service, U.S. Immigration and Customs Enforcement as well as seven state correctional agencies and various local jurisdictions.

The daily oversight of GEO's U.S. Secure Services facilities is coordinated from three regional offices located in Charlotte, North Carolina; San Antonio, Texas; and Los Angeles, California. Each regional operating structure is headed by a Regional Vice President who oversees approximately two dozen experts in security, medical, financial, contract compliance, human resources, and other support services.

This regional operating structure enables GEO to implement superior quality controls, develop personalized professional relationships, and ensure the delivery of a full complement of high-quality services, including:

- Secure custody services
- Health care services
- Mental health services
- Food services
- Facility management
- Physical plant maintenance

73,942

U.S. SECURE SERVICES
BEDS

58

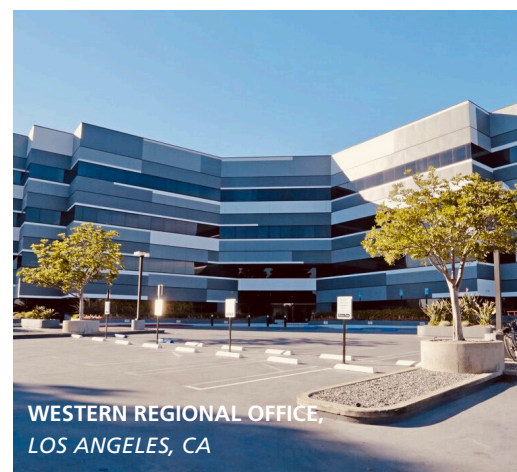
U.S. SECURE SERVICES
FACILITIES



EASTERN REGIONAL OFFICE,
CHARLOTTE, NC



CENTRAL REGIONAL OFFICE,
SAN ANTONIO, TX



WESTERN REGIONAL OFFICE,
LOS ANGELES, CA



1,500-BED RIVERBEND CORRECTIONAL AND REHABILITATION FACILITY



2,000-BED BLACKWATER RIVER CORRECTIONAL AND REHABILITATION FACILITY



700-BED BROWARD TRANSITIONAL CENTER

INTERNATIONAL SERVICES



6,774

INTERNATIONAL BEDS

5

INTERNATIONAL FACILITIES

GEO's International Services division provides secure correctional services for government agencies in the United Kingdom, Australia, and South Africa managing five secure facilities encompassing approximately 6,700 beds. Through wholly-owned subsidiary and joint-venture companies, GEO's International Services division provides solutions that are fully customizable and tailored to each government agency's requirements and standards.

922-BED FULHAM CORRECTIONAL CENTRE,
VICTORIA, AUSTRALIA



THE GEO GROUP AUSTRALIA

Located in Sydney, Australia, The GEO Group Australia plays a key role in helping meet the need for correctional services in Australia. The GEO Group Australia provides management services at three correctional centers with approximately 3,500 beds in the states of New South Wales and Victoria.



SOUTH AFRICAN CUSTODIAL MANAGEMENT

Located in Johannesburg, South Africa, South African Custodial Management provides secure correctional management services for the Department of Correctional Services. South African Custodial Management operates the 3,024-bed Kutama Sinthumule Correctional Centre.



THE GEO GROUP U.K.

Located in London, England, The GEO Group U.K. provides secure facility management services. GEO U.K. manages the 249-bed Dungavel House Immigration Removal Centre in Scotland. Additionally, GEO's U.K. joint venture, GEOAmeY, provides prison escort and custody services in England, Wales, and Scotland.

GEO TRANSPORT, INC (GTI)



GTI Transporters

GEO's in-house transportation division, GEO Transport, Inc. (GTI) provides secure transportation services to federal, state, and local government agencies in the United States and internationally. With the flexibility and resources to provide both ground and air transfer services, GTI helps government agencies meet their needs for secure transportation. GTI employs approximately 450 licensed transportation officers and operates a fleet of approximately 400 customized and U.S. Department of Transportation-compliant vehicles. Since its inception, GEO's GTI fleet has driven more than 53 million miles and transported approximately 3.4 million individuals.

GTI provides unmatched support services, including:

- Strategically located transportation centers nationwide
- Proprietary GPS satellite tracking software (GEOTrack)
- Two-way communications, in-vehicle recording
- Continuous vehicle monitoring
- Constant communication link with all service vehicles
- Ground support to book and re-route vehicles

400+

SPECIAL SECURE USDOT
COMPLIANT VEHICLES
*GPS Satellite Tracking on all
vehicles*

14 Million+

MILES DRIVEN INCIDENT-
FREE WORLDWIDE
IN 2020



GEOAmeey Van



FINANCIAL OVERVIEW

2020 FINANCIAL HIGHLIGHTS

\$2.35 Billion

2020 Total Revenue

\$439.8 Million

2020 Adjusted EBITDAre

\$229.3 Million

2020 Normalized Funds From Operations

\$300.6 Million

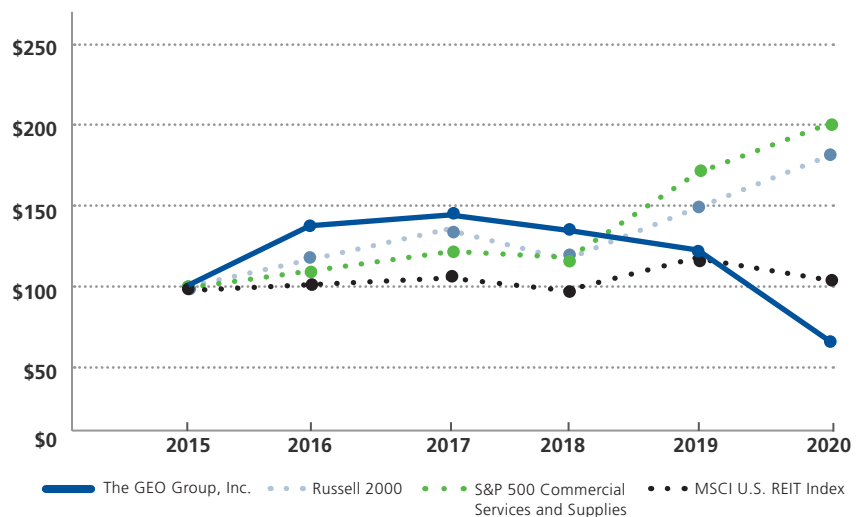
2020 Adjusted Funds From Operations

\$155.6 Million

2020 Adjusted Net Income

Comparison Of Five-Year Cumulative Total Return

Comparison of Five-Year Cumulative Total Return* The GEO Group, Inc., the Russell 2000, the S&P 500 Commercial Services and Supplies, and the MSCI U.S. REIT Indexes*. (Performance through December 31, 2020) *Total return assumes reinvestment of dividends.



Date	The GEO Group, Inc.	Russell 2000	S&P 500 Commercial Services and Supplies	MSCI U.S. REIT Index
Dec-31-15	\$100.00	\$100.00	100.00	\$100.00
Dec-31-16	\$136.06	\$119.48	112.57	\$104.22
Dec-31-17	\$142.96	\$135.18	123.19	\$105.12
Dec-31-18	\$129.60	\$118.72	119.38	\$96.03
Dec-31-19	\$120.78	\$146.89	163.78	\$116.14
Dec-31-20	\$62.56	\$173.86	199.74	\$103.24

Assumes \$100 invested on December 31, 2015, in The GEO Group, Inc. common stock and the Index companies.

(In thousands, except per share data)	2020	2019	2018
Total Revenues	\$2,350,098	\$2,477,922	\$2,331,386
Net Operating Income	\$601,787	\$654,670	\$618,290
Net Income Attributable to The GEO Group	\$113,032	\$166,603	\$145,089
Net Income Attributable To GEO per Diluted Share	\$0.94	\$1.40	\$1.20
Adjusted Funds From Operations per Diluted Share	\$2.51	\$2.75	\$2.47
Total Assets	\$4,460,126	\$4,317,534	\$4,258,118
Shareholders' Equity	\$912,082	\$996,048	\$1,039,904
Diluted Weighted Average Common Shares Outstanding	119,991	119,311	120,747

*This annual report contains certain Non-GAAP measures. Please refer to GEO's Fourth Quarter and Full Year 2020 Earnings Announcement and Supplemental Disclosure issued on February 16, 2021 for a description of such Non-GAAP measures and a reconciliation of such Non-GAAP measures to their most comparable GAAP measure.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock trades on the New York Stock Exchange under the symbol "GEO." As of February 21, 2020, we had 685 shareholders of record. Shareholders of record does not include shareholders who own shares held in "street name."

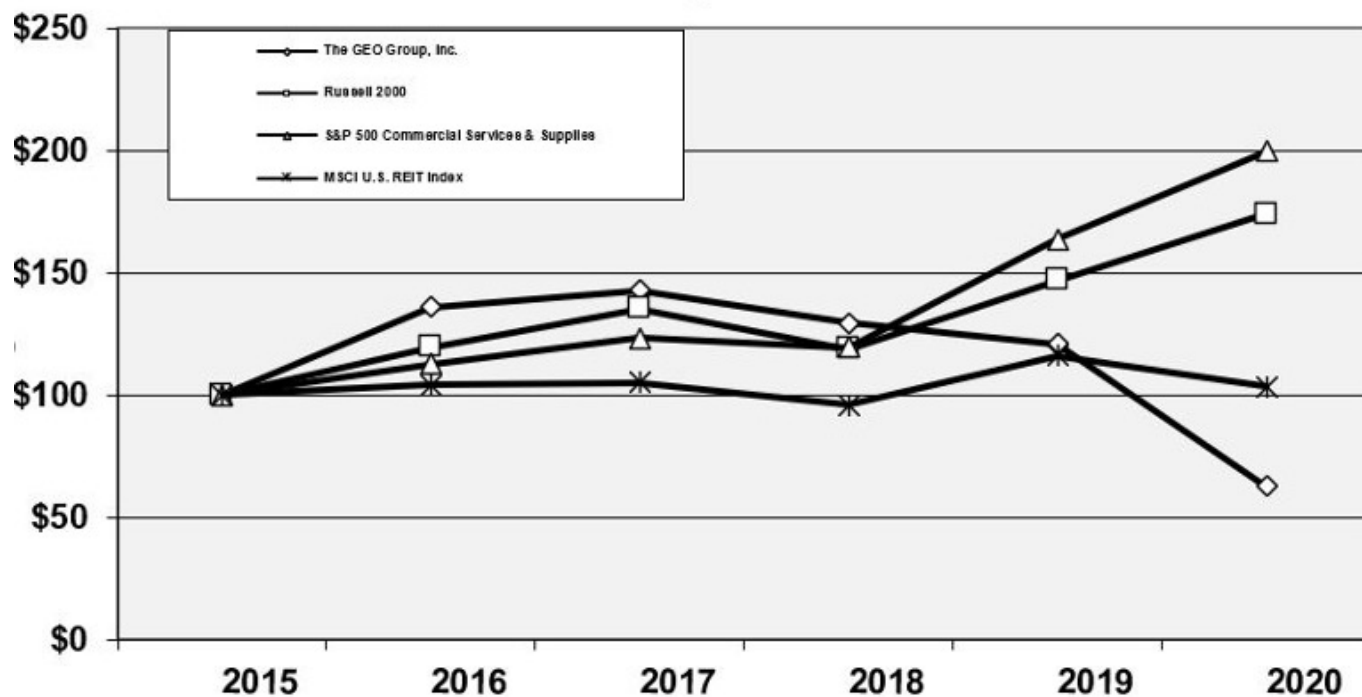
Dividends

As a REIT, GEO is required to distribute annually at least 90% of its REIT taxable income (determined without regard to the dividends paid deduction and by excluding net capital gain) and began paying regular quarterly REIT dividends in 2013. The amount, timing and frequency of future dividends, however, will be at the sole discretion of GEO's Board of Directors (the "Board") and will be declared based upon various factors, many of which are beyond GEO's control, including, GEO's financial condition and operating cash flows, the amount required to maintain REIT status and reduce any income taxes that GEO otherwise would be required to pay, limitations on distributions in GEO's existing and future debt instruments, limitations on GEO's ability to fund distributions using cash generated through GEO's TRSs and other factors that GEO's Board may deem relevant.

Performance Graph

The following performance graph compares the performance of our common stock to the Russell 2000, the S&P 500 Commercial Services and Supplies Index, and the MSCI U.S. REIT Index and is provided in accordance with Item 201(e) of Regulation S-K.

Comparison of Five-Year Cumulative Total Return*
The GEO Group, Inc., Russell 2000,
S&P 500 Commercial Services and Supplies Index
and MSCI U.S. REIT Index
(Performance through December 31, 2020)



Date	The GEO Group, Inc.	Russell 2000	S&P 500 Commercial Services and Supplies	MSCI U.S. REIT Index
December 31, 2015	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
December 31, 2016	\$ 136.06	\$ 119.48	\$ 112.57	\$ 104.22
December 31, 2017	\$ 142.96	\$ 135.18	\$ 123.19	\$ 105.12
December 31, 2018	\$ 129.60	\$ 118.72	\$ 119.38	\$ 96.03
December 31, 2019	\$ 120.78	\$ 146.89	\$ 163.78	\$ 116.14
December 31, 2020	\$ 62.56	\$ 173.86	\$ 199.74	\$ 103.24

Assumes \$100 invested on December 31, 2015 in our common stock and the respective Index.

* Total return assumes reinvestment of dividends.

Item 6. Selected Financial Data

The following table sets forth historical financial data as of and for each of the five years in the period ended December 31, 2020. The selected consolidated financial data should be read in conjunction with our “Management Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the notes to the consolidated financial statements (in thousands, except per share and operational data). Outstanding share and per-share amounts disclosed for all periods presented have been retroactively adjusted to reflect the effects of our 3-for-2 stock split in 2017.

Year Ended:	2020	2019	2018	2017	2016
Results of Continuing Operations:					
Revenues	\$ 2,350,098	\$ 2,477,922	\$ 2,331,386	\$ 2,263,420	\$ 2,179,490
Operating income	222,574	300,413	264,665	248,285	265,584
Net income	\$ 112,831	\$ 166,412	\$ 144,827	\$ 146,024	\$ 148,498
Income per common share attributable to The GEO Group, Inc.:					
Basic:	\$ 0.94	\$ 1.40	\$ 1.21	\$ 1.22	\$ 1.34
Diluted:	\$ 0.94	\$ 1.40	\$ 1.20	\$ 1.21	\$ 1.33
Weighted Average Shares Outstanding:					
Basic	119,719	119,097	120,241	120,095	111,065
Diluted	119,991	119,311	120,747	120,814	111,485
Cash Dividends per Common Share:					
Cash Dividends	\$ 1.78	\$ 1.92	\$ 1.88	\$ 1.88	\$ 1.73
Financial Condition:					
Current assets	\$ 711,323	\$ 547,778	\$ 601,762	\$ 579,709	\$ 697,669
Current liabilities	411,296	395,928	705,238	369,563	504,058
Total assets	4,460,126	4,317,534	4,258,118	4,226,908	3,749,409
Long-term debt, including current portion (excluding non-recourse debt and capital leases and unamortized debt issuance costs)	2,588,776	2,436,735	2,429,312	2,217,287	1,957,530
Total Shareholders' equity	\$ 912,082	\$ 996,048	\$ 1,039,904	\$ 1,198,919	\$ 974,957
Operational Data:					
Facilities in operation	118	129	135	141	104
Operational capacity of contracts (1)	89,499	92,906	88,567	88,272	83,599
Compensated mandays (2)	25,749,071	28,757,412	28,350,591	27,321,685	24,843,516

(1) Represents the number of beds primarily from secure services facilities and excludes idle facilities and beds under development.

(2) Compensated mandays are calculated as follows: (a) for per diem rate facilities — the number of beds occupied by residents on a daily basis during the fiscal year; and (b) for fixed rate facilities — the capacity of the facility multiplied by the number of days the facility was in operation during the fiscal year.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of numerous factors including, but not limited to, those described above under "Item 1A. Risk Factors," and "Forward-Looking Statements - Safe Harbor" below. The discussion should be read in conjunction with the consolidated financial statements and notes thereto.

This section of this Form 10-K generally discusses 2020 and 2019 items and year-to-year comparisons between 2020 and 2019. Discussions of 2018 items and year-to-year comparisons between 2019 and 2018 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and are incorporated herein by reference.

We are a real estate investment trust specializing in the ownership, leasing and management of secure, reentry facilities and processing centers and the provision of community-based services and youth services in the United States, Australia, South Africa, and the United Kingdom. We own, lease and operate a broad range of secure facilities including maximum, medium and minimum security facilities, processing centers, and community-based reentry facilities. We offer counseling, education and/or treatment for alcohol and drug abuse problems at most of the domestic facilities we manage. We are also a provider of innovative compliance technologies, industry-leading monitoring services, and evidence-based supervision and treatment programs for community-based parolees, probationers and pretrial defendants. Additionally, we have a contract with ICE to provide supervision and reporting services designed to improve the participation of non-detained aliens in the immigration court system. We develop new facilities based on contract awards, using our project development expertise and experience to design, construct and finance what we believe are state-of-the-art facilities that maximize security and efficiency. We also provide secure transportation services for offender and detainee populations as contracted domestically and in the United Kingdom through our joint venture GEOAmeY.

As of December 31, 2020, our worldwide operations included the management and/or ownership of approximately 93,000 beds at 118 correctional, detention and reentry facilities, including idle facilities, and also included the provision of servicing more than 210,000 individuals in a community-based environment on behalf of federal, state and local correctional agencies located in all 50 states.

For the years ended December 31, 2020 and 2019, we had consolidated revenues of \$2.4 billion and \$2.5 billion, respectively, and we maintained an average company-wide facility occupancy rate of 86.6% including 89,499 active beds and excluding 3,334 idle beds for the year ended December 31, 2020, and 92.4% including 92,906 active beds and excluding 2,118 idle beds and beds under development for the year ended December 31, 2019.

REIT Conversion

We have been a leading owner, lessor and operator of correctional, detention and reentry facilities and provider of community-based services and youth services in the industry since 1984 and began operating as a REIT for federal income tax purposes effective January 1, 2013. As a result of the REIT conversion, we reorganized our operations and moved non-real estate components into TRSs. Through the TRS structure, the portion of our businesses which are non-real estate related, such as our managed-only contracts, international operations, electronic monitoring services, and other non-residential and community based facilities, are part of wholly-owned taxable subsidiaries of the REIT. Most of our business segments, which are real estate related and involve company-owned and company-leased facilities, are part of the REIT. The TRS structure allows us to maintain the strategic alignment of almost all of our diversified business segments under one entity. The TRS assets and operations will continue to be subject to federal and state corporate income taxes and to foreign taxes as applicable in the jurisdictions in which those assets and operations are located.

As a REIT, we are required to distribute annually at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and by excluding net capital gain) and we began paying regular distributions in 2013. We declared and paid the following regular REIT distributions to our shareholders for the years ended December 31, 2020 and 2019, which were treated for federal income taxes as follows:

Ordinary Dividends							
Declaration Date	Payment Date	Record Date	Distribution Per Share	Qualified (1)	Non-Qualified	Nondividend Distributions (2)	Aggregate Payment Amount (millions)
February 4, 2019	February 22, 2019	February 15, 2019	\$ 0.48	\$ —	\$ 0.2759699	\$ 0.2040301	\$ 57.9
April 3, 2019	April 22, 2019	April 15, 2019	\$ 0.48	\$ —	\$ 0.2759699	\$ 0.2040301	\$ 58.2
July 9, 2019	July 26, 2019	July 19, 2019	\$ 0.48	\$ —	\$ 0.2759699	\$ 0.2040301	\$ 58.2
October 14, 2019	November 1, 2019	October 25, 2019	\$ 0.48	\$ —	\$ 0.2759699	\$ 0.2040301	\$ 58.2
February 3, 2020	February 21, 2020	February 14, 2020	\$ 0.48	\$ —	\$ 0.2655802	\$ 0.2144198	\$ 58.2
April 6, 2020	April 24, 2020	April 17, 2020	\$ 0.48	\$ —	\$ 0.2655802	\$ 0.2144198	\$ 58.5
July 7, 2020	July 24, 2020	July 17, 2020	\$ 0.48	\$ —	\$ 0.2655802	\$ 0.2144198	\$ 58.5
October 6, 2020	October 23, 2020	October 16, 2020	\$ 0.34	\$ —	\$ 0.1881193	\$ 0.1518807	\$ 41.5

(1) For 2019 and 2020, there are no Qualified Dividends. Qualified Dividends represents the portion of Total Ordinary Dividends which constitutes a “Qualified Dividend”, as defined by the Internal Revenue Service.

(2) The amount constitutes a “Return of Capital”, as defined by the Internal Revenue Service.

On January 15, 2021, our Board of Directors declared a quarterly cash dividend of \$0.25 per share of common stock, which was paid on February 1, 2021 to shareholders of record as of the close of business on January 25, 2021.

Critical Accounting Policies

We believe that the accounting policies described below are critical to understanding our business, results of operations and financial condition because they involve the more significant judgments and estimates used in the preparation of our consolidated financial statements. We have discussed the development, selection and application of our critical accounting policies with the audit committee of our Board of Directors, and our audit committee has reviewed our disclosure relating to our critical accounting policies in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States. As such, we are required to make certain estimates, judgments and assumptions that we believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We routinely evaluate our estimates based on historical experience and on various other assumptions that our management believes are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. If actual results significantly differ from our estimates, our financial condition and results of operations could be materially impacted.

Other significant accounting policies, primarily those with lower levels of uncertainty than those discussed below, are also critical to understanding our consolidated financial statements. The notes to our consolidated financial statements contain additional information related to our accounting policies and should be read in conjunction with this discussion.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Sales, value added and other taxes that we collect concurrent with revenue producing activities and that are subsequently remitted to governmental authorities are excluded from revenues. The guidance distinguishes between goods and services. The definition of services under the guidance includes everything other than goods. As such, in our case, this guidance views the provision of housing as a service.

When a contract includes variable consideration, we determine an estimate of the variable consideration and evaluate whether the estimate needs to be constrained; therefore, we include the variable consideration in the transaction price only to the extent that it is probable that a significant reversal of the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration estimates are updated at each reporting date. A limited

number of our domestic contracts have provisions upon which a small portion of the revenue for the contract is based on the performance of certain targets. Domestically, revenue based on the performance of certain targets is less than 1% of our consolidated domestic revenues and was not significant during the periods presented. One of our international contracts, related to our Ravenhall correctional facility project (discussed further below), contains a provision where a significant portion of the revenue for the contract is based on the performance of certain targets. These performance targets are based on specific criteria to be met over specific periods of time. Such criteria includes our ability to achieve certain contractual benchmarks relative to the quality of service we provide, non-occurrence of certain disruptive events, effectiveness of our quality control programs and our responsiveness to customer requirements. The performance of these targets are measured quarterly and there was no significant constraint on the estimate of such variable consideration for this contract during the year ended December 31, 2020 or 2019.

We do not disclose the value of unsatisfied performance obligations for (i) contracts with an expected length of one year or less and (ii) contracts for which revenue is recognized at the amount to which we have the right to invoice for services performed, which is generally the case for all of our contracts. Incidental items that are immaterial in the context of the contract are recognized as expense. We generally do not incur incremental costs related to obtaining a contract with our customers that would meet the requirement for capitalization. There were no assets recognized from costs to obtain a contract with a customer at December 31, 2020 or 2019.

The timing of revenue recognition may differ from the timing of invoicing to customers. We record a receivable when services are performed which are due from our customers based on the passage of time. We record a contract liability if consideration is received in advance of the performance of services. Generally, our customers do not provide payment in advance of the performance of services. Therefore, any contract liability is not significant at December 31, 2020 or December 31, 2019 and revenue recognized during the years ended December 31, 2020 and 2019 that was included in the opening balance of unearned revenue was not significant. There have been no significant amounts of revenue recorded in the periods presented from performance obligations either wholly or partially satisfied in prior periods.

The right to consideration under our contracts is only dependent on the passage of time and is therefore considered to be unconditional. Payment terms and conditions vary by contract type, although, with the exception of the contract receivable related to our Ravenhall correctional facility (further discussed below), terms generally include a requirement of payment within 30 days after performance obligations are satisfied and generally do not include a significant financing component. There have been no significant changes in receivable or unearned revenue balances during the period other than regular invoicing and collection activity.

Owned and Leased - Secure Services

We recognize revenue for secure services where we own or lease the facility as services are performed. We provide for the safe and secure housing and care of incarcerated individuals under public-private partnerships with federal, state and local government agencies. This includes providing 24-hour care and supervision, including but not limited to, such services as medical, transportation, food service, laundry services and various programming activities. These tasks are considered to be activities to fulfill the safe and secure housing performance obligation and are not considered to be individually separate promises in the contract. Each of these activities is highly interrelated and we perform a significant level of integration of these activities. We have identified these activities as a bundle of services and determined that each day of the promised service is distinct. The services provided are part of a series of distinct services that are substantially the same and are measured using the same measure of progress (time-based output method). We have determined that revenue for these services are recognized over time as our customers simultaneously receive and consume the benefits as the services are performed, which is on a continual daily basis, and we have a right to payment for performance completed to date. Time-based output methods of revenue recognition are considered to be a faithful depiction of our efforts to fulfill our obligations under our contracts and therefore reflect the transfer of services to our customers. Our customers generally pay for these services based on a net rate per day per individual or on a fixed monthly rate.

Owned and Leased - Community-based

We recognize revenue for community-based reentry services where we own or lease the facility in a manner similar to our secure services discussed above. We provide individuals nearing the end of their sentence with the resources necessary to productively transition back into society. Through our residential reentry centers, we provide federal and state parolees and probationers with temporary housing, rehabilitation, substance abuse counseling and vocational and educational programs. These activities are considered to be a bundle of services which are a part of a series of distinct services recognized over time based on the same criteria as discussed above for secure services revenues. Our customers also generally pay for these services based on a net rate per day per individual or on a fixed monthly rate.

Owned and Leased - Youth Services

We recognize revenues for youth services where we own or lease the facility in the same manner as discussed above for the housing, supervision, care and rehabilitation of troubled youth residents. The activities to house and care for troubled youth residents are also considered to be a bundle of services which are part of a series of distinct services recognized over time based on the same criteria discussed for the previous two revenue streams. Our customers generally pay for these services based on a net rate per day per individual.

Managed Only

We recognize revenue for our managed only contracts in the same manner as our Owned and Leased Secure Services and Owned and Leased Community-based contracts as discussed above. The primary exception is that we do not own or lease the facility. The facility is owned by the customer. In certain circumstances, our customers may request that we make certain capital improvements to the facility or make other payments related to the facility. These payments are amortized as a reduction of revenues over the life of the contract. Our customers generally pay for these services based on a net rate per day per individual or a fixed monthly rate.

Facility Construction and Design

During 2020, 2019 and 2018, we had facility construction and design services related to an expansion project at our Fulham Correctional Centre in Australia which was substantially completed in the third quarter of 2020. We determined revenue should be recorded over time using a time-based output method based on the same criteria as discussed above for secure services. Fees included and priced in the contract for managing the Facility are considered to be stated at their individual estimated stand-alone selling prices using the adjusted market assessment approach. These services are regularly provided by us on a stand-alone basis to similar customers within a similar range of amounts. We used the expected cost-plus margin approach to allocate the transaction price to the construction obligation. We were entitled under the contract to receive consideration in the amount of our costs plus a margin.

Non-residential Services and Other

Non-residential Services and Other revenue consists of our contracts with federal and various state and local governments to provide location, alcohol and drug detecting electronic monitoring and case management services to individuals on an as needed or as requested basis. This category also includes our day reporting centers.

We recognize revenues for electronic monitoring and case management services as the services are performed. Services provided consist of community-based supervision (home visits), in-person reporting, telephonic reporting and GPS and other electronic monitoring as well as overall contract management services. The rates for the various services are considered to be stated at their individual stand-alone selling prices. We have determined that the services to be provided are recognized over time based on the unit of occurrence of the various services as our customer simultaneously receives and consumes the benefits as the services are performed and we have a right to payment for performance completed to date. Generally, these services are paid based on a net rate per occurrence and a monthly fee for management services.

Certain of our electronic monitoring contracts include providing monitoring equipment and related monitoring services activities (using internal proprietary software platforms) to our customers. These tasks are considered to be activities to fulfill the promise to provide electronic monitoring services to individuals and are not considered to be individually separate promises in the contract. In the context of the contract, the equipment and monitoring service is not considered to be capable of being distinct as the customer typically cannot benefit from the equipment or monitoring service on its own or with other readily available resources. We have identified these activities as a bundle of services and determined that each day or unit of the promised service is distinct. These services are part of a series of distinct services that are substantially the same and are measured using the same measure of progress (time-based output method) and are therefore accounted for as a single performance obligation. We have determined that services are recognized over time as the customer simultaneously receives and consumes the benefits as the services are performed and we have a right to payment for performance completed to date.

Services provided for our day reporting centers are similar to our Owned and Leased Community-based services discussed above with the exception of temporary housing.

Reserves for Insurance Losses

The nature of our business exposes us to various types of third-party legal claims, including, but not limited to, civil rights claims relating to conditions of confinement and/or mistreatment, sexual misconduct claims brought by prisoners or detainees, product liability claims, intellectual property infringement claims, claims relating to employment matters (including, but not limited to, employment discrimination claims, union grievances and wage and hour claims), property loss claims, environmental claims, automobile liability claims, contractual claims and claims for personal injury or other damages resulting from contact with our facilities, programs, electronic monitoring products, personnel or prisoners, including damages arising from a prisoner's escape or from a disturbance or riot at a facility. In addition, our management contracts generally require us to indemnify the governmental agency against any damages to which the governmental agency may be subject in connection with such claims or litigation. We maintain a broad program of insurance coverage for these general types of claims, except for claims relating to employment matters, for which we carry no insurance. There can be no assurance that our insurance coverage will be adequate to cover all claims to which we may be exposed. It is our general practice to bring merged or acquired companies into our corporate master policies in order to take advantage of certain economies of scale.

We currently maintain a general liability policy and excess liability policies with total limits of \$70.0 million per occurrence and \$90 million in the aggregate covering the operations of U.S. Secure Services, GEO Care's community-based services, GEO Care's

youth services and BI. We have a claims-made liability insurance program with a specific loss limit of \$40.0 million per occurrence and in the aggregate related to medical professional liability claims arising out of secure healthcare services. We are uninsured for any claims in excess of these limits. We also maintain insurance to cover property and other casualty risks including, workers' compensation, environmental liability, cybersecurity liability and automobile liability.

For most casualty insurance policies, we carry substantial deductibles or self-insured retentions of \$3.0 million per occurrence for general liability and medical professional liability, \$2.0 million per occurrence for workers' compensation and \$1.0 million per occurrence for automobile liability. In addition, certain of our facilities located in Florida and other high-risk hurricane areas carry substantial windstorm deductibles. Since hurricanes are considered unpredictable future events, no reserves have been established to pre-fund for potential windstorm damage. Limited commercial availability of certain types of insurance relating to windstorm exposure in coastal areas and earthquake exposure mainly in California and the Pacific Northwest may prevent the Company from insuring some of its facilities to full replacement value.

With respect to operations in South Africa, the United Kingdom and Australia, we utilize a combination of locally procured insurance and global policies to meet contractual insurance requirements and protect us. In addition to these policies, our Australian subsidiary carries tail insurance on a general liability policy related to a discontinued contract.

Of the insurance policies discussed above, our most significant insurance reserves relate to workers' compensation, general liability and auto claims. These reserves are undiscounted and were \$78.9 million and \$68.2 million as of December 31, 2020 and 2019, respectively and are included in accrued expenses in the accompanying balance sheets. We use statistical and actuarial methods to estimate amounts for claims that have been reported but not paid and claims incurred but not reported. In applying these methods and assessing their results, we consider such factors as historical frequency and severity of claims at each of our facilities, claim development, payment patterns and changes in the nature of our business, among other factors. Such factors are analyzed for each of our business segments. Our estimates may be impacted by such factors as increases in the market price for medical services and unpredictability of the size of jury awards. We also may experience variability between our estimates and the actual settlement due to limitations inherent in the estimation process, including our ability to estimate costs of processing and settling claims in a timely manner as well as our ability to accurately estimate our exposure at the onset of a claim. Because we have high deductible insurance policies, the amount of our insurance expense is dependent on our ability to control our claims experience. If actual losses related to insurance claims significantly differ from our estimates, our financial condition, results of operations and cash flows could be materially adversely impacted.

Income Taxes

The consolidated financial statements reflect provisions for federal, state, local and foreign income taxes. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, as well as operating loss and tax credit carryforwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities as a result of a change in tax rates is recognized as income in the period that includes the enactment date. Refer to Note 16- Income Taxes in the notes to the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K. Effective January 1, 2013, as a REIT that is required to distribute at least 90% of its taxable income to shareholders, we do not expect to pay federal income taxes at the REIT level (including our qualified REIT subsidiaries), as the resulting dividends paid deduction will generally offset our taxable income. Since we do not expect to pay taxes on our REIT taxable income, we do not expect to be able to recognize such deferred tax assets and liabilities.

Deferred income taxes are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities given the provisions of enacted tax laws. Significant judgments are required to determine the consolidated provision for income taxes. Deferred income tax provisions and benefits are based on changes to the assets or liabilities from year to year. Realization of our deferred tax assets is dependent upon many factors such as tax regulations applicable to the jurisdictions in which we operate, estimates of future taxable income and the character of such taxable income.

Additionally, we must use significant judgment in addressing uncertainties in the application of complex tax laws and regulations. If actual circumstances differ from our assumptions, adjustments to the carrying value of deferred tax assets or liabilities may be required, which may result in an adverse impact on the results of our operations and our effective tax rate. Valuation allowances are recorded related to deferred tax assets based on the "more likely than not" criteria. We have not made any significant changes to the way we account for our deferred tax assets and liabilities in any year presented in the consolidated financial statements. Based on our estimate of future earnings and our favorable earnings history, we currently expect full realization of the deferred tax assets net of any recorded valuation allowances. Furthermore, tax positions taken by us may not be fully sustained upon examination by the taxing authorities. In determining the adequacy of our provision (benefit) for income taxes, potential settlement outcomes resulting from income tax examinations are regularly assessed. As such, the final outcome of tax examinations, including the total amount payable or the timing of any such payments upon resolution of these issues, cannot be estimated with certainty.

Asset Impairments

We had property and equipment, net of \$2.1 billion and \$2.1 billion as of December 31, 2020 and 2019, respectively, including approximately 990 vacant beds with a net book value of approximately \$24 million at December 31, 2020 at two of our idle facilities in the Secure Services segment that we are currently marketing to potential customers. Also, in our GEO Care segment, we are currently marketing approximately 1,100 vacant beds with a net book value of approximately \$26 million at December 31, 2020 at two of our idle facilities to potential customers.

We review long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Events that would trigger an impairment assessment include deterioration of profits for a business segment that has long-lived assets, or when other changes occur that might impair recovery of long-lived assets such as the termination of a management contract or a significant decrease in population. If impairment indicators are present, we perform a recoverability test to determine whether or not an impairment loss should be measured.

We test idle facilities for impairment upon notification that the facilities will no longer be utilized by the customer. If a long-lived asset is part of a group that includes other assets, the unit of accounting for the long-lived asset is its group. Generally, we group assets by facility for the purpose of considering whether any impairment exists. The estimates of recoverability are based on projected undiscounted cash flows associated with actual marketing efforts where available or, in other instances, projected undiscounted cash flows that are comparable to historical cash flows from management contracts at similar facilities and sensitivity analyses that consider reductions to such cash flows. Our sensitivity analyses include adjustments to projected cash flows compared to the historical cash flows due to current business conditions which impact per diem rates as well as labor and other operating costs, changes related to facility mission due to changes in prospective clients, and changes in projected capacity and occupancy rates. We also factor in prolonged periods of vacancies as well as the time and costs required to ramp up facility population once a contract is obtained. We perform the impairment analyses on an annual basis for each of the idle facilities and update each quarter for market developments for the potential utilization of each of the facilities in order to identify events that may cause us to reconsider the most recent assumptions. Such events could include negotiations with a prospective customer for the utilization of an idle facility at terms significantly less favorable than used in our most recent impairment analysis, or changes in legislation surrounding a particular facility that could impact our ability to house certain types of individuals at such facility. Further, a substantial increase in the number of available beds at other facilities that we own, or in the marketplace, could lead to deterioration in market conditions and projected cash flows. Although they are not frequently received, an unsolicited offer to purchase any of our idle facilities, at amounts that are less than their carrying value could also cause us to reconsider the assumptions used in the most recent impairment analysis. We have identified marketing prospects to utilize each of the remaining currently idled facilities and do not see any catalysts that would result in a current impairment. However, we can provide no assurance that we will be able to secure management contracts to utilize our idle facilities, or that we will not incur impairment charges in the future. In all cases, except for one of our leased facilities, the projected undiscounted cash flows in our analysis as of December 31, 2020 substantially exceeded the carrying amounts of each facility. With respect to the leased facility where the carrying amount of the facility did not exceed the projected undiscounted cash flows, we recorded an impairment charge of approximately \$5.7 million during the year ended December 31, 2020.

Our evaluations also take into consideration historical experience in securing new management contracts to utilize facilities that had been previously idled for periods comparable to or in excess of the periods our currently idle facilities have been idle. Such previously idled facilities are currently being operated under contracts that generate cash flows resulting in the recoverability of the net book value of the previously idled facilities by substantial amounts. Due to a variety of factors, the lead time to negotiate contracts with federal and state agencies to utilize idle bed capacity is generally lengthy which has historically resulted in periods of idleness similar to the ones we are currently experiencing. As a result of our analyses, we determined each of these assets to have recoverable values substantially in excess of the corresponding carrying values.

By their nature, these estimates contain uncertainties with respect to the extent and timing of the respective cash flows due to potential delays or material changes to forecasted terms and conditions in contracts with prospective customers that could impact the estimate of projected cash flows.

Goodwill and Other Intangible Assets, Net

Goodwill

We have recorded goodwill as a result of our business combinations. Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible assets and other intangible assets acquired. Our goodwill is not amortized and is tested for impairment annually on the first day of the fourth quarter, and whenever events or circumstances arise that indicate impairment may have occurred. Impairment testing is performed for all reporting units that contain goodwill. The reporting units are the same as the reportable segment for U.S. Secure Services and are at the operating segment level for GEO Care. On the annual measurement date of October 1, 2020, management elected to qualitatively assess the Company's goodwill for

impairment for all of its reporting units except for its community based reporting unit which was assessed using a quantitative analysis. Under provisions of the qualitative analysis, when testing goodwill for impairment, we first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we perform a quantitative impairment test to identify goodwill impairment and measure the amount of goodwill impairment loss to be recognized, if any. The qualitative factors used by management to determine the likelihood that the fair value of the reporting unit is less than the carrying amount include, among other things, a review of overall economic conditions and their current and future impact on our existing business, our financial performance and stock price, industry outlook and market competition. With respect to the qualitative assessments, management determined that, as of October 1, 2020, it was more likely than not that the fair values of the reporting units exceeded their carrying values. With respect to the quantitative analysis performed, we used a third-party valuation firm to determine the estimated fair value of the reporting unit using a discounted cash flow model. A discount rate of 10% was utilized to adjust the cash flow forecasts based on our estimate of a market participant's weighted-average cost of capital. Growth rates for sales and profits were determined using inputs from our long-term planning process. We also make estimates for discount rates and other factors based on market conditions, historical experience and other economic factors. Changes in these factors could significantly impact the fair value of the reporting unit. With respect to the community based reporting unit that was assessed quantitatively, management determined that the carrying value exceeded its fair value due to future declines in cash flow projections primarily due to the negative impact of the COVID-19 pandemic on our reentry facilities. As such, we recorded a goodwill impairment charge of \$21.1 million during the year ended December 31, 2020. A change in one or combination of the assumptions discussed above could impact the estimated fair value of the reporting unit. If our expectations of future results and cash flows decrease significantly or other economic conditions deteriorate, goodwill may be further impaired. See Note 8 – Goodwill and Other Intangible Assets for further information.

Other Intangible Assets. Net

We have also recorded other finite and indefinite lived intangible assets as a result of previously completed business combinations. Other acquired finite and indefinite lived intangible assets are recognized separately if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented or exchanged, regardless of our intent to do so. Our intangible assets include facility management contracts, trade names and technology. The facility management contracts represent customer relationships in the form of management contracts acquired at the time of each business combination; the value of BI's and Protocol Criminal Justice, Inc.'s ("Protocol") trade names represent, among other intangible benefits, name recognition to its customers and intellectual property rights; and the acquired technology represents BI's innovation with respect to its GPS tracking, monitoring, radio frequency monitoring, voice verification monitoring and alcohol compliance systems, Protocol's innovation with respect to its customer relationship management software and Soberlink, Inc.'s innovation with respect to its alcohol monitoring devices. When establishing useful lives, we consider the period and the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up; or, if that pattern cannot be reliably determined, using a straight-line amortization method over a period that may be shorter than the ultimate life of such intangible asset. We also consider the impact of renewal terms when establishing useful lives. We currently amortize our acquired facility management contracts over periods ranging from three to twenty-one years and our acquired technology over seven years to eight years. There is no residual value associated with our finite-lived intangible assets. We review our trade name assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. We do not amortize our indefinite lived intangible assets. We review our indefinite lived intangible assets annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. These reviews resulted in no impairment to the carrying value of the indefinite lived intangible assets for all periods presented. We record the costs associated with renewal and extension of facility management contracts as expenses in the period they are incurred.

Recent Accounting Pronouncements

The Company implemented the following accounting standards during the year ended December 31, 2020:

The SEC recently adopted the final rule in Release No. 33-10762 (the "Final Rule"), Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant's Securities, to eliminate certain prescriptive requirements currently in Rules 3-10 and 3-16 of Regulation S-X. The Final Rule amends Regulation S-X Rules 3-10 and 3-16 with Regulation S-X Rules 13-01, Guarantors and issuers of guaranteed securities registered or being registered, and 13-02, Affiliates whose securities collateralize securities registered or being registered. The Final Rule simplifies the conditions required to omit separate financial statements of subsidiary issuers and guarantors, allows for reduced supplemental financial information about subsidiary issuers and guarantors as well as affiliates whose securities are collateralized and expands qualitative disclosures about the guarantees or securities pledged as collateral as well as issuers, guarantors, or affiliates, as applicable. The amended rules also provide flexibility to include these disclosures within or outside the annual and interim financial statements in both registration statements and periodic reports. Further, the disclosures are required only for the most recent annual and year-to-date interim periods. The Final Rule is effective on January 4, 2021 with early adoption permitted. The early adoption of the Final Rule did not have a material impact on our financial position, results of operations or cash flows.

In August 2018, the FASB issued ASU No. 2018-13, “Fair Value Measurement (Topic 820)” as a part of its disclosure framework project. The amendments in this update remove, modify and add certain disclosures primarily related to transfers between Level 1 and Level 2 of the fair value hierarchy, various disclosures related to Level 3 fair value measurements and investments in certain entities that calculate net asset value. The new standard was effective for us beginning January 1, 2020. The adoption of this standard did not have a material impact on our financial position, results of operations or cash flows.

In June 2016, the FASB issued ASC No. 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”. The purpose of Update No. 2016-13 is to replace the current incurred loss impairment methodology for financial assets measured at amortized cost with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information, including forecasted information, to develop credit loss estimates. Update No. 2016-13 was effective for us beginning January 1, 2020. The adoption of this standard did not have a material impact on our financial position, results of operations or cash flows.

The following accounting standards will be adopted in future periods:

In August 2020, the FASB issued ASU 2020-06, “Debt – Debt with Conversion and Other Options”. The guidance in this update simplifies the accounting for convertible debt and convertible preferred stock by removing the requirements to separately present certain conversion features in equity. In addition, the amendments in the ASU also simplify the guidance in ASC 815-40, “Derivatives and Hedging: Contracts in an Entity’s Own Equity” by removing certain criteria that must be satisfied in order to classify a contract as equity, which is expected to decrease the number of freestanding instruments and embedded derivatives accounted for as assets or liabilities. Finally, the amendments revise the guidance on calculating earnings per share, requiring use of the if-converted method for all convertible instruments and rescinding an entity’s ability to rebut the presumption of share settlement for instruments that may be settled in cash or shares. The new standard is effective for us beginning January 1, 2022. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The adoption of this standard is not expected to have a material impact on our financial position, results of operations or cash flows.

In March 2020, the FASB issued ASU 2020-04, “Reference Reform Rate (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting,” to provide temporary optional expedients and exceptions to the contract modifications, hedge relationships and other transactions affected by reference rate reform if certain criteria are met. This ASU, which was effective upon issuance and may be applied through December 31, 2022, is applicable to all contracts and hedging relationships that reference the London Interbank Offered Rate or any other reference rate expected to be discontinued. We are currently evaluating the impact of reference rate reform and the potential application of this guidance.

In August 2018, the FASB issued ASU No. 2018-14, “Compensation-Retirement Benefits-Defined Benefit Plans-General (Topic 715.20)” as a part of its disclosure framework project. The amendments in this update remove, modify and add certain disclosures primarily related to amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year, explanations for reasons for significant gains and losses related to changes in the benefit obligation for the period, and projected and accumulated benefit obligations. The new standard is effective for us beginning January 1, 2021. The adoption of this standard is not expected to have a material impact on our financial position, results of operations or cash flows.

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

Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements and the notes to the consolidated financial statements accompanying this report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in the forward-looking statements as a result of certain factors, including, but not limited to, those described under “Item 1A. Risk Factors” and those included in other portions of this report.

2020 versus 2019

Revenues

	2020	% of Revenue		2019	% of Revenue	\$ Change	% Change
	(Dollars in thousands)						
U.S. Secure Services	\$ 1,571,216	66.9	%	\$ 1,601,679	64.6	% \$ (30,463)	(1.9) %
GEO Care	551,342	23.5	%	614,249	24.8	% (62,907)	(10.2) %
International Services	211,621	9.0	%	232,016	9.4	% (20,395)	(8.8) %
Facility Construction & Design	15,919	0.7	%	29,978	1.2	% (14,059)	(46.9) %
Total	\$ 2,350,098	100.0	%	\$ 2,477,922	100.0	% \$ (127,824)	(5.2) %

U.S. Secure Services

Revenues decreased in 2020 by \$30.5 million compared to 2019 as a result of \$36.5 million primarily due to net decreases in populations at our ICE processing centers and USMS facilities due to the COVID-19 pandemic, which resulted in declines in crossings and apprehensions along the Southwest border, as well as decreases in court sentencing at the federal levels. Additionally, revenues decreased by \$66.1 million due to the discontinuation of our California Modified Community Correctional Facility contracts along with other contract discontinuations. Various governmental agencies have also taken steps to decrease the number of those in custody to adhere to social distancing protocols. We also experienced net decreases in population, transportation services and/or rates of \$3.7 million at our BOP and state facilities. These decreases were partially offset by increases of \$75.8 million resulting from the activation of our contracts at our company-owned and previously idled South Louisiana Processing Center in Basile, Louisiana during the third quarter of 2019, our company-owned and previously idled North Lake Correctional Facility in Baldwin, Michigan which was activated on October 1, 2019, our managed-only contract for the El Centro Detention Center in California which was effective in December 2019, the activation of our company-owned Golden State Annex facility in California which was effective in September 2020 as well as the activation of the county-owned Reeves County Detention Center I & II in the third quarter of 2019.

The number of compensated mandays in GEO Secure Services facilities was approximately 21.7 million in 2020 and 23.5 million in 2019. We experienced an aggregate net decrease of approximately 1,800,000 mandays as a result of net decreases in population as a result of the impact of the COVID-19 pandemic as well as contract terminations, partially offset by contract activations discussed above. We look at the average occupancy in our facilities to determine how we are managing our available beds. The average occupancy is calculated by taking compensated mandays as a percentage of capacity. The average occupancy in our GEO Secure Services facilities was 89.3% and 94.9% of capacity in 2020 and 2019, respectively, excluding idle facilities.

GEO Care

Revenues decreased in 2020 by \$62.9 million compared to 2019 primarily due to aggregate decreases of \$42.4 million related to contract discontinuations/closures of underutilized facilities which have been impacted by the COVID-19 pandemic and other factors. We also experienced a decrease of \$14.1 million due to decreases in blended rates and average client and participant counts under our ISAP services as a result of policy changes by the former administration. Also contributing to this decrease were the effects of the COVID-19 pandemic has had on our community based programs which resulted in reductions in home visits and other impacts. In addition, we experienced decreases of \$12.3 million related to net decreases in census levels at certain of our community-based and reentry centers due to declines in programs as a result of lower levels of referrals by federal, state and local agencies primarily due to the impact of the COVID-19 pandemic. These decreases were partially offset by increases of \$5.9 million due to new/reactivated contracts and programs.

International Services

Revenues for International Services decreased by \$20.4 million in 2020 compared to 2019. We experienced a net decrease of \$15.7 million which was primarily due to the transition of the Arthur Gorrie Correctional Centre to government operation in State of Queensland, Australia at the end of June 2020. Additionally, we experienced decreases of \$4.7 million due to the effects of foreign exchange rate fluctuations.

Facility Construction & Design

In 2020 and 2019, we had facility construction & design services related to an expansion project at our Fulham Correctional Centre in Australia which was substantially completed in the third quarter of 2020. The revenue decrease was due to a decrease in construction activity as the project neared completion.

Operating Expenses

	2020	% of Segment Revenues	2019	% of Segment Revenues	\$ Change	% Change
	(Dollars in thousands)					
U.S. Secure Services	\$ 1,191,562	75.8 %	\$ 1,200,199	74.9 %	\$ (8,637)	(0.7) %
GEO Care	381,034	69.1 %	417,432	68.0 %	(36,398)	(8.7) %
International Services	189,865	89.7 %	213,223	91.9 %	(23,358)	(11.0) %
Facility Construction & Design	15,865	99.7 %	29,904	99.8 %	(14,039)	(46.9) %
Total	\$ 1,778,326		\$ 1,860,758		\$ (82,432)	(4.4) %

Operating expenses consist of those expenses incurred in the operation and management of our Secure Services, GEO Care and International Services facilities and expenses incurred in our Facility Construction & Design segment.

U.S. Secure Services

Operating expenses for U.S. Secure Services decreased by \$8.6 million in 2020 compared to 2019. We experienced decreases of \$31.5 million at certain of our facilities primarily due to contract discontinuations. Additionally, we experienced aggregate net decreases of \$27.6 million related to decreases in population, transportation services and the variable costs associated with those services primarily as a result of the impacts of the COVID-19 pandemic as described above. These decreases were partially offset by increases of \$50.5 million from the activation of our contracts at our company-owned and previously idled South Louisiana Processing Center in Basile, Louisiana during the third quarter of 2019, our company-owned and previously idled North Lake Correctional Facility in Baldwin, Michigan which was activated on October 1, 2019, our managed-only contract for the El Centro Detention Center in California which was effective in December 2019 as well as activation of our company-owned Golden State Annex facility in California which was effective in September 2020.

GEO Care

Operating expenses for GEO Care decreased by \$36.4 million during 2020 compared to 2019 primarily due to net decreases of \$30.2 million from contract discontinuations/closures of underutilized facilities. We also experienced a decrease of \$8.6 million due to decreases in average client and participant counts under our ISAP services as a result of policy changes by the administration which reduced the number of enrollments at the southern border. Also contributing to this decrease were the effects of the COVID-19 pandemic which resulted in reductions in home visits and other impacts. Additionally, we experienced \$3.4 million of net decreases related to census levels at certain of our community-based reentry centers and day reporting centers due to the impact of the COVID-19 pandemic. These decreases were partially offset by increases of \$5.8 million due to new/reactivated contracts and programs and day reporting center openings.

International Services

Operating expenses for International Services decreased by \$23.4 million in 2020 compared to 2019. We experienced a net decrease of \$18.7 million which was primarily due to the transition of the Arthur Gorrie Correctional Centre to government operation in State of Queensland, Australia at the end of June 2020. Additionally, we experienced decreases of \$4.7 million due to the effects of foreign exchange rate fluctuations.

Facility Construction & Design

Beginning in the fourth quarter of 2018 and into 2019, we had facility construction & design services related to an expansion project at our Fulham Correctional Centre in Australia which was substantially completed in the third quarter of 2020. The decrease in operating expenses was due to a decrease in construction activity as the project neared completion.

Depreciation and Amortization

	2020	% of Segment Revenue		2019	% of Segment Revenue	\$ Change	% Change
(Dollars in thousands)							
U.S. Secure Services	\$ 80,702	5.1 %	\$	78,974	4.9 %	\$ 1,728	2.2 %
GEO Care	51,832	9.4 %		49,781	8.1 %	2,051	4.1 %
International Services	2,146	1.0 %		2,070	0.9 %	76	3.7 %
Total	<u>\$ 134,680</u>	5.7 %	\$	<u>130,825</u>	5.3 %	<u>\$ 3,855</u>	2.9 %

U.S. Secure Services

U.S. Secure Services depreciation and amortization expense increased in 2020 compared to 2019 primarily due to renovations in connection with our contract activations at certain of our company-owned facilities as previously discussed.

GEO Care

GEO Care depreciation and amortization expense increased in 2020 compared to 2019 primarily due to renovations at certain of our centers.

International Services

Depreciation and amortization expense increased slightly in 2020 compared to 2019 as a result of renovations during 2019 and 2020 at several of our international facilities.

Other Unallocated Operating Expenses

	2020	% of Revenue		2019	% of Revenue	\$ Change	% Change
(Dollars in thousands)							
General and Administrative Expenses	\$ 193,372	8.2 %	\$	185,926	7.5 %	\$ 7,446	4.0 %

General and administrative expenses comprise substantially all of our other unallocated operating expenses which primarily includes corporate management salaries and benefits, professional fees and other administrative expenses. General and administrative expenses increased in 2020 compared to 2019 primarily due to higher stock-based compensation expense of \$1.6 million, \$2.5 million in insurance expense associated with policy renewals as well as normal personnel and compensation adjustments, professional, consulting, business development and other administrative expenses including COVID-19 related expenses. These increases were partially offset by less travel, marketing and other corporate administrative expenses primarily due to the impacts of the COVID-19 pandemic.

Goodwill Impairment Charges

	2020	% of Revenue		2019	% of Revenue	\$ Change	% Change
(Dollars in thousands)							
Goodwill Impairment Charges	\$ 21,146	0.9 %	\$	---	0.0 %	\$ 21,146	100 %

In connection with our annual goodwill testing, we determined that the carrying value of our community based reporting unit exceeded its fair value as a result of future declines in cash flow projections primarily due to the impact of the COVID-19 pandemic. As such, we recorded a goodwill impairment charge of \$21.1 million during the year ended December 31, 2020. Refer to Note 1 – Summary of Business Organization, Operations and Significant Accounting Policies – Goodwill and Other Intangible Assets of the Notes to the audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K

Non-Operating Income and Expense

Interest Income and Interest Expense

	2020	% of Revenue	2019	% of Revenue	\$ Change	% Change
	(Dollars in thousands)					
Interest Income	\$ 23,072	1.0 %	\$ 28,934	1.2 %	\$ (5,862)	(20.3) %
Interest Expense	\$ 126,837	5.4 %	\$ 151,024	6.1 %	\$ (24,187)	(16.0) %

Interest income decreased in 2020 compared to 2019 primarily due to the effect of foreign exchange rate fluctuations related to our contract receivable balance for our facility in Ravenhall, Australia.

Interest expense decreased in 2020 compared to 2019 primarily due to lower interest rates on our variable rate debt. Also contributing to the decrease was a reduction in higher interest rate debt balances. During 2019, we repurchased approximately \$56.0 million in aggregate principal amount of its 5.875% Senior Notes due 2022. During 2020, we repurchased approximately \$7.5 million in aggregate principal amount of its 5.875% Senior Notes due 2024. Additionally, during 2020, we repurchased approximately \$18.2 million in aggregate principal amount of its 5.125% Senior Notes due 2023. Refer to Note 12- Debt of the Notes to the audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Gain (Loss) on Extinguishment of Debt

	2020	% of Revenue	2019	% of Revenue	\$ Change	% Change
	(Dollars in thousands)					
Gain (Loss) on Extinguishment of Debt	\$ 5,319	0.2 %	\$ (4,795)	-0.2 %	\$ 10,114	-2.11 %

During 2020, we repurchased approximately \$7.5 million in aggregate principal amount of our 5.875% Senior Notes due 2024 at a weighted average price of \$78.99 for a total cost of \$5.8 million. Additionally, during 2020, we repurchased approximately \$18.2 million in aggregate principal amount of our 5.125% Senior Notes due 2023 at a weighted average price of \$77.28 for a total cost of \$14.4 million. As a result of these repurchase, we incurred a net gain on extinguishment of debt of \$5.3 million.

On May 22, 2019, we completed an offering of non-recourse notes related to our Ravenhall facility in Australia. The net proceeds from this offering were used to refinance our outstanding construction facility. As a result of the transaction, we incurred a \$4.5 million loss on extinguishment of debt related to swap termination fees and unamortized deferred loan costs associated with the Construction Facility. Additionally, on June 12, 2019, GEO entered into Amendment No. 2 to our credit agreement. Under the amendment, the maturity date of our Revolver has been extended to May 17, 2024. As a result of the amendment, we incurred a loss on extinguishment of debt of \$1.2 million related to certain unamortized deferred loan costs.

Additionally, during 2019, we repurchased approximately \$56 million in aggregate principal amount of our 5.875% Senior Notes due 2022 at a weighted average price of 97.55% for a total cost of \$54.7 million. As the result of the repurchases we recognized a net gain on extinguishment of debt of \$0.9 million which partially offset the loss discussed above. Refer to Note 12- Debt of the Notes to the audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Provision for Income Taxes

	2020	Effective Rate	2019	Effective Rate	\$ Change	% Change
	(Dollars in thousands)					
Provision for Income Taxes	\$ 20,463	16.5 %	\$ 16,648	9.6 %	\$ 3,815	22.9 %

The provision for income taxes in 2020 increased compared to 2019 along with the effective tax rate which is due to a change in the composition of our income between our REIT and TRS subsidiaries and certain non-recurring items. In 2020, there was a \$4.2 million discrete tax expense, inclusive of a \$3.6 million discrete tax expense related to stock compensation that vested during the period. In contrast, in 2019, there was a \$0.5 million discrete tax benefit, net of a \$0.2 million discrete tax expense related to stock compensation that vested during the period. Furthermore, the effective tax rate increased as a result of the impairment, which is not deductible for tax purposes. As a REIT, we are required to distribute at least 90% of our taxable income to shareholders and in turn are allowed a deduction for the distribution at the REIT level. Our wholly owned taxable REIT subsidiaries continue to be fully subject to federal, state and foreign income taxes, as applicable. We estimate our 2021 annual effective tax rate to be in the range of approximately 15% to 18% exclusive of any discrete items.

Equity in Earnings of Affiliates

	2020	% of Revenue	2019	% of Revenue	\$ Change	% Change
	(Dollars in thousands)					
Equity in Earnings of Affiliates	\$ 9,166	0.4 %	\$ 9,532	0.4 %	\$ (366)	(3.8) %

Equity in earnings of affiliates, presented net of income taxes, represents the earnings of SACS and GEOAme in the aggregate. Equity in earnings of affiliates in 2020 compared to 2019 decreased slightly primarily due to the effects of foreign exchange rate fluctuations.

Financial Condition

Capital Requirements

Our current cash requirements consist of amounts needed for working capital, distributions of our REIT taxable income in order to maintain our REIT qualification under the Code, debt service, supply purchases, investments in joint ventures, and capital expenditures related to either the development of new secure, processing and reentry facilities, or the maintenance of existing facilities. In addition, some of our management contracts require us to make substantial initial expenditures of cash in connection with opening or renovating a facility. Generally, these initial expenditures are subsequently fully or partially recoverable as pass-through costs or are billable as a component of the per diem rates or monthly fixed fees to the contracting agency over the original term of the contract. Additional capital needs may also arise in the future with respect to possible acquisitions, other corporate transactions or other corporate purposes.

As of December 31, 2020, we were developing a number of projects that we estimate will cost approximately \$54.5 million, of which \$35.0 million was spent through December 31, 2020. We estimate our remaining capital requirements to be approximately \$19.5 million. These projects are expected to be completed through 2021.

Liquidity and Capital Resources

Amended and Restated Credit Agreement

On June 12, 2019, we entered into Amendment No. 2 to Third Amended and Restated Credit Agreement (the "Credit Agreement") by and among the refinancing lenders party thereto, the other lenders party thereto, GEO and GEO Corrections Holdings, Inc. and the administrative agent. Under the amendment, the maturity date of the revolver component of the Credit Agreement has been extended to May 17, 2024. The borrowing capacity under the amended revolver will remain at \$900 million, and its pricing will remain unchanged, currently bearing interest at LIBOR plus 2.25%. As a result of the transaction, we incurred a loss on extinguishment of debt of \$1.2 million related to certain unamortized deferred loan costs. Additionally, loan costs of \$4.7 million were incurred and capitalized in connection with the transaction.

A syndicate of approximately 65 lenders participate in our Credit Agreement, six of which have indicated that they do not intend to provide new financing to GEO but will honor their existing obligations (Refer to Item 1A - Risk Factors included in Part I of this Annual Report on Form 10-K for further discussion on certain financial institutions who announced beginning in 2019 that they will not be renewing existing agreements or entering into new agreements with companies that privately operate secure correctional facilities, processing centers and community reentry centers under public-private partnerships). Certain lenders have also publicly disclosed that they will no longer loan money to one of our key competitors. The banks that have withdrawn participation remain contractually committed for approximately three years. These six banks represent 54% of the lending commitments under the revolver component of our senior credit facility as of December 31, 2020. Additionally, these six banks represent less than 25% of our overall borrowing capacity under our Credit Agreement and the withdrawal of their participation is not expected to negatively impact our financial flexibility. We are also in frequent communication with potential new lenders as well as the credit rating agencies who have not changed our credit ratings for over 45 months.

The Credit Agreement evidences a credit facility (the "Credit Facility") consisting of the \$792.0 million term loan discussed above (the "Term Loan") bearing interest at LIBOR plus 2.00% (with a LIBOR floor of 0.75%), and a \$900.0 million revolver initially bearing interest at LIBOR plus 2.25% (with no LIBOR floor) together with AUD275 million available solely for the issuance of financial letters of credit and performance letters of credit, in each case denominated in Australian Dollars under the Australian Dollar Letter of Credit Facility (the "Australian LC Facility"). As of December 31, 2020, there were no letters of credit issued under the Australian LC Facility. Amounts to be borrowed by GEO under the Credit Agreement are subject to the satisfaction of customary conditions to borrowing. The Term Loan component is scheduled to mature on March 23, 2024. The revolving credit commitment component is scheduled to mature on May 17, 2024. The Credit Agreement also has an accordion feature of \$450.0 million, subject to lender demand and prevailing market conditions and satisfying the relevant borrowing conditions.

The Credit Agreement contains certain customary representations and warranties, and certain customary covenants that restrict GEO's ability to, among other things (i) create, incur or assume any indebtedness, (ii) create, incur, assume or permit liens, (iii) make loans and investments, (iv) engage in mergers, acquisitions and asset sales, (v) make certain restricted payments, (vi) issue, sell or

otherwise dispose of capital stock, (vii) engage in transactions with affiliates, (viii) allow the total leverage ratio to exceed 6.25 to 1.00, allow the senior secured leverage ratio to exceed 3.50 to 1.00, or allow the interest coverage ratio to be less than 3.00 to 1.00, (ix) cancel, forgive, make any voluntary or optional payment or prepayment on, or redeem or acquire for value any senior notes, except as permitted, (x) alter the business GEO conducts, and (xi) materially impair GEO's lenders' security interests in the collateral for its loans.

Events of default under the Credit Agreement include, but are not limited to, (i) GEO's failure to pay principal or interest when due, (ii) GEO's material breach of any representation or warranty, (iii) covenant defaults, (iv) liquidation, reorganization or other relief relating to bankruptcy or insolvency, (v) cross default under certain other material indebtedness, (vi) unsatisfied final judgments over a specified threshold, (vii) certain material environmental liability claims asserted against GEO, and (viii) a change in control.

All of the obligations under the Credit Agreement are unconditionally guaranteed by certain domestic subsidiaries of GEO and the Credit Agreement and the related guarantees are secured by a perfected first-priority pledge of substantially all of GEO's present and future tangible and intangible domestic assets and all present and future tangible and intangible domestic assets of each guarantor, including but not limited to a first-priority pledge of all of the outstanding capital stock owned by GEO and each guarantor in their domestic subsidiaries.

The Australian borrowers are wholly owned foreign subsidiaries of GEO. GEO has designated each of the Australian borrowers as restricted subsidiaries under the Credit Agreement. However, the Australian borrowers are not obligated to pay or perform any obligations under the Credit Agreement other than their own obligations as Australian borrowers under the Credit Agreement. The Australian borrowers do not pledge any of their assets to secure any obligations under the Credit Agreement.

On August 18, 2016, we executed a Letter of Offer by and among GEO and HSBC Bank Australia Limited (the "Letter of Offer") providing for a bank guarantee line and bank guarantee/standby sub-facility in an aggregate amount of AUD100 million, or \$77.1 million, based on exchange rates in effect as of December 31, 2020 (collectively, the "Bank Guarantee Facility"). The Bank Guarantee Facility allows GEO to provide letters of credit to assure performance of certain obligations of its wholly owned subsidiary relating to its secure facility project in Ravenhall, located near Melbourne, Australia. In accordance with the Ravenhall Contract, upon the completion of a certain period of operations, the Bank Guarantee Facility was reduced during the fourth quarter of 2019 to approximately AUD59 million, or \$45.5 million, based on exchange rates in effect as of December 31, 2020. The Bank Guarantee Facility is unsecured. The issuance of letters of credit under the Bank Guarantee Facility is subject to the satisfaction of the conditions precedent specified in the Letter of Offer. Letters of credit issued under the bank guarantee lines are due on demand and letters of credit issued under the bank guarantee/standby sub-facility cannot have a duration exceeding twelve months. The Bank Guarantee Facility may be terminated by HSBC Bank Australia Limited on 90 days written notice. As of December 31, 2020, there was AUD59 million in letters of credit issued under the Bank Guarantee Facility.

As of December 31, 2020, we had \$770.0 million in aggregate borrowings outstanding under the Term Loan, \$704.4 million in borrowings under the Revolver, and approximately \$59.6 million in letters of credit which left \$136.0 million in additional borrowing capacity under the Revolver. In addition, we have the ability to increase the Senior Credit Facility by an additional \$450.0 million, subject to lender demand and prevailing market conditions and satisfying the relevant borrowing conditions thereunder. Refer to Note 12 - Debt in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

6.00% Senior Notes due 2026

On April 18, 2016, we completed an offering of \$350.0 million aggregate principal amount of 6.00% senior notes due 2026. The 6.00% Senior Notes will mature on April 15, 2026 and were issued at a coupon rate and yield to maturity of 6.00%. Interest on the 6.00% Senior Notes is payable semi-annually on April 15 and October 15 of each year, commencing on October 15, 2016. We used the net proceeds to fund the tender offer and the redemption of all of our 6.625% Senior Notes, to pay all related fees, costs and expenses and for general corporate purposes including repaying borrowings under our prior revolver. Loan costs of approximately \$6 million were incurred and capitalized in connection with the offering. Refer to Note 12 - Debt in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

5.875% Senior Notes due 2024

On September 25, 2014, we completed an offering of \$250.0 million aggregate principal amount of senior unsecured notes. The notes will mature on October 15, 2024 and have a coupon rate and yield to maturity of 5.875%. Interest is payable semi-annually in cash in arrears on April 15 and October 15, which commenced on April 15, 2015. The proceeds received from the 5.875% Senior Notes due 2024 were used to pay down a portion of the outstanding indebtedness under the revolver portion of our prior Senior Credit Facility. Refer to Note 12 - Debt in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

5.875% Senior Notes due 2022

On October 3, 2013, we completed an offering of \$250.0 million aggregate principal amount of 5.875% Senior Notes due 2022. The 5.875% Senior Notes due 2022 will mature on January 15, 2022 and have a coupon rate and yield to maturity of 5.875%. Interest is payable semi-annually on January 15 and July 15 each year, which commenced on January 15, 2014. The proceeds received

from the 5.875% Senior Notes due 2022 were used, together with cash on hand, to fund the repurchase, redemption or other discharge of our 7 3/4% Senior Notes due 2017 and to pay related transaction fees and expenses. Refer to Note 12 - Debt in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

5.125% Senior Notes due 2023

On March 19, 2013, we completed an offering of \$300.0 million aggregate principal amount of 5.125% Senior Notes. The 5.125% Senior Notes will mature on April 1, 2023 and have a coupon rate and yield to maturity of 5.125%. Interest is payable semi-annually on April 1 and October 1 each year, which commenced on October 1, 2013. A portion of the proceeds received from the 5.125% Senior Notes were used on the date of the financing to repay the prior revolver credit draws outstanding under the prior senior credit facility. Refer to Note 12 - Debt in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Debt Repurchases

On August 16, 2019, our Board of Directors authorized us to repurchase and/or retire a portion of the 6.00% Senior Notes due 2026, the 5.875% Senior Notes due 2024, the 5.125% Senior Notes due 2023, the 5.875% Senior Notes due 2022 (collectively the "GEO Senior Notes") and our term loan under its Amended Credit Agreement through cash purchases, in open market, privately negotiated transactions, or otherwise, up to an aggregate maximum of \$100.0 million, subject to certain limitations through December 31, 2020. On February 11, 2021, the Company's Board of Directors authorized a new repurchase program for repurchases/retirements of the above referenced Senior Notes and term loan, subject to certain limitations up to an aggregate maximum of \$100.0 million through December 31, 2022.

During 2020, the Company repurchased approximately \$7.5 million in aggregate principal amount of its 5.875% Senior Notes due 2024 at a weighted average price of 77.28% for a total cost of \$5.8 million. Additionally, during 2020, the Company repurchased approximately \$18.2 million in aggregate principal amount of its 5.125% Senior Notes due 2023 at a weighted average price of 78.99% for a total cost of \$14.3 million. As a result of these repurchases, the Company recognized a net gain on extinguishment of debt of \$5.3 million during the year ended December 31, 2020.

During 2019, the Company repurchased approximately \$56.0 million in aggregate principal amount of its 5.875% Senior Notes due 2022 at a weighted average price of 97.55% for a total cost of \$54.7 million. As a result of these repurchases, the Company recognized a net gain on extinguishment of debt of \$0.9 million during the year ended December 31, 2019.

There can be no assurance that any future refinancing would be available to us on terms equal to or more favorable than our current financing terms, or at all. In the future, our access to capital and ability to compete for future capital-intensive projects will also be dependent upon, among other things, our ability to meet certain financial covenants in the indentures governing the 6.00% Senior Notes, the 5.125% Senior Notes, the 5.875% Senior Notes due 2022 and the 5.875% Senior Notes due 2024 and our Senior Credit Facility. A substantial decline in our financial performance could limit our access to capital pursuant to these covenants and have a material adverse effect on our liquidity and capital resources and, as a result, on our financial condition and results of operations. In addition to these foregoing potential constraints on our capital, a number of state government agencies have been suffering from budget deficits and liquidity issues. While we expect to be in compliance with our debt covenants, if these constraints were to intensify, our liquidity could be materially adversely impacted as could our ability to remain in compliance with these debt covenants.

We may from time to time seek to purchase or retire our outstanding senior notes through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Senior Credit Facility

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

Quarterly Dividends

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

Stock Buyback Program

On February 14, 2018, we announced that our Board authorized a stock buyback program authorizing us to repurchase up to a maximum of \$200 million of our shares of common stock. The stock buyback program was funded primarily with cash on hand, free cash flow and borrowings under our \$900 million revolving credit facility. The program expired on October 20, 2020. The stock buyback program was intended to be implemented through purchases made from time to time in the open market or in privately negotiated transactions, in accordance with applicable Securities and Exchange Commission (“SEC”) requirements. The stock buyback program did not obligate us to purchase any specific amount of our common stock and could have been suspended or extended at any time at the discretion of our Board. During the year ended December 31, 2020, we purchased 553,665 shares of our common stock at a cost of \$9.0 million primarily purchased with proceeds from our Revolver. There were no purchases of our common stock during the year ended December 31, 2019. During the year ended December 31, 2018, we purchased 4,210,254 shares of our common stock at a cost of \$95.2 million primarily purchased with proceeds from our Revolver.

Automatic Shelf Registration on Form S-3

On October 30, 2020, the Company filed an automatic shelf registration on Form S-3 with the SEC that enables the Company to offer for sale, from time to time and as the capital markets permit, an unspecified amount of common stock, preferred stock, debt securities, guarantees of debt securities, warrants and units. Each time the Company offers to sell securities, the Company will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities being offered. The shelf registration statement is automatically effective and is valid for three years.

REIT Distributions

As a REIT, we are subject to a number of organizational and operational requirements, including a requirement that we annually distribute to our shareholders an amount equal to at least 90% of our REIT taxable income (determined before the deduction for dividends paid and by excluding any net capital gain). Generally, we expect to distribute all or substantially all of our REIT taxable income so as not to be subject to the income or excise tax on undistributed REIT taxable income. The amount, timing and frequency of distributions will be at the sole discretion of our Board of Directors and will be based upon various factors.

We plan to fund all of our capital needs, including distributions of our REIT taxable income in order to maintain our REIT qualification, and capital expenditures, from cash on hand, cash from operations, borrowings under our Senior Credit Facility and any other financings which our management and Board of Directors, in their discretion, may consummate. Currently, our primary source of liquidity to meet these requirements is cash flow from operations and borrowings under the \$900.0 million Revolver. Our management believes that cash on hand, cash flows from operations and availability under our Senior Credit Facility will be adequate to support our capital requirements for 2021 as disclosed under “Capital Requirements” above.

Non-Recourse Debt

Northwest ICE Processing Center

On December 9, 2011, the Washington Economic Development Finance Authority issued \$54.4 million of its Washington Economic Development Finance Authority Taxable Economic Development Revenue Bonds, series 2011 (“2011 Revenue Bonds”). The payment of principal and interest on the bonds is non-recourse to us. None of the bonds nor CSC of Tacoma, LLC’s (“CSC”) obligations under the loan are our obligations nor are they guaranteed by us.

As of December 31, 2020, the remaining balance of the debt service requirement related to the 2011 Revenue Bonds is \$8.1 million, all of which is classified as current in the accompanying balance sheet. As of December 31, 2020, included in restricted cash and investments is \$3.7 million (all current) of funds held in trust with respect to the Northwest ICE Processing Center for debt service and other reserves which had not been released to us as of December 31, 2020. Refer to Note 12-Debt in the notes to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for further information.

Australia - Ravenhall

In connection with a design and build facility project agreement with the State of Victoria, in September 2014 we entered into a syndicated facility agreement (the “Construction Facility”) to provide debt financing for construction of the project. Refer to Note 6 - Contract Receivable in the notes to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K. The Construction Facility provided for non-recourse funding up to AUD 791 million, or \$609.8 million, based on exchange rates as of December 31, 2020. Construction draws were funded throughout the project according to a fixed utilization schedule as defined in the syndicated facility agreement. The term of the Construction Facility was through September 2019 and bore interest at a variable rate quoted by certain Australian banks plus 200 basis points. On May 22, 2019, we completed an offering of AUD 461.6 million, or \$355.9 million, based on exchange rates as of December 31, 2020, aggregate principal amount of non-recourse senior secured notes due 2042 (the “Non-Recourse Notes”). The amortizing Non-Recourse Notes were issued by Ravenhall Finance Co Pty Limited in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. The Non-Recourse Notes were issued with a coupon and yield to

maturity of 4.23% with a maturity date of March 31, 2042. The net proceeds from this offering were used to refinance the outstanding Construction Facility and to pay all related fees, costs and expenses associated with the transaction. As a result of the transaction, we incurred a \$4.5 million loss on extinguishment of debt related to swap termination fees and unamortized deferred loan costs associated with the Construction Facility. Additionally, loan costs of approximately \$7.5 million were incurred and capitalized in connection with the offering. Refer to Note 7 - Derivative Financial Instruments in the notes to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Other

In August 2019, we entered into two identical Notes (as defined below) in the aggregate amount of \$44.3 million which are secured by loan agreements and mortgage and security agreements on certain real property and improvements. The terms of the Notes are through September 1, 2034 and bear interest at LIBOR plus 200 basis points and are payable in monthly installments plus interest. We have entered into interest rate swap agreements to fix the interest rate to 4.22%. Included in the balance at December 31, 2020 is \$0.7 million of deferred loan costs incurred in the transaction. Refer to Note 7 – Derivative Financial Instruments in the notes to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Guarantees

The Company has entered into certain guarantees in connection with the design, financing and construction of certain facilities as well as loan, working capital and other obligation guarantees for our subsidiaries in Australia, South Africa and our joint ventures. Refer to Note 12 - Debt in the notes to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Executive Retirement Agreements

We have a non-qualified deferred compensation agreement with our Chief Executive Officer (“CEO”). The agreement provides for a lump sum payment upon retirement, no sooner than age 55. As of December 31, 2020, the CEO had reached age 55 and was eligible to receive the payment upon retirement. If the Company’s CEO had retired as of December 31, 2020, the Company would have had to pay him approximately \$8.9 million in shares of the Company’s common stock (determined as of February 26, 2020) plus additional shares credited for dividends declared and paid on the shares of the Company’s common stock as further discussed below.

On February 26, 2020 (the “Effective Date”), we and our CEO entered into an amended and restated executive retirement agreement that amends the CEO’s executive retirement agreement discussed above.

The amended and restated executive retirement agreement provides that upon the CEO’s retirement from GEO, we will pay a lump sum amount equal to \$8,925,065 (determined as of February 26, 2020) (the “Grandfathered Payment”) which will be paid in the form of a fixed number of shares of our common stock. The Grandfathered Payment will be delayed for six months and a day following the effective date of the CEO’s termination of employment in compliance with Section 409A of the Internal Revenue Code of 1986, as amended.

On the Effective Date, an amount equal to the Grandfathered Payment was invested in our common stock (“GEO Shares”). The number of our shares of common stock as of the Effective Date was equal to the Grandfathered Payment divided by the closing price of our common stock on the Effective Date (rounded up to the nearest whole number of shares), which equals 553,665 shares of our common stock. Additional shares of our common stock will be credited with a value equal to any dividends declared and paid on our shares of common stock, calculated by reference to the closing price of our common stock on the payment date for such dividends (rounded up to the nearest whole number of shares).

We have established several trusts for the purpose of paying the retirement benefit pursuant to the amended and restated executive retirement agreement. The trusts are revocable “rabbi trusts” and the assets of the trusts are subject to the claims of our creditors in the event of our insolvency.

Guarantor Financial Information

GEO’s 6.00% Senior Notes, 5.125% Senior Notes, the 5.875% Senior Notes due 2022 and the 5.875% Senior Notes due 2024 are fully and unconditionally guaranteed on a joint and several senior unsecured basis by certain of our wholly-owned domestic subsidiaries (the “Subsidiary Guarantors”).

Summarized financial information is provided for The GEO Group, Inc. (“Parent”) and the Subsidiary Guarantors on a combined basis in accordance with SEC Regulation S-X Rules 3-10 and 13-01. The accounting policies used in the preparation of this summarized financial information are consistent with those elsewhere in the condensed consolidated financial statements of the Company, except that intercompany transactions and balances of the Parent and Subsidiary Guarantor entities with non-guarantor entities have not been eliminated. Intercompany transactions between the Parent and Subsidiary Guarantors have been eliminated and equity in earnings from and investments in non-guarantor subsidiaries have not been presented.

Summarized statement of operations (in thousands):

	Year Ended December 31, 2020
Net operating revenues	\$ 2,111,900
Income from operations	193,480
Net Income	77,682
Net income attributable to The GEO Group, Inc.	77,682

Summarized statement of operations (in thousands):

	December 31, 2020	December 31, 2019
Current assets	\$ 607,044	431,048
Noncurrent assets (a)	3,268,260	3,328,078
Current liabilities	350,041	331,042
Noncurrent liabilities (b)	2,737,673	2,548,034

(a) Includes amounts due from non-guarantor subsidiaries of \$26.7 million and \$26.3 million as of December 31, 2020 and 2019, respectively.

(b) Includes amounts due to non-guarantor subsidiaries of \$17.4 million and \$17.1 million as of December 31, 2020 and 2019, respectively.

Off-Balance Sheet Arrangements

Except as discussed above, and in the notes to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K, we do not have any off-balance sheet arrangements.

We are also exposed to various commitments and contingencies which may have a material adverse effect on our liquidity. See Note 17 - Commitments and Contingencies in the notes to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Derivatives

In August 2019, we entered into two interest rate swap agreements in the aggregate notional amount of \$44.3 million to fix the interest rate on certain of our variable rate debt to 4.22%. We have designated these interest rate swaps as hedges against changes in the cash flows of two identical promissory notes (the "Notes") which are secured by loan agreements and mortgage and security agreements on certain real property and improvements. We have determined that the swaps have payment, expiration dates, and provisions that coincide with the terms of the Notes and are therefore considered to be effective cash flow hedges. Accordingly, we record the change in fair value of the interest rate swaps as accumulated other comprehensive income (loss), net of applicable taxes. Total unrealized losses recorded in total other comprehensive income (loss), net of tax, related to these cash flow hedges was \$4.8 million during the year ended December 31, 2020. The total fair value of the swap liabilities as of December 31, 2020 was \$6.0 million and is recorded as a component of Other Non-Current liabilities within the accompanying balance sheet. There was no material ineffectiveness for the period presented. We do not expect to enter into any transactions during the next twelve months which would result in reclassification into earnings or losses associated with these swaps currently reported in accumulated other comprehensive income (loss). Refer to Note 12 - Debt and Note 7 - Derivative Financial Instruments in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for further information.

Our Australian subsidiary entered into interest rate swap agreements to fix the interest rate on our variable rate non-recourse debt related to a project in Ravenhall, a locality near Melbourne, Australia to 4.2%. We determined that the swaps had payment, expiration dates, and provisions that coincided with the terms of the non-recourse debt and were therefore considered to be effective cash flow hedges. Accordingly, we recorded the change in the fair value of the interest rate swaps in accumulated other comprehensive income (loss), net of applicable income taxes. On May 22, 2019, we refinanced the associated debt and terminated the swap agreements which resulted in the reclassification of \$3.9 million into losses that were previously reported in accumulated other comprehensive income (loss). Refer to Note 12 - Debt and Note 7 - Derivative Financial Instruments in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for further information.

Contractual Obligations

The following is a table of certain of our contractual obligations, as of December 31, 2020, which requires us to make payments over the periods presented.

Contractual Obligations	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
	(In thousands)				
Long-Term Debt	\$ 1,111,339	\$ 1,071	\$ 478,025	\$ 244,982	\$ 387,261
Term Loan	770,000	8,000	16,000	746,000	—
Revolver	704,437	—	—	704,437	—
Finance Lease Obligations (includes imputed interest)	5,430	2,432	2,227	771	—
Operating Lease Obligations (includes imputed interest)	153,847	36,219	49,976	30,365	37,287
Non-Recourse Debt	344,617	15,446	17,520	19,823	291,828
Estimated interest payments on debt (a)	542,690	111,734	196,345	94,222	140,389
Estimated funding of pension and other post retirement benefits	33,530	9,846	1,817	2,056	19,811
Estimated construction commitments	19,500	19,500	—	—	—
Total	\$ 3,685,390	\$ 204,248	\$ 761,910	\$ 1,842,656	\$ 876,576

- (a) Due to the uncertainties of future LIBOR rates, the variable interest payments on our Senior Credit Facility were calculated using an average LIBOR rate of .33% based on projected interest rates through 2024.

Cash Flow

Cash, cash equivalents, restricted cash and cash equivalents as of December 31, 2020 was \$311.9 million, compared to \$67.5 million as of December 31, 2019 and was impacted by the following:

Net cash provided by operating activities in 2020 and 2019 was \$441.7 million and \$338.1 million, respectively. Net cash provided by operating activities in 2020 was positively impacted by non-cash expenses such as depreciation and amortization, deferred tax provision, amortization of debt issuance costs, discount and/or premium and other non-cash interest, stock-based compensation expense, loss on extinguishment of debt, goodwill impairment charges and dividends received from our unconsolidated joint venture. Equity in earnings of affiliates negatively impacted cash. Changes in accounts receivable, prepaid expenses and other assets decreased in total by a net of \$68.2 million, representing a positive impact on cash. The decrease was primarily driven by the timing of billings and collections. Changes in accounts payable, accrued expenses and other liabilities increased by \$57.3 million which positively impacted cash. The increase was primarily due to the timing of payments and also due to accruals for the deferral of the employer's share of Social Security taxes of \$42 million under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). Refer to Note 17 – Commitments and Contingencies included in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Additionally, cash provided by operating activities in 2020 was positively impacted by a decrease in contract receivable of \$5.2 million. The decrease relates to the timing of payments received and interest accrued, along with the effect of foreign exchange rates, related to the Ravenhall Project. Refer to Note 6 - Contract Receivable included in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Net cash provided by operating activities in 2019 was positively impacted by non-cash expenses such as depreciation and amortization, deferred tax benefit, amortization of debt issuance costs, discount and/or premium and other non-cash interest, stock-based compensation expense, loss on extinguishment of debt and dividends received from our unconsolidated joint venture. Equity in earnings of affiliates negatively impacted cash. Changes in accounts receivable, prepaid expenses and other assets increased in total by a net of \$8.4 million, representing a negative impact on cash. The increase was primarily driven by the timing of billings and collections. Changes in accounts payable, accrued expenses and other liabilities increased by \$10.7 million which positively impacted cash. The increase was primarily due to the timing of payments. Additionally, cash provided by operating activities in 2019 was negatively impacted by an increase in contract receivable of \$4.4 million. The increase relates to the timing of payments received and interest accrued, along with the effect of foreign exchange rates, related to the Ravenhall Project. Refer to Note 6 - Contract Receivable included in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Net cash used in investing activities of \$104.2 million in 2020 was primarily the result of capital expenditures of \$108.8 million, offset by insurance proceeds from damaged property primarily related to hurricanes of \$9.5 million, proceeds from sale of assets held for sale of \$2.4 million, proceeds from the sale of property and equipment of \$0.1 million and changes in restricted investments of \$7.4 million. Net cash used in investing activities of \$104.1 million in 2019 was primarily the result of capital expenditures of \$117.2 million, offset by insurance proceeds from damaged property primarily related to hurricanes of \$19.3 million, proceeds from sale of assets held for sale of \$0.8 million, proceeds from the sale of property and equipment of \$0.4 million and change in restricted investments of \$7.4 million.

Net cash used in financing activities in 2020 reflects payments of \$816.2 million on long term debt offset by \$960.6 million of proceeds from long term debt and payments on non-recourse debt of \$13.8 million. We also paid cash dividends of \$216.1 million and purchased \$9.0 million of shares of our common stock.

Net cash used in financing activities in 2019 reflects payments of \$513.2 million on long term debt offset by \$521.4 million of proceeds from long term debt and payments on non-recourse debt of \$335.1 million offset by proceeds from non-recourse debt of \$321.1 million. We also paid cash dividends of \$232.5 million and debt issuance costs of \$9.9 million.

Inflation

We believe that inflation, in general, did not have a material effect on our results of operations during 2019 and 2018. While some of our contracts include provisions for inflationary indexing, inflation could have a substantial adverse effect on our results of operations in the future to the extent that wages and salaries, which represent our largest recurring/fixed expense, increase at a faster rate than the per diem or fixed rates received by us for our management services.

Funds from Operations

Funds from Operations (“FFO”) is a widely accepted supplemental non-GAAP measure utilized to evaluate the operating performance of real estate companies. It is defined in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which defines FFO as net income (loss) attributable to common shareholders (computed in accordance with United States Generally Accepted Accounting Principles), excluding real estate related depreciation and amortization, excluding gains and losses from the cumulative effects of accounting changes, extraordinary items and sales of properties, and including adjustments for unconsolidated partnerships and joint ventures.

We also present Normalized Funds From Operations, or Normalized FFO, and Adjusted Funds from Operations, or AFFO, as supplemental non-GAAP financial measures of real estate companies’ operating performances.

Normalized FFO is defined as FFO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure the Company’s actual operating performance, including for the periods presented net goodwill impairment charges, pre-tax, (gain) loss on extinguishment of debt, pre-tax, start-up expenses, pre-tax, legal related expenses, pre-tax, other non-cash revenue & expense, pre-tax, close-out expenses, pre-tax, COVID-19 expenses, pre-tax and the tax effect of adjustments to funds from operations.

AFFO is defined as Normalized FFO adjusted by adding non-cash expenses such as non-real estate related depreciation and amortization, stock based compensation expense, the amortization of debt issuance costs, discount and/or premium and other non-cash interest, and by subtracting recurring consolidated maintenance capital expenditures.

Because of the unique design, structure and use of our secure facilities, processing centers and reentry centers we believe that assessing the performance of our secure facilities, processing centers and reentry centers without the impact of depreciation or amortization is useful and meaningful to investors. Although NAREIT has published its definition of FFO, companies often modify this definition as they seek to provide financial measures that meaningfully reflect their distinctive operations. We have modified FFO to derive Normalized FFO and AFFO that meaningfully reflect our operations.

Our assessment of our operations is focused on long-term sustainability. The adjustments we make to derive the non-GAAP measures of Normalized FFO and AFFO exclude items which may cause short-term fluctuations in net income attributable to GEO but have no impact on our cash flows, or we do not consider them to be fundamental attributes or the primary drivers of our business plan and they do not affect our overall long-term operating performance. We may make adjustments to FFO from time to time for certain other income and expenses that do not reflect a necessary component of our operational performance on the basis discussed above, even though such items may require cash settlement. Because FFO, Normalized FFO and AFFO exclude depreciation and amortization unique to real estate as well as non-operational items and certain other charges that are highly variable from year to year, they provide our investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates, operating costs and interest costs, providing a perspective not immediately apparent from income from net income attributable to GEO.

We believe the presentation of FFO, Normalized FFO and AFFO provide useful information to investors as they provide an indication of our ability to fund capital expenditures and expand our business. FFO, Normalized FFO and AFFO provide disclosure on the same basis as that used by our management and provide consistency in our financial reporting, facilitate internal and external comparisons of our historical operating performance and our business units and provide continuity to investors for comparability purposes. Additionally, FFO, Normalized FFO and AFFO are widely recognized measures in our industry as a real estate investment trust.

Our reconciliation of net income attributable to GEO to FFO, Normalized FFO and AFFO for the years ended December 31, 2020 and 2019, respectively, is as follows (in thousands):

	December 31, 2020	December 31, 2019
Funds From Operations		
Net income attributable to The GEO Group, Inc.	\$ 113,032	\$ 166,603
Real estate related depreciation and amortization	73,659	72,191
Loss real estate assets, net of tax	6,831	2,693
NAREIT Defined FFO	\$ 193,522	\$ 241,487
Goodwill impairment charge, pre-tax	21,146	—
Start-up expenses, pre-tax	4,401	8,959
(Gain) loss on extinguishment of debt	(5,319)	4,795
Legal related expenses, pre-tax	—	2,000
COVID-19 expenses, pre-tax	9,883	—
Close-out expenses, pre-tax	5,935	4,578
Tax effect of adjustments to funds from operations *	(300)	(1,078)
Normalized Funds from Operations	\$ 229,268	\$ 260,741
Non-real estate related depreciation and amortization	61,021	58,634
Consolidated maintenance capital expenditures	(19,729)	(21,899)
Stock-based compensation expenses	23,896	22,344
Other non-cash revenue & expense, pre-tax	(735)	—
Amortization of debt issuance costs, discount and/or premium and other non-cash interest	6,892	8,609
Adjusted Funds from Operations	\$ 300,613	\$ 328,429

* Tax adjustments relate to loss on real estate assets, goodwill impairment charges, (gain) loss on debt extinguishment, start-up expenses, COVID-19 expenses, close-out expenses and other non-cash revenue & expense.

Outlook

The following discussion of our future performance contains statements that are not historical statements and, therefore, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those stated or implied in the forward-looking statement. Please refer to “Item 1A. Risk Factors” in this Annual Report on Form 10-K, the “Forward-Looking Statements — Safe Harbor,” as well as the other disclosures contained in this Annual Report on Form 10-K, for further discussion on forward-looking statements and the risks and other factors that could prevent us from achieving our goals and cause the assumptions underlying the forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements.

Coronavirus Disease (COVID-19) Pandemic

In December 2019, a novel strain of coronavirus, now known as COVID-19 (“COVID-19”), was reported in Wuhan, China and has since extensively impacted the global health and economic environment. In January 2020, the World Health Organization (“WHO”) declared it a Public Health Emergency of International Concern. On February 28, 2020, the WHO raised its assessment of the COVID-19 threat from high to very high at a global level due to the continued increase in the number of cases and affected countries, and on March 11, 2020, the WHO characterized COVID-19 as a pandemic.

Health and Safety

As the COVID-19 pandemic has impacted communities across the United States and around the world, our employees and facilities have also been impacted by the spread of COVID-19. Ensuring the health and safety of our employees and all those in our care has always been our number one priority. As a longstanding provider of essential government services, we have experience with the implementation of best practices for the prevention, assessment, and management of infectious diseases.

- All of our secure services facilities provide 24/7 access to healthcare;
- Our ICE Processing Centers typically have approximately double the number of healthcare staff, compared to state correctional facilities;
- Many of our facilities are equipped with Airborne Infection Isolation Rooms;
- All of our facilities operate safely and without any overcrowded conditions; and
- All of our facilities have access to regular handwashing with clean water and soap.
- From the outset of the COVID-19 global pandemic, our corporate, regional and field staff have implemented and we continue to implement comprehensive steps to address and mitigate the risks of COVID-19 to all those in our care and our employees.
- We issued guidance to all of our facilities, consistent with the guidance issued for correctional and detention facilities by the Centers for Disease Control and Prevention Interim Guidance on Management of Coronavirus Disease 2019 (COVID-19) in Correctional and Detention Facilities and we will update this guidance as necessary;
- We updated our policies and procedures to include best practices for the prevention, assessment, and management of COVID-19, including the implementation of quarantine and cohorting procedures to isolate confirmed and presumptive cases of COVID-19, including medical isolation and the use of Airborne Infection Isolation Rooms, and we will continue to update our policies and procedures as necessary;
- We ordered and received and continue to order and receive swab test kits for COVID-19 from a national supplier, we enacted quarantine and testing procedures for any employees who may have come into contact with any individual who has tested positive for COVID-19 and we will update these quarantine and testing procedures as necessary;
- In March 2020, we started procuring additional Personal Protective Equipment and began issuing it as clinically needed at facilities impacted by COVID-19. These efforts continued throughout 2020 and continue to date;
- Over the course of April 2020, we coordinated with our government partners to distribute Personal Protective Equipment and to date we continue distributing Personal Protective Equipment, including face masks to all staff, inmates, detainees and residents as a precautionary measure at all of our Federal Bureau of Prisons facilities, ICE Processing Centers, U.S. Marshals facilities, state correctional facilities, local correctional facilities and jails, residential reentry centers, and youth services residential facilities;
- We provided and continue to provide educational guidance to our employees and individuals in our care on the best preventative measures to avoid the spread of COVID-19 such as frequent and careful handwashing, avoiding touching areas of the face, including facial hair, avoiding individuals exhibiting flu-like symptoms, proper cough and sneeze etiquette, social distancing requirements and adjustments to laundry and meal schedules;
- We increased the frequency of distribution of personal hygiene products, including soap, shampoo and body wash and tissue paper, and we are ensuring the daily availability of bars of soap or soap dispensers at each sink for hand washing in all of our facilities;
- We advised and continue to advise our employees to remain home if they exhibit flu-like symptoms, and we have exercised and continue to exercise flexible paid leave and paid time off policies to allow for employees to remain home if they exhibit flu-like symptoms or to care for a family member;

- We procured and continue to procure additional cleaning equipment and sanitation products that are proven healthcare grade disinfectants;
- We deployed and continue to deploy specialized sanitation teams to sterilize high-contact areas at our facilities and have developed intensive schedules and procedures for the cleaning and disinfecting of facility spaces above and beyond normal cleaning activities;
- As a service provider, GEO has fully disclosed and will continue to fully disclose all information related to COVID-19 testing, cases and fatalities to the appropriate federal, state and local government partners, as well as state and local health officials throughout the course of the pandemic;
- At every one of our facilities, we have worked closely with our government agency partners and local health officials to develop COVID-19 emergency plans and testing policies for the individuals in our care and we will continue to work closely with our government agency partners and local health officials to update those plans and policies as necessary; and
- We engaged with our government agency partners to promptly suspend non-essential visitation at all of our facilities, and we have employed additional measures during the intake and entry process at all of our facilities to include screening specific to COVID-19, including temperature checks for all staff and any legally required visitors before entering our facilities, as well as, verbal medical screening questionnaires and we will continue to engage our government agency partners on such measures.

We will continue to coordinate closely with our government agency partners and local health agencies to ensure the health and safety of all those in our care and our employees. We are grateful for our frontline employees who are making sacrifices daily to provide care for all those in our facilities during this unprecedented global pandemic. Information on the steps we have taken to address and mitigate the risks of COVID-19 can be found at www.geogroup.com/COVID19. The information on or accessible through our website is not incorporated by reference in this Annual Report on Form 10-K.

Economic Impact

The COVID-19 pandemic and related government-imposed mandatory closures, shelter in-place restrictions and social distancing protocols and increased expenditures on engineering controls, personal protective equipment, diagnostic testing, medical expenses, temperature scanners, protective plexiglass barriers and increased sanitation have had, and will continue to have, a severe impact on global economic conditions and the environment in which we operate. Starting in late March and early April, we began to observe negative impacts from the pandemic on our performance in our secure services business, specifically with our ICE Processing Centers and U.S. Marshals Facilities, as a result of declines in crossings and apprehensions along the Southwest border, a decrease in court sentencing at the federal level and reduced operational capacity to promote social distancing protocols which resulted in an estimated revenue decline of approximately 10 percent during 2020. Additionally, our reentry services business conducted through our GEO Care business segment has also been negatively impacted, specifically our residential reentry centers and non-residential day reporting programs were impacted by declines in programs due to lower levels of referrals by federal, state and local agencies, which resulted in an estimated revenue decline of approximately 12 percent during 2020. We expect that the COVID-19 pandemic will continue to have an impact on our populations for at least part of 2021, depending on various factors such as the progress of vaccine distributions. Additionally, we have experienced the transmission of COVID-19 at most of our facilities during 2020 and to date in the first quarter of 2021. If we are unable to mitigate the transmission of COVID-19 at our facilities, we could experience a material adverse effect on our financial position, results of operations and cash flows. Although we are unable to predict the duration or scope of the COVID-19 pandemic or estimate the extent of the overall future negative financial impact to our operating results, an extended period of depressed economic activity necessitated to combating the disease, and the severity and duration of the related global economic crisis may adversely impact our future financial performance.

Revenue

Due to the uncertainty surrounding the COVID-19 pandemic, we are unable to determine the future landscape of growth opportunities in the near term; however any positive trends may, to some extent, be adversely impacted by government budgetary constraints in light of the pandemic or any changes to a government's willingness to maintain or grow public-private partnerships in the future. While state finances overall were stable prior to the COVID-19 pandemic, future budgetary pressures may cause state agencies to pursue a number of cost savings initiatives which may include reductions in per diem rates and/or the scope of services provided by private operators or the decision to not re-bid a contract after expiration of the contract term. These potential cost savings initiatives could have a material adverse impact on our current operations and/or our ability to pursue new business opportunities. Additionally, if state budgetary constraints, as discussed above, persist or intensify, our state customers' ability to pay us may be impaired and/or we may be forced to renegotiate our management contracts on less favorable terms and our financial condition, results of operations or cash flows could be materially adversely impacted. We plan to actively bid on any new projects that fit our target profile for profitability and operational risk. Any positive trends in the industry may be offset by several factors, including budgetary constraints, contract modifications, contract terminations, contract non-renewals, contract re-bids and/or the decision to not re-bid a contract after expiration of

the contract term and the impact of any other potential changes to the willingness or ability to maintain or grow public-private partnerships on the part of other government agencies. We believe we have a strong relationship with our government agency partners and we believe that we operate facilities that maximize security, safety and efficiency while offering our suite of GEO Continuum of Care services and resources.

Although we have historically had a relatively high contract renewal rate, there can be no assurance that we will be able to renew our expiring management contracts on favorable terms, or at all. Also, while we are pleased with our track record in re-bid situations, we cannot assure that we will prevail in any such future situations.

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

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

President Biden’s administration may implement further executive orders or directives relating to federal criminal justice policies and immigration policies which may impact the federal government’s use of public-private partnerships with respect to correctional and detention needs, including with respect to our contracts, and/or may impact the budget and spending priorities of federal agencies, including the BOP, USMS, and ICE.

California enacted legislation that became effective on January 1, 2020 aimed at phasing out public-private partnership contracts for the operation of secure facilities within California and facilities outside of the State of California housing State of California inmates. Additionally, we have public-private partnership contracts in place with ICE, the BOP and the USMS relating to facilities located in California. Our contract for our Central Valley facility was discontinued by the State of California at the end of September 2019, and our two other California secure facility contracts for our Desert View and Golden State Facilities expired during 2020. During the fourth quarter of 2019, we signed two 15-year contracts with ICE for five company-owned facilities in California totaling 4,490 beds and a managed-only contract with the USMS for the government-owned, 512-bed El Centro Service Processing Center in California. Additionally, we and the DOJ have filed separate legal actions challenging the constitutionality of the attempted ban on new federal contracts entered into after the effective date of the California law. Currently, the State of Arizona, State of New Mexico and the State of Washington have proposed legislation similar to the California law. The Delaware County Council has also been exploring how to end the public-private arrangement for GEO’s managed-only contract for the 1,883-bed George W. Hill Correctional Facility located in Thornton, Pennsylvania and transition the operations to the government. The Pennsylvania facility generates approximately \$46 million in annualized revenue for GEO.

Internationally, we are exploring opportunities in our current markets and will continue to actively bid on any opportunities that fit our target profile for profitability and operational risk. On March 29, 2018, we announced that our transportation joint venture in the United Kingdom, GEOAmeY, signed a contract with Scottish Prison Service for the provision of court custody and escort services in Scotland. The contract has a base term of eight years effective January 26, 2019 with a renewal option of four years and is expected to have an average annual revenue of approximately \$39 million. Also, we are pleased to have been awarded a ten-year contract renewal for the continued delivery of secure transportation under our GEOAmeY joint venture in the United Kingdom. Total revenue over the ten-year period is expected to be approximately \$760 million. In New South Wales, Australia, we have developed a 489-bed expansion at the Junee Correctional Centre which was substantially completed during the third quarter of 2020. We have also constructed a 137-bed expansion at the Fulham Correctional Centre in Victoria, Australia which was also substantially completed during the third quarter of 2020. With respect to the Parklea Correctional Centre in Australia, we were unfortunately unsuccessful during the competitive rebid process and transitioned the management contract in March of 2019. In addition, we transitioned the Arthur Gorrie Correctional Centre to government operation in the State of Queensland, Australia at the end of June 2020.

With respect to our reentry services, electronic monitoring services, and community-based services business conducted through our GEO Care business segment, we are currently pursuing a number of business development opportunities. Related to opportunities for community-based reentry services, we are working with our existing federal, state, and local clients to leverage new opportunities for both residential reentry facilities as well as non-residential day reporting centers. However, in light of the uncertainty surrounding the COVID-19 pandemic, we may not be successful. We continue to expend resources on informing federal, state and local governments about the benefits of public-private partnerships, and we anticipate that there will be new opportunities in the future as those efforts continue to yield results. We believe we are well positioned to capitalize on any suitable opportunities that become available in this area.

Operating Expenses

Operating expenses consist of those expenses incurred in the operation and management of our contracts to provide services to our governmental clients. Labor and related costs represented approximately 64% and 62% of our operating expenses in 2020 and 2019, respectively. Additional significant operating expenses include food, utilities and inmate medical costs. In 2020 and 2019, operating expenses totaled approximately 76% and 75% of our consolidated revenues, respectively. Our operating expenses as a percentage of revenue in 2021 will be impacted by the opening of any new or existing facilities as a result of the cost of transitioning and/or start-up operations related to a facility opening. During 2021, we will incur carrying costs for facilities that were vacant in 2020. As of December 31, 2020, our worldwide operations include the management and/or ownership of approximately 93,000 beds at 118 secure, processing and community services facilities, including idle facilities, and also included the provision of monitoring of more than 210,000 individuals in a community-based environment on behalf of federal, state and local correctional agencies located in all 50 states.

General and Administrative Expenses

General and administrative expenses consist primarily of corporate management salaries and benefits, professional fees and other administrative expenses. In both 2020 and 2019, general and administrative expenses totaled approximately 8% of our consolidated revenues. We expect general and administrative expenses as a percentage of revenue in 2021 to remain consistent or decrease as a result of cost savings initiatives as well as less travel, marketing and other corporate administrative expenses primarily due to the impacts of the COVID-19 pandemic

Idle Facilities

In our Secure Services segment, we are currently marketing approximately 990 vacant beds with a net book value of approximately \$24 million at two of our idle facilities to potential customers. In our GEO Care segment, we are currently marketing approximately 1,100 vacant beds with a net book value of approximately \$26.2 million at two of our idle facilities to potential customers. The combined annual carrying cost of these idle facilities in 2021 is estimated to be \$6.3 million, including depreciation expense of \$2.3 million. We currently do not have any firm commitments or agreements in place to activate these facilities but have ongoing contact with several potential customers. Historically, some facilities have been idle for multiple years before they received a new contract award. The per diem rates that we charge our clients often vary by contract across our portfolio. However, if the two idle facilities in our Secure Services and GEO Care segments were to be activated using our Secure Services average per diem rate in 2020, (calculated as the Secure Services revenue divided by the number of Secure Services mandays) and based on the average occupancy rate in our facilities for 2020, we would expect to receive annual incremental revenue of approximately \$51 million and an increase in annual earnings per share of approximately \$.02 to \$.05 per share based on our average operating margin. Refer to discussion in Item I, Part I – Business under Executive Order and Contract Expirations above for discussion of recent developments.

Forward-Looking Statements — Safe Harbor

This Annual Report on Form 10-K and the documents incorporated by reference herein contain “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. “Forward-looking” statements are any statements that are not based on historical information. Statements other than statements of historical facts included in this report, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are “forward-looking” statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate” or “continue” or the negative of such words or variations of such words and similar expressions. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements and we can give no assurance that such forward-looking statements will prove to be correct. Important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements, or “cautionary statements,” include, but are not limited to:

- our ability to mitigate the transmission of the current pandemic of the novel coronavirus, or COVID-19, at our secure facilities, processing centers and reentry centers;

- the magnitude, severity and duration of the COVID-19 pandemic and its impact on our business, financial condition, results of operations and cash flows;
- our ability to timely build and/or open facilities as planned, successfully manage such facilities and successfully integrate such facilities into our operations without substantial additional costs;
- our ability to estimate the government's level of utilization of public-private partnerships for secure services and the impact of any modifications or reductions by our government customers of their utilization of public-private partnerships;
- our ability to accurately project the size and growth of public-private partnerships for secure services in the U.S. and internationally and our ability to capitalize on opportunities for public-private partnerships;
- our ability to successfully respond to any challenges or concerns that our government customers may raise regarding their use of public-private partnerships for secure services, including finding other government customers or alternative uses for facilities where a government customer has discontinued or announced that a contract with us will be discontinued;
- the impact of adopted or proposed executive action or legislation aimed at limiting public-private partnerships for secure facilities, processing centers and community reentry centers or limiting or restricting the business and operations of financial institutions or others who do business with us;
- our ability to successfully respond to delays encountered by states pursuing public-private partnerships for secure services and cost savings initiatives implemented by a number of states;
- our ability to activate the inactive beds at our idle facilities;
- our ability to maintain or increase occupancy rates at our facilities;
- our ability to expand, diversify and grow our secure services, reentry, community-based services, youth services, monitoring services, evidence-based supervision and treatment programs and secure transportation services businesses;
- our ability to win management contracts for which we have submitted proposals, retain existing management contracts, prevail in any challenge or protest involving the award of a management contract and meet any performance standards required by such management contracts;
- our ability to raise new project development capital given the often short-term nature of the customers' commitment to use newly developed facilities;
- our ability to develop long-term earnings visibility;
- our ability to successfully conduct our operations in the United Kingdom, South Africa and Australia through joint ventures or a consortium;
- the impact of the anticipated LIBOR transition in 2021;
- the instability of foreign exchange rates, exposing us to currency risks in Australia, the United Kingdom, and South Africa, or other countries in which we may choose to conduct our business;
- an increase in unreimbursed labor rates;
- our exposure to rising medical costs;
- our ability to manage costs and expenses relating to ongoing litigation arising from our operations;
- our ability to accurately estimate on an annual basis, loss reserves related to general liability, workers' compensation and automobile liability claims;
- if we fail to remain qualified as a REIT, we will be subject to U.S. federal income tax as a regular corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to our shareholders;
- qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code of 1986, as amended (the "Code");
- complying with the REIT requirements may cause us to liquidate or forgo otherwise attractive opportunities;
- dividends payable by REITs do not qualify for the reduced tax rates available for some dividends;

- REIT distribution requirements could adversely affect our ability to execute our business plan;
- our cash distributions are not guaranteed and may fluctuate;
- certain of our business activities may be subject to corporate level income tax and foreign taxes, which would reduce our cash flows, and may have potential deferred and contingent tax liabilities;
- REIT ownership limitations may restrict or prevent you from engaging in certain transfers of our common stock;
- our use of taxable REIT subsidiaries (“TRSs”) may cause us to fail to qualify as a REIT;
- new legislation or administrative or judicial action, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to maintain our qualification as a REIT;
- our ability to fulfill our debt service obligations and its impact on our liquidity;
- our ability to refinance our indebtedness;
- we are incurring significant indebtedness in connection with substantial ongoing capital expenditures. Capital expenditures for existing and future projects may materially strain our liquidity;
- despite current indebtedness levels, we may still incur more indebtedness, which could further exacerbate the risks relating to our indebtedness;
- the covenants in the indentures governing the 6.00% Senior Notes, the 5.125% Senior Notes, the 5.875% Senior Notes due 2022 and the 5.875% Senior Notes due 2024 and the covenants in our senior credit facility impose significant operating and financial restrictions which may adversely affect our ability to operate our business;
- servicing our indebtedness will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control and we may not be able to generate the cash required to service our indebtedness;
- because portions of our senior indebtedness have floating interest rates, a general increase in interest rates would adversely affect cash flows;
- we depend on distributions from our subsidiaries to make payments on our indebtedness. These distributions may not be made;
- we may not be able to satisfy our repurchase obligations in the event of a change of control because the terms of our indebtedness or lack of funds may prevent us from doing so;
- from time to time, we may not have a management contract with a client to operate existing beds at a facility or new beds at a facility that we are expanding, and we cannot assure you that such a contract will be obtained. Failure to obtain a management contract for these beds will subject us to carrying costs with no corresponding management revenue;
- negative conditions in the capital markets could prevent us from obtaining financing on desirable terms, which could materially harm our business;
- we are subject to the loss of our facility management contracts, due to terminations, non-renewals or competitive re-bids, which could adversely affect our results of operations and liquidity, including our ability to secure new facility management contracts from other government customers;
- our growth depends on our ability to secure contracts to develop and manage new secure facilities, processing centers and community based facilities and to secure contracts to provide electronic monitoring services, community-based reentry services and monitoring and supervision services, the demand for which is outside our control;
- we may not be able to meet state requirements for capital investment or locate land for the development of new facilities, which could adversely affect our results of operations and future growth;
- we partner with a limited number of governmental customers who account for a significant portion of our revenues. The loss of, or a significant decrease in revenues from, these customers could seriously harm our financial condition and results of operations;
- State budgetary constraints may have a material adverse impact on us;
- competition for contracts may adversely affect the profitability of our business;

- we are dependent on government appropriations, which may not be made on a timely basis or at all and may be adversely impacted by budgetary constraints at the federal, state, local and foreign government levels;
- public resistance to the use of public-private partnerships for secure facilities, processing centers and community reentry centers could result in our inability to obtain new contracts or the loss of existing contracts, impact our ability to obtain or refinance debt financing or enter into commercial arrangements, which could have a material adverse effect on our business, financial condition, results of operations and the market price of our securities;
- operating youth services facilities poses certain unique or increased risks and difficulties compared to operating other facilities;
- adverse publicity may negatively impact our ability to retain existing contracts and obtain new contracts;
- 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;
- failure to comply with extensive government regulation and applicable contractual requirements could have a material adverse effect on our business, financial condition or results of operations;
- we may face community opposition to facility locations, which may adversely affect our ability to obtain new contracts;
- our business operations expose us to various liabilities for which we may not have adequate insurance and may have a material adverse effect on our business, financial condition or results of operations;
- we may not be able to obtain or maintain the insurance levels required by our government contracts;
- our exposure to rising general insurance costs;
- natural disasters, pandemic outbreaks, global political events and other serious catastrophic events could disrupt operations and otherwise materially adversely affect our business and financial condition;
- our international operations expose us to risks that could materially adversely affect our financial condition and results of operations;
- we conduct certain of our operations through joint ventures or consortiums, which may lead to disagreements with our joint venture partners or business partners and adversely affect our interest in the joint ventures or consortiums;
- we are dependent upon our senior management and our ability to attract and retain sufficient qualified personnel;
- our profitability may be materially adversely affected by inflation;
- various risks associated with the ownership of real estate may increase costs, expose us to uninsured losses and adversely affect our financial condition and results of operations;
- risks related to facility construction and development activities may increase our costs related to such activities;
- the rising cost and increasing difficulty of obtaining adequate levels of surety credit on favorable terms could adversely affect our operating results;
- adverse developments in our relationship with our employees could adversely affect our business, financial condition or results of operations;
- technological changes could cause our electronic monitoring products and technology to become obsolete or require the redesign of our electronic monitoring products, which could have a material adverse effect on our business;
- any negative changes in the level of acceptance of or resistance to the use of electronic monitoring products and services by governmental customers could have a material adverse effect on our business, financial condition and results of operations;
- we depend on a limited number of third parties to manufacture and supply quality infrastructure components for our electronic monitoring products. If our suppliers cannot provide the components or services we require and with such quality as we expect, our ability to market and sell our electronic monitoring products and services could be harmed;
- the interruption, delay or failure of the provision of our services or information systems could adversely affect our business;
- an inability to acquire, protect or maintain our intellectual property and patents in the electronic monitoring space could harm our ability to compete or grow;

- our electronic monitoring products could infringe on the intellectual property rights of others, which may lead to litigation that could itself be costly, could result in the payment of substantial damages or royalties, and/or prevent us from using technology that is essential to our products;
- we license intellectual property rights in the electronic monitoring space, including patents, from third party owners. If such owners do not properly maintain or enforce the intellectual property underlying such licenses, our competitive position and business prospects could be harmed. Our licensors may also seek to terminate our license;
- 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;
- our ability to identify suitable acquisitions, and to successfully complete and integrate such acquisitions on satisfactory terms, to enhance occupancy levels and the financial performance of assets acquired and estimate the synergies to be achieved as a result of such acquisitions;
- as a result of our acquisitions, we have recorded and will continue to record a significant amount of goodwill and other intangible assets. In the future, our goodwill or other intangible assets may become impaired, which could result in material non-cash charges to our results of operations;
- we are subject to risks related to corporate social responsibility;
- the market price of our common stock may vary substantially;
- future sales of shares of our common stock or securities convertible into common stock could adversely affect the market price of our common stock and may be dilutive to current shareholders;
- various anti-takeover protections applicable to us may make an acquisition of us more difficult and reduce the market value of our common stock;
- failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have an adverse effect on our business and the trading price of our common stock; and
- we may issue additional debt securities that could limit our operating flexibility and negatively affect the value of our common stock; and
- other factors contained in our filings with the Securities and Exchange Commission, or the SEC, including, but not limited to, those detailed in this Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K filed with the SEC.

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are exposed to market risks related to changes in interest rates with respect to our senior credit facility. Payments under the Senior Credit Facility are indexed to a variable interest rate. Based on borrowings outstanding as of December 31, 2020 under the Senior Credit Facility of \$1,474.4 million, for every one percent increase in the interest rate applicable to the Senior Credit Facility, our total annual interest expense would increase by approximately \$15.0 million.

We have entered into certain interest rate swap arrangements for hedging purposes, fixing the interest rate on our Australian non-recourse debt. The difference between the floating rate and the swap rate on these instruments is recognized in interest expense within the respective entity. Because the interest rates with respect to these instruments are fixed, a hypothetical 100 basis point change in the current interest rate would not have a material impact on our financial condition or results of operations.

Additionally, we invest our cash in a variety of short-term financial instruments to provide a return. These instruments generally consist of highly liquid investments with original maturities at the date of purchase of three months or less. While these instruments are subject to interest rate risk, a hypothetical 100 basis point increase or decrease in market interest rates would not have a material impact on our financial condition or results of operations.

Foreign Currency Exchange Rate Risk

We are exposed to market risks related to fluctuations in foreign currency exchange rates between the U.S. Dollar, the Australian Dollar, the South African Rand and the British Pound currency exchange rates. Based upon our foreign currency exchange rate exposure as of December 31, 2020 with respect to our international operations, every 10 percent change in historical currency rates would have a \$6.7 million effect on our financial position and a \$2.9 million impact on our results of operations over the next fiscal year.

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

To the Shareholders of
The GEO Group, Inc.:

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States. They include amounts based on judgments and estimates.

Representations in the consolidated financial statements and the fairness and integrity of such statements are the responsibility of management. In order to meet management's responsibility, the Company maintains a system of internal controls and procedures and a program of internal audits designed to provide reasonable assurance that our assets are controlled and safeguarded, that transactions are executed in accordance with management's authorization and properly recorded, and that accounting records may be relied upon in the preparation of financial statements.

The consolidated financial statements have been audited by Grant Thornton LLP, independent registered public accountants, whose appointment by our Audit Committee was ratified by our shareholders. Their report, which is included in this Form 10-K, expresses an opinion as to whether management's consolidated financial statements present fairly in all material respects, the Company's financial position, results of operations and cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. The effectiveness of our internal control over financial reporting as of December 31, 2020 has also been audited by Grant Thornton LLP, independent registered public accountants, as stated in their report which is included in this Form 10-K. Their audits were conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States).

The Audit Committee of the Board of Directors meets periodically with representatives of management, the independent registered public accountants and our internal auditors to review matters relating to financial reporting, internal accounting controls and auditing. Both the internal auditors and the independent registered public accountants have unrestricted access to the Audit Committee to discuss the results of their examinations.

George C. Zoley

Chairman and Chief Executive Officer

Brian R. Evans

Senior Vice President and Chief Financial Officer

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer that: (i) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements for external reporting in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures are being made only in accordance with authorization of the Company's management and directors; and (iii) provides reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making its assessment of internal control over financial reporting, management used the criteria set forth in the Internal Control - Integrated Framework issued by the 2013 Committee of Sponsoring Organizations of the Treadway Commission ("COSO") (the "2013 Internal Control - Integrated Framework").

The Company evaluated, with the participation of its Chief Executive Officer and Chief Financial Officer, its internal control over financial reporting as of December 31, 2020, based on the 2013 Internal Control — Integrated Framework. Based on this evaluation, the Company's management concluded that as of December 31, 2020, its internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Grant Thornton LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K, has issued an attestation report on our internal control over financial reporting as of December 31, 2020.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
The GEO Group, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of The GEO Group, Inc. (a Florida corporation) and subsidiaries (the “Company”) as of December 31, 2020, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 Internal Control-Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2020, and our report dated February 16, 2021 expressed an unqualified opinion on those financial statements.

Basis for opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

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

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

/s/ GRANT THORNTON LLP

Miami, Florida

February 16, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
The GEO Group, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of The GEO Group, Inc. (a Florida corporation) and subsidiaries (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), shareholders’ equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedules included under Item 15(a) (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated February 16, 2021 expressed an unqualified opinion.

Basis for opinion

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

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

Critical audit matters

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

Goodwill Impairment Assessment – Community Based Services

As described further in Note 1 to the financial statements, goodwill is tested for impairment at least annually at the reporting unit level. The determination of the fair value of the Community Based Services reporting unit requires management to make significant estimates and assumptions related to the forecast of future revenues, operating margins and discount rates. These assumptions could have a significant impact on either the determination of fair value of the reporting units, the amount of any goodwill impairment charge or both. We identified the annual goodwill impairment assessment of the Community Based Services reporting unit of the GEO Care segment as a critical audit matter (hereafter referred to as the “reporting unit”).

The principal consideration for our determination that the annual goodwill impairment assessment of the reporting unit is a critical audit matter is the high degree of management judgement necessary in determining the inputs and assumptions utilized in the discounted cash flow analysis. The assumptions include forecasted revenue of the operating facilities which is based on an estimation of participant population levels, which contributes significantly to the fair value of the reporting unit. In addition to forecasted revenues, other inputs and assumptions requiring a high degree of subjectivity include operating margin and the applied discount rate (hereafter referred to collectively as “key inputs and assumptions”). Given the subjective nature and judgement applied by management, auditing these estimates required a high degree of auditor judgment and an increased extent of effort including the use of specialists.

Our audit procedures related to the annual goodwill impairment assessment of the reporting unit included the following, among others.

- Obtained an understanding, evaluated the design and tested the operating effectiveness of key internal controls over financial reporting relating to management’s goodwill impairment tests, including controls over management forecasts of future revenue, operating income margins, and the determination the discount rate.
- We evaluated the reasonableness of management’s forecasts of future revenue and operating margin by comparing these forecasts

to historical operating results for the Company's past performance and third-party market data and performed sensitivity analyses around the forecasted figures.

- We utilized an auditor-employed valuation specialist to assess the appropriateness of the impairment methodology used and to assist us with testing key inputs and discount rate assumptions in the discounted cash flow model.

Self-Insurance Reserves and Related Expenses

As described further in Note 1 in the consolidated financial statements, the Company self-insures, up to certain policy-specified limits, certain risks related to general liability, workers' compensation, and vehicle liability costs. The estimated cost of claims under these self-insurance programs is estimated and accrued as the claims are incurred (although actual settlement of the claims may not be made until future periods) and may subsequently be revised based on developments relating to such claims. We identified self-insurance reserves and related expenses ("self-insurance") as a critical audit matter.

The principal considerations for our determination that self-insurance is a critical audit matter are that the accrual for self-insurance has higher risk of estimation uncertainty due to the loss development factors and inherent assumptions in actuarial methods used in determining the required reserves. The estimation uncertainty and complexity of the actuarial methods utilized involved especially subjective auditor judgment and an increased extent of effort, including the need to involve an auditor-engaged actuarial specialist.

Our audit procedures related to self-insurance included the following, among others:

- Obtained an understanding, evaluated the design and tested operating effectiveness of key internal controls over financial reporting relating to self-insurance, including, but not limited to controls that (i) validate that claims were reported and submitted accurately and timely, and (ii) validate that internal claims data was reconciled to claims data maintained by the third party administrator and submitted to the Company's actuary.
- Utilized an auditor-engaged actuarial specialist in evaluating management's methods and assumptions, including the reasonableness of the selected loss development factors utilized by management.
- Performed a retrospective review of prior projections to current projections to evaluate the reasonableness of changes in estimated ultimate losses.
- Reconciled claims data maintained by the third-party administrator to the claim data submitted to the Company's actuary used in selecting loss development factors.
- Selected a sample of underlying claims and reviewed the information utilized by management such as accident reports, insurance claims and legal records to (i) test management's estimation process to determine if the reserve was reasonable and (ii) test the accuracy of the significant claim data attributes.

Allocation of expenses between REIT and TRS entities

As described further in Note 1 in the consolidated financial statements, the Company operates as a real estate investment trust ("REIT") for federal income tax purposes. As a REIT, the Company is required to distribute at least 90% of its taxable income to shareholders and does not pay any taxes on that distributed income. Income earned in its non-real estate components, or taxable REIT subsidiaries ("TRSs") are subject to federal and state corporate income taxes and to foreign taxes as applicable in the jurisdictions in which those assets and operations are located. As such, we identified the allocation of expenses, in accordance with the Company's transfer pricing policy, between the TRSs and REIT as a critical audit matter.

The principal considerations for our determination that the allocation of expenses between the TRSs and REIT is a critical audit matter are that significant management judgement is required to determine how transactions between the REIT and TRSs entities are priced and how shared expenses are allocated.

Our audit procedures related to the allocation of expenses between REIT and TRSs entities included the following, among others:

- Obtained an understanding, evaluated the design and tested operating effectiveness of key internal controls over financial reporting relating to the allocation of expenses between the REIT and TRS entities, including, but not limited to, controls that (i) validate the significant inputs used in the transfer pricing analysis, (ii) validate the application of the transfer pricing to recorded transactions, and (iii) validate inputs and assumptions used to allocate general and administrative expenses.
- Utilized an auditor-employed transfer pricing specialist in evaluating the reasonableness of management's methods and assumptions for determining the transfer pricing markup on services provided between the REIT and TRS entities.
- Tested significant inputs used in management's transfer pricing analysis, tested the application of the transfer pricing to recorded transactions, and tested managements process and estimates used to allocate general and administrative expenses to assess the allocation of transactions between the REIT and TRS entities.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2006.

Miami, Florida

February 16, 2021

THE GEO GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	(In thousands, except per share data)		
Revenues	\$ 2,350,098	\$ 2,477,922	\$ 2,331,386
Operating Expenses (excluding depreciation and amortization)	1,778,326	1,860,758	1,755,772
Depreciation and Amortization	134,680	130,825	126,434
General and Administrative Expenses	193,372	185,926	184,515
Goodwill Impairment Charge	21,146	—	—
Operating Income	222,574	300,413	264,665
Interest Income	23,072	28,934	34,755
Interest Expense	(126,837)	(151,024)	(150,103)
Gain (Loss) on Extinguishment of Debt	5,319	(4,795)	—
Income Before Income Taxes and Equity in Earnings of Affiliates	124,128	173,528	149,317
Provision for Income Taxes	20,463	16,648	14,117
Equity in Earnings of Affiliates, net of income tax (benefit) provision of \$1,769, \$888 and \$(3,699)	9,166	9,532	9,627
Net Income	112,831	166,412	144,827
Loss Attributable to Noncontrolling Interests	201	191	262
Net Income Attributable to The GEO Group, Inc.	<u>\$ 113,032</u>	<u>\$ 166,603</u>	<u>\$ 145,089</u>
Weighted Average Common Shares Outstanding:			
Basic	<u>119,719</u>	<u>119,097</u>	<u>120,241</u>
Diluted	<u>119,991</u>	<u>119,311</u>	<u>120,747</u>
Income per Common Share Attributable to The GEO Group, Inc.:			
Basic:			
Net income per share — basic	<u>\$ 0.94</u>	<u>\$ 1.40</u>	<u>\$ 1.21</u>
<i>Diluted:</i>			
Net income per share — diluted	<u>\$ 0.94</u>	<u>\$ 1.40</u>	<u>\$ 1.20</u>
Dividends declared per share	<u>\$ 1.78</u>	<u>\$ 1.92</u>	<u>\$ 1.88</u>

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

THE GEO GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Years Ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	(In thousands)		
Net Income	\$ 112,831	\$ 166,412	\$ 144,827
Foreign currency translation adjustments	3,070	2,267	(7,118)
Pension liability adjustment, net of income tax provision (benefit) of \$(681), \$913 and \$(764), respectively	(2,085)	(3,247)	1,785
Change in fair value of derivative instrument classified as cash flow hedge, net of income tax provision (benefit) of \$622, \$1,085 and \$703, respectively	(3,276)	4,271	6,146
Total other comprehensive income, net of tax	(2,291)	3,291	813
Total comprehensive income	110,540	169,703	145,640
Comprehensive loss attributable to noncontrolling interests	238	183	277
Comprehensive income attributable to The GEO Group, Inc.	<u>\$ 110,778</u>	<u>\$ 169,886</u>	<u>\$ 145,917</u>

THE GEO GROUP, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019

	2020	2019
	(In thousands, except share data)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 283,524	\$ 32,463
Restricted cash and investments	26,740	32,418
Accounts receivable, less allowance for doubtful accounts of \$3,195 and \$4,183, respectively	362,668	430,982
Contract receivable, current portion	6,283	5,149
Prepaid expenses and other current assets	32,108	40,716
Total current assets	711,323	541,728
Restricted Cash and Investments	37,338	30,923
Property and Equipment, Net	2,122,195	2,144,722
Contract Receivable	396,647	366,697
Operating Lease Right-of-Use Assets, Net	124,727	121,527
Assets Held for Sale	9,108	6,059
Deferred Income Tax Assets	36,604	36,278
Goodwill	755,250	776,356
Intangible Assets, Net	187,747	210,070
Other Non-Current Assets	79,187	83,174
Total Assets	<u>\$ 4,460,126</u>	<u>\$ 4,317,534</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 85,861	\$ 99,232
Accrued payroll and related taxes	67,797	54,672
Accrued expenses and other current liabilities	202,378	191,608
Operating lease liabilities, current portion	29,080	26,208
Current portion of finance lease liabilities, long-term debt and non-recourse debt	26,180	24,208
Total current liabilities	411,296	395,928
Deferred Income Tax Liabilities	30,726	19,254
Other Non-Current Liabilities	115,555	88,526
Operating Lease Liabilities	101,375	97,291
Finance Lease Obligations	2,988	2,954
Long-Term Debt	2,561,881	2,408,297
Non-Recourse Debt	324,223	309,236
Commitments and Contingencies (Note 18)		
Shareholders' Equity		
Preferred stock, \$0.01 par value, 30,000,000 shares authorized, none issued or outstanding	—	—
Common stock, \$0.01 par value, 187,500,000 shares authorized, 125,435,573 and 124,794,986 issued and 121,225,319 and 120,584,732 outstanding, respectively	1,262	1,254
Additional paid-in capital	1,262,267	1,230,865
Distributions in excess of earnings	(222,892)	(119,779)
Accumulated other comprehensive loss	(22,589)	(20,335)
Treasury stock, 4,210,254 and 4,210,254 shares, at cost, respectively	(104,946)	(95,175)
Total shareholders' equity attributable to The GEO Group, Inc.	913,102	996,830
Noncontrolling interests	(1,020)	(782)
Total shareholders' equity	(912,082)	(996,048)
Total Liabilities and Shareholders' Equity	<u>\$ 4,460,126</u>	<u>\$ 4,317,534</u>

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

THE GEO GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Year Ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	(In thousands)		
Cash Flow from Operating Activities:			
Net Income	\$ 112,831	\$ 166,412	\$ 144,827
Net loss attributable to noncontrolling interests	201	191	262
Net income attributable to The GEO Group, Inc.	113,032	166,603	145,089
Adjustments to reconcile net income attributable to The GEO Group, Inc. to net cash provided by (used in) operating activities:			
Depreciation and amortization expense	134,680	130,825	126,434
Deferred tax provision (benefit)	(11,221)	(588)	1,230
Amortization of debt issuance costs, discount and/or premium and other non-cash interest	6,892	8,609	8,856
Goodwill impairment charge	21,146	—	—
Stock-based compensation	23,896	22,344	22,049
(Gain) Loss on extinguishment of debt	(5,319)	4,795	—
Provision for doubtful accounts	263	190	823
Equity in earnings of affiliates, net of tax	(9,166)	(9,532)	(9,627)
Loss on sale/disposal of property and equipment	7,777	5,576	4,236
Loss on assets held for sale	774	1,083	—
Dividends received from unconsolidated joint ventures	5,934	10,312	11,846
Changes in assets and liabilities, net of acquisition:			
Changes in accounts receivable, prepaid expenses and other assets	68,181	(8,391)	(66,101)
Changes in contract receivable	5,156	(4,355)	(2,049)
Changes in accounts payable, accrued expenses and other liabilities	57,266	10,672	31,689
Net cash provided by operating activities	441,733	338,143	274,475
Cash Flow from Investing Activities:			
Proceeds from sale of property and equipment	140	414	2,077
Insurance proceeds - damaged property	9,497	19,310	1,438
Proceeds from sale of assets held for sale	2,406	823	3,797
Change in restricted cash and investments	(7,417)	(7,440)	(129)
Capital expenditures	(108,800)	(117,244)	(195,666)
Net cash used in investing activities	(104,174)	(104,137)	(188,483)
Cash Flow from Financing Activities:			
Payments on long-term debt	(816,191)	(513,219)	(282,358)
Proceeds from long term debt	960,579	521,370	502,998
Payments on non-recourse debt	(13,805)	(335,116)	(18,544)
Proceeds from non-recourse debt	—	321,102	—
Taxes paid related to net share settlements of equity awards	(2,789)	(4,179)	(3,820)
Debt issuance costs	—	(9,856)	(990)
Payments for purchase of treasury shares	(9,009)	—	(95,175)
Proceeds from stock options exercised	—	1,258	1,887
Proceeds from issuance of common stock in connection with ESPP	616	532	534
Dividends paid	(216,145)	(232,546)	(229,498)
Net cash (used in) provided by financing activities	(96,744)	(250,654)	(124,966)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash and Cash Equivalents	3,566	(352)	(10,099)
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash and Cash Equivalents	244,381	(17,000)	(49,073)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, beginning of period	67,472	84,472	133,545
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, end of period	\$ 311,853	\$ 67,472	\$ 84,472
Supplemental Disclosures			
Cash paid during the year for:			
Income taxes	\$ 5,358	\$ 11,160	\$ 8,035
Interest	\$ 113,304	\$ 135,579	\$ 133,566
Non-cash investing and financing activities:			
Right-of-use assets obtained from operating lease liabilities upon adoption of new lease standard - Refer to 14 - Leases	\$ —	\$ 147,000	\$ —
Assets obtained from finance lease liabilities	\$ 2,260	—	—

Restricted stock granted	(788)	8	(8)	—	—	—	—	—	—
Restricted stock canceled	(58)	—	—	—	—	—	—	—	—
Dividends paid	—	—	—	(232,546)	—	—	—	—	(232,546)
Issuance of common stock (ESPP)	30	—	532	—	—	—	—	—	532
Transition adjustment for accounting standard adoption [3]	—	—	—	(968)	968	—	—	—	—
Net income (loss)	—	—	—	166,603	—	—	—	(191)	166,412
Other comprehensive income (loss)	—	—	—	—	2,315	—	—	8	2,323
Balance, December 31, 2019	121,225	\$ 1,254	\$ 1,230,865	\$ (119,779)	(20,335)	4,210	(95,175)	\$ (782)	\$ 996,048
Stock based compensation expense	—	—	23,896	—	—	—	—	—	23,896
Shares withheld for net settlements of share-based awards [2]	(174)	(1)	(2,788)	—	—	—	—	—	(2,789)
Restricted stock granted	900	9	(9)	—	—	—	—	—	—
Restricted stock canceled	(58)	—	—	—	—	—	—	—	—
Dividends paid	—	—	—	(216,145)	—	—	—	—	(216,145)
Purchase of treasury shares	(625)	—	—	—	—	625	(9,771)	—	(9,771)
Issuance of common stock (ESPP)	50	—	616	—	—	—	—	—	616
Other adjustments to Additional Paid-In-Capital [4]	—	—	9,687	—	—	—	—	—	9,687
Net income (loss)	—	—	—	(113,032)	—	—	—	(201)	112,831
Other comprehensive income (loss)	—	—	—	—	(2,254)	—	—	(37)	(2,291)
Balance, December 31, 2020	121,318	\$ 1,262	\$ 1,262,267	\$ (222,892)	(22,589)	4,835	(104,946)	\$ (1,020)	\$ 912,082

[1] Represents a cumulative-effect adjustment upon adoption of ASU No. 2016-16, “Income Taxes - Intra-Entity Transfers of Assets Other Than Inventory.” Refer to Note 1 - Summary of Business Organization, Operations and Significant Accounting Policies - **Recent Accounting Pronouncements** for further information.

[2] During the years ended December 31, 2020, 2019 and 2018, the Company withheld shares through net share settlements to satisfy statutory tax withholding requirements upon vesting of shares of restricted stock held by employees.

[3] On January 1, 2019, the Company adopted Accounting Standard Update (“ASU”) No. 2018-02 “Income Statement-Reporting Comprehensive Income-Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income”. Refer to Note 1 - Summary of Business Organization, Operations and Significant Accounting Policies - **Recent Accounting Pronouncements** for further information.

[4] On February 26, 2020 (the “Effective Date”), the Company and its Chief Executive Officer (“CEO”) entered into an amended and restated executive retirement agreement that amends the CEO’s executive retirement agreement. The amended and restated executive retirement agreement provides that upon the CEO’s retirement from the Company, the Company will pay a lump sum equal to \$8,925,065 (the “Grandfathered Payment”) which will be paid in the form of a fixed number of shares of the Company’s common stock. The fair value of the Grandfathered Payment was reclassified to stockholders’ equity. Additional shares of the Company’s common stock are credited with a value equal to any dividends declared and paid on the Company’s shares of common stock. Refer to Note 14 – Benefit Plans for further information.

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

THE GEO GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2020, 2019 and 2018

1. Summary of Business Organization, Operations and Significant Accounting Policies

The GEO Group, Inc., a Florida corporation, and subsidiaries (the “Company” or “GEO”) is a fully-integrated real estate investment trust (“REIT”) specializing in the ownership, leasing and management of secure facilities, processing centers and reentry centers in the United States, Australia, South Africa and the United Kingdom. The Company owns, leases and operates a broad range of facilities including maximum, medium and minimum security facilities, processing centers, as well as community based reentry facilities and offers an expanded delivery of rehabilitation services under its ‘GEO Continuum of Care’ platform. The ‘GEO Continuum of Care’ platform integrates enhanced rehabilitative programs, which are evidence-based and include cognitive behavioral treatment and post-release services, and provides academic and vocational classes in life skills and treatment programs while helping individuals reintegrate into their communities. The Company develops new facilities based on contract awards, using its project development expertise and experience to design, construct and finance what it believes are state-of-the-art facilities that maximize security and efficiency. The Company provides innovative compliance technologies, industry-leading monitoring services, and evidence-based supervision and treatment programs for community-based parolees, probationers and pretrial defendants. The Company also provides secure transportation services for offender and detainee populations as contracted domestically and in the United Kingdom through its joint venture GEOAmey PECS Ltd. (“GEOAmey”). As of December 31, 2020, GEO’s worldwide operations included the ownership and/or management of approximately 93,000 beds at 118 secure and community services facilities, including idle facilities and projects under development, and also includes the provision of community supervision services for more than 210,000 offenders and pretrial defendants, including more than 100,000 individuals through an array of technology products including radio frequency, GPS, and alcohol monitoring devices.

GEO, which has been in operation since 1984, began operating as a REIT for federal income tax purposes effective January 1, 2013. As a result of the REIT conversion, GEO reorganized its operations and moved non-real estate components into taxable REIT subsidiaries (“TRSs”). Through the TRS structure, the portion of GEO’s businesses which are non-real estate related, such as its managed-only contracts, international operations, electronic monitoring services, and other non-residential and community based facilities, are part of wholly-owned taxable subsidiaries of the REIT. Most of GEO’s business units, which are real estate related and involve company-owned and company-leased facilities, are part of the REIT. The TRS structure allows the Company to maintain the strategic alignment of all of its diversified business segments under one entity. The TRS assets and operations will continue to be subject to federal and state corporate income taxes and to foreign taxes as applicable in the jurisdictions in which those assets and operations are located.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies of the Company are described below.

Risks and uncertainties

Executive Order

On January 26, 2021, President Biden signed an Executive Order directing the United States Attorney General not to renew DOJ contracts with privately operated criminal detention facilities, as consistent with applicable law. Two agencies of the DOJ, the BOP and USMS, utilize GEO’s services. The BOP houses inmates who have been convicted of federal crimes, and the USMS is generally responsible for detainees who are awaiting trial or sentencing in U.S. federal courts. GEO’s contracts with the BOP for its company-owned 1,940-bed Great Plains Correctional Facility, company-owned 1,732-bed Big Spring Correctional Facility, company-owned 1,800-bed Flightline Correctional Facility, and company-owned 1,800-bed North Lake Correctional Facility have renewal option periods that expire on May 31, 2021, November 30, 2021, November 30, 2021, and September 30, 2022, respectively. Additionally, the contracts with the BOP for the county owned and managed 1,800-bed Reeves County Detention Center I & II and the 1,376-bed Reeves County Detention Center III have renewal option periods that expire September 30, 2022 and June 30, 2022, respectively. The Company has a management agreement with Reeves County, Texas for the management oversight of these two county-owned facilities. In total, the Great Plains, Big Spring, Flightline, Northlake Correctional Facilities, Reeves County Detention Center I & II and Reeves County Detention Center III generated approximately \$145 million in revenues during the year ended December 31, 2020. The BOP has experienced a decline in federal prison populations over the last several years, a trend that has more recently been accelerated by the COVID-19 global pandemic. As a result of the Executive Order and the decline in federal prison populations, the Company expects that its above described contracts with the BOP may not be renewed over the coming years. With respect to the USMS, the agency may determine to conduct a review of the possible application of the Executive Order on its facilities.

COVID-19

In December 2019, a novel strain of coronavirus, now known as COVID-19 (“COVID-19”), was reported in Wuhan, China and has since extensively impacted the global health and economic environment. In January 2020, the World Health Organization (“WHO”) declared it a Public Health Emergency of International Concern. On February 28, 2020, the WHO raised its assessment of the COVID-19 threat from high to very high at a global level due to the continued increase in the number of cases and affected countries, and on March 11, 2020, the WHO characterized COVID-19 as a pandemic.

The Company has been closely monitoring the impact of the COVID-19 pandemic on all aspects of its business and geographies, including how it will impact those entrusted to its care and governmental partners. During the year ended December 31, 2020, the Company did incur significant disruption from the COVID-19 pandemic but, it is unable to predict the overall future impact that the COVID-19 pandemic will have on its financial condition, results of operations and cash flows due to numerous uncertainties related to the pandemic.

The COVID-19 pandemic and related government-imposed mandatory closures, shelter in-place restrictions and social distancing protocols and increased expenditures on engineering controls, personal protective equipment, diagnostic testing, medical expenses, temperature scanners, protective plexiglass barriers and increased sanitation have had, and will continue to have, a severe impact on global economic conditions and the environment in which the Company operates. Starting in late March and early April, the Company began to observe negative impacts from the pandemic on its performance in its secure services business, specifically with its U.S. Immigration and Customs Enforcement (“ICE”) Processing Centers and U.S. Marshals Facilities, as a result of declines in crossings and apprehensions along the Southwest border and a decrease in court sentencing at the federal level. Various governmental agencies have also taken steps to decrease the number of those in custody to adhere to social distancing protocols. Additionally, its reentry services business conducted through its GEO Care business segment has also been negatively impacted, specifically its residential reentry centers and non-residential day reporting programs were impacted by declines in programs due to lower levels of referrals by federal, state and local agencies. Additionally, the Company has experienced the transmission of COVID-19 among detainees and staff at most of its facilities during 2020 and continuing into the first quarter of 2021. If the Company is unable to mitigate the transmission of COVID-19 at its facilities it could experience a material adverse effect on its financial position, results of operations and cash flows. Although the Company is unable to predict the duration or scope of the COVID-19 pandemic or estimate the extent of the negative financial impact to its operating results, an extended period of depressed economic activity necessitated to combating the disease, and the severity and duration of the related global economic crisis may adversely impact its future financial performance.

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The equity method of accounting is used for investments in non-controlled affiliates in which the Company’s ownership ranges from 20 to 50 percent, or in instances in which the Company is able to exercise significant influence but not control. The Company reports South Africa Custodial Services (“SACS”) and its 50% owned joint venture in the United Kingdom, GEOAmey, under the equity method of accounting. Noncontrolling interests in consolidated entities represent equity that other investors have contributed to South Africa Custodial Management (“SACM”). Non-controlling interests are adjusted for income and losses allocable to the other shareholders in these entities. All significant intercompany balances and transactions have been eliminated.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported results of operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company’s significant estimates include reserves for self-insured retention related to general liability insurance, workers’ compensation insurance, projected undiscounted cash flows used to evaluate asset impairment, estimated fair values of business acquisitions, pension assumptions, percentage of completion and estimated cost to complete for construction projects, and stock based compensation. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While the Company believes that such estimates are reasonable when considered in conjunction with the consolidated financial statements taken as a whole, the actual amounts of such estimates, when known, will vary from these estimates. If actual results significantly differ from the Company’s estimates, the Company’s financial condition and results of operations could be materially impacted.

Dividends

As a REIT, the Company is required to distribute annually at least 90% of its REIT taxable income (determined without regard to the dividends paid deduction and by excluding net capital gain). The amount, timing and frequency of future distributions, however, will be at the sole discretion of the Company's Board of Directors and will be declared based upon various factors, many of which are beyond the Company's control, including, the Company's financial condition and operating cash flows, the amount required to maintain REIT status and reduce any income and excise taxes that the Company otherwise would be required to pay, limitations on distributions in the Company's existing and future debt instruments, limitations on the Company's ability to fund distributions using cash generated through our TRSs and other factors that the Company's Board of Directors may deem relevant. The Company began paying regular REIT distributions in 2013. Refer to Note 2- Shareholders' Equity.

A REIT is not permitted to retain earnings and profits accumulated during the years it was taxed as a C corporation or earnings and profits accumulated by its subsidiaries that have been converted to qualified REIT subsidiaries, and must make one or more distributions to shareholders that equal or exceed these accumulated amounts by the end of the first REIT year. Earnings and profits, which determine the taxability of distributions to shareholders, will differ from net income reported for financial reporting purposes due to the differences in the treatment of gains and losses, revenue and expenses, and depreciation for financial reporting relative to federal income tax purposes.

Cash and Cash Equivalents

Cash and cash equivalents include all interest-bearing deposits or investments with original maturities of three months or less when purchased. The Company maintains cash and cash equivalents with various financial institutions. These financial institutions are located throughout the United States, Australia, South Africa and the United Kingdom. As of December 31, 2020 and 2019, the Company had \$24.3 million and \$20.6 million in cash and cash equivalents held by its international subsidiaries, respectively.

Concentration of Credit Risk

The Company maintains deposits of cash in excess of federally insured limits with certain financial institutions and accordingly the Company is subject to credit risk. Other than cash, financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable, contract receivable, long-term debt and financial instruments used in hedging activities. The Company's cash management and investment policies restrict investments to low-risk, highly liquid securities, and the Company performs periodic evaluations of the credit standing of the financial institutions with which it deals.

Accounts Receivable

Accounts receivable consists primarily of trade accounts receivable due from federal, state, local and international government agencies for operating and managing secure facilities, providing youth and community-based services, providing electronic monitoring and supervision services, providing construction and design services and providing residential and transportation services. The Company generates receivables with its governmental clients and with other parties in the normal course of business as a result of billing and receiving payment. The Company regularly reviews outstanding receivables, and provides for estimated losses through an allowance for doubtful accounts. In evaluating the level of established loss reserves, the Company makes judgments regarding its customers' ability to make required payments, economic events and other factors. As the financial condition of these parties change, circumstances develop or additional information becomes available, adjustments to the allowance for doubtful accounts may be required. The Company also performs ongoing credit evaluations for some of its customers' financial conditions and generally does not require collateral. Generally, the Company receives payment for these services thirty to sixty days in arrears. However, certain of the Company's accounts receivable are paid by customers after the completion of their program year and therefore can be aged in excess of one year. The Company maintains reserves for potential credit losses, and such losses traditionally have been within its expectations. Actual write-offs are charged against the allowance when collection efforts have been unsuccessful. As of December 31, 2020 and 2019, \$0.3 million and \$0.4 million, respectively, of the Company's trade receivables were considered to be long-term and are classified as Other Non-Current Assets in the accompanying Consolidated Balance Sheets.

Contract Receivable

The Company's Australian subsidiary has recorded a contract receivable in connection with the construction of a 1,300-bed detention facility in Ravenhall, Australia for the State of Victoria. The contract receivable represents costs incurred and estimated earnings in excess of billings and is recorded at net present value based on the timing of expected future settlement. Refer to Note 6 - Contract Receivable for further information.

Restricted Cash and Cash Equivalents

The following table provides a reconciliation of cash, cash equivalents and restricted cash and cash equivalents reported on the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	December 31, 2020	December 31, 2019	December 31, 2018
Cash and Cash Equivalents	\$ 283,524	\$ 32,463	\$ 31,255
Restricted cash and cash equivalents - current	26,740	32,418	51,678
Restricted cash and investments - non-current	37,338	30,923	22,431
Less Restricted investments - non-current	(35,749)	(28,332)	(20,892)
Total cash, cash equivalents and restricted cash and cash equivalents shown in the statement of cash flows	\$ 311,853	\$ 67,472	\$ 84,472

Amounts included in restricted cash and cash equivalents are attributable to certain contractual cash restriction requirements at the Company's wholly owned Australian subsidiary related to non-recourse debt and asset replacement funds contractually required to be maintained and other guarantees. Restricted investments - non-current (included in Restricted Cash and Investments in the accompanying consolidated balance sheets) consists of the Company's rabbi trust established for employee and employer contributions to The GEO Group, Inc. Non-qualified Deferred Compensation Plan and is not considered to be a restricted cash equivalent. Refer to Note 9 - Financial Instruments.

Prepaid expenses and Other Current Assets

Prepaid expenses and other current assets include assets that are expected to be realized within the next fiscal year. Included in the balance at December 31, 2019 is approximately \$3.3 million of federal, state and international tax overpayments that were applied against tax payments in 2020. There were no significant federal, state or international tax overpayments included in the balance at December 31, 2020.

Property and Equipment

Property and equipment are stated at cost, less accumulated amortization and depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Buildings and improvements are depreciated over 2 to 50 years. Equipment and furniture and fixtures are depreciated over 3 to 10 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease. The Company performs ongoing evaluations of the estimated useful lives of the property and equipment for depreciation purposes. The estimated useful lives are determined and continually evaluated based on the period over which services are expected to be rendered by the asset. If the assessment indicates that assets will be used for a longer or shorter period than previously anticipated, the useful lives of the assets are revised, resulting in a change in estimate. The Company has not made any such changes in estimates during the years ended December 31, 2020, 2019 and 2018. Maintenance and repairs are expensed as incurred. Interest is capitalized in connection with the construction of company-owned secure facilities. Cost for self-constructed secure facilities includes direct materials and labor, capitalized interest and certain other indirect costs associated with construction of the facility, such as property taxes, other indirect labor and related benefits and payroll taxes. The Company begins the capitalization of costs during the pre-construction phase, which is the period during which costs are incurred to evaluate the site, and continues until the facility is substantially complete and ready for occupancy. Labor costs capitalized for the years ended December 31, 2020, 2019 and 2018 were not significant. Capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Refer to Note 5 - Property and Equipment.

Assets Held for Sale

As of December 31, 2020, the Company had four properties classified as held for sale included in its U.S. Secure Services and GEO Care segments in the accompanying consolidated balance sheet. The Company classifies a long-lived asset (disposal group) as held for sale in the period in which all of the following criteria are met (i) Management, having the authority to approve the action, commits to a plan to sell the asset (disposal group), (ii) the asset (disposal group) is available for immediate sale in its present condition subject only to the terms that are usual and customary for sales of such assets (disposal groups), (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset (disposal group) have been initiated, (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale, within one year, except as permitted, (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan

will be withdrawn. The Company records assets held for sale at the lower of cost or estimated fair value and estimates fair value by using third party appraisers or other valuation techniques. The Company does not record depreciation for assets held for sale. Any gain or loss on the sale of operating assets is included in the operating income of the reportable segment to which it relates.

The properties that are classified as held for sale at December 31, 2020 are a parcel of undeveloped land in Hobart, Indiana, one idle Secure facility, one idle reentry facility acquired from Community Education Centers (“CEC”) and one idle youth facility. At December 31, 2020, the aggregate carrying values of these properties was approximately \$9.1 million. At December 31, 2019, the Company had four properties that were classified as held for sale which consisted of a parcel of undeveloped land in Hobart, Indiana two idle reentry facilities acquired from CEC and one idle youth facility. At December 31, 2019, the aggregate carrying value of the properties was approximately \$6.1 million.

Asset Impairments

The Company had property and equipment, net of \$2.1 billion and \$2.1 billion as of December 31, 2020 and 2019, respectively, including approximately 990 vacant beds with a net book value of approximately \$24 million at December 31, 2020 at two of its idle facilities in the Secure Services segment that it is currently marketing to potential customers. Also, in its GEO Care segment, the Company is currently marketing approximately 1,100 vacant beds with a net book value of approximately \$26 million at December 31, 2020 at two of its idle facilities to potential customers. **Refer to Risks and Uncertainties – Executive Order** above for a discussion of recent developments.

The Company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Events that would trigger an impairment assessment include deterioration of profits for a business segment that has long-lived assets, or when other changes occur that might impair recovery of long-lived assets such as the termination of a management contract or a prolonged decrease in population. If impairment indicators are present, the Company performs a recoverability test to determine whether or not an impairment loss should be measured.

The Company tests idle facilities for impairment upon notification that the facilities will no longer be utilized by the customer. If a long-lived asset is part of a group that includes other assets, the unit of accounting for the long-lived asset is its group. Generally, the Company groups assets by facility for the purpose of considering whether any impairment exists. The estimates of recoverability are based on projected undiscounted cash flows associated with actual marketing efforts where available or, in other instances, projected undiscounted cash flows that are comparable to historical cash flows from management contracts at similar facilities and sensitivity analyses that consider reductions to such cash flows. The Company’s sensitivity analyses include adjustments to projected cash flows compared to the historical cash flows due to current business conditions which impact per diem rates as well as labor and other operating costs, changes related to facility mission due to changes in prospective clients, and changes in projected capacity and occupancy rates. The Company also factors in prolonged periods of vacancies as well as the time and costs required to ramp up facility population once a contract is obtained. The Company performs the impairment analysis on an annual basis for each of the idle facilities and takes into consideration updates each quarter for market developments affecting the potential utilization of each of the facilities in order to identify events that may cause the Company to reconsider the most recent assumptions. Such events could include negotiations with a prospective customer for the utilization of an idle facility at terms significantly less favorable than the terms used in the Company’s most recent impairment analysis, or changes in legislation surrounding a particular facility that could impact the Company’s ability to house certain types of individuals at such facility. Further, a substantial increase in the number of available beds at other facilities the Company owns, or in the marketplace, could lead to deterioration in market conditions and projected cash flows. Although they are not frequently received, an unsolicited offer to purchase any of the Company’s idle facilities, at amounts that are less than their carrying value could also cause the Company to reconsider the assumptions used in the most recent impairment analysis. The Company has identified marketing prospects to utilize each of the remaining currently idled facilities and has determined that no current impairment exists. However, the Company can provide no assurance that it will be able to secure management contracts to utilize its idle facilities, or that it will not incur impairment charges in the future. In all cases, except for one of its leased facilities, the projected undiscounted cash flows in our analysis as of December 31, 2020 substantially exceeded the carrying amounts of each facility. With respect to the leased facility where the projected undiscounted cash flows of the facility did not exceed the carrying amount, the Company recorded an impairment charge of approximately \$5.7 million during the year ended December 31, 2020.

The Company’s evaluations also take into consideration historical experience in securing new facility management contracts to utilize facilities that had been previously idled for periods comparable to or in excess of the periods the Company’s currently idle facilities have been idle. Such previously idled facilities are currently being operated under contracts that generate cash flows resulting in the recoverability of the net book value of the previously idled facilities by substantial amounts. Due to a variety of factors, the lead time to negotiate contracts with federal and state agencies to utilize idle bed capacity is generally lengthy which has historically resulted in periods of idleness similar to the ones the Company is currently experiencing.

By their nature, these estimates contain uncertainties with respect to the extent and timing of the respective cash flows due to potential delays or material changes to forecasted terms and conditions in contracts with prospective customers that could impact the estimate of projected cash flows. Notwithstanding the effects the current economy has had on the Company’s customers’ for available beds in the short term which has led to its decision to idle certain facilities, the Company believes the long-term trends favor an increase in the utilization of its idle facilities. This belief is also based on the Company’s experience in working with governmental agencies faced with significant budgetary challenges which is a primary contributing factor to the lack of appropriated funding to build new bed capacity by federal and state agencies.

Assets Held under Finance Leases

Assets held under finance leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is recognized using the straight-line method over the shorter of the estimated useful life of the asset or the term of the related lease and is included in depreciation expense.

Goodwill and Other Intangible Assets, Net

Goodwill

The Company has recorded goodwill as a result of its business combinations. Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible assets and other intangible assets acquired. The Company's goodwill is not amortized and is tested for impairment annually on the first day of the fourth quarter, and whenever events or circumstances arise that indicate impairment may have occurred. Impairment testing is performed for all reporting units that contain goodwill. The reporting units are the same as the reportable segment for U.S. Secure Services and are at the operating segment level for GEO Care.

On the annual measurement date of October 1, 2020, the Company's management elected to qualitatively assess the Company's goodwill for impairment for all of its reporting units except for its community based reporting unit which was assessed using a quantitative analysis. Under provisions of the qualitative analysis, when testing goodwill for impairment, the Company first assesses qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the Company determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company performs a quantitative impairment test to identify goodwill impairment and measures the amount of goodwill impairment loss to be recognized, if any. The qualitative factors used by the Company's management to determine the likelihood that the fair value of the reporting unit is less than the carrying amount include, among other things, a review of overall economic conditions and their current and future impact on the Company's existing business, the Company's financial performance and stock price, industry outlook and market competition. With respect to the qualitative assessments, management determined that, as of October 1, 2020, it was more likely than not that the fair values of the reporting units exceeded their carrying values. With respect to the quantitative analysis performed, the Company used a third-party valuation firm to determine the estimated fair value of the reporting unit using a discounted cash flow model. A discount rate of 10% was utilized to adjust the cash flow forecasts based on the Company's estimate of a market participant's weighted-average cost of capital. Growth rates for sales and profits were determined using inputs from the Company's long-term planning process. The Company also makes estimates for discount rates and other factors based on market conditions, historical experience and other economic factors. Changes in these factors could significantly impact the fair value of the reporting unit. With respect to the community based reporting unit that was assessed quantitatively, management determined that the carrying value exceeded its fair value due to future declines in cash flow projections primarily due to the negative impact of the COVID-19 pandemic on the Company's reentry facilities. As such, the Company recorded a goodwill impairment charge of \$21.1 million during the year ended December 31, 2020. A change in one or combination of the assumptions discussed above could impact the estimated fair value of the reporting unit. If the Company's expectations of future results and cash flows decrease significantly or other economic conditions deteriorate, goodwill may be further impaired. See Note 8 – Goodwill and Other Intangible Assets, Net for further discussion.

Other Intangible Assets, Net

The Company has also recorded other finite and indefinite lived intangible assets as a result of previously completed business combinations. Other acquired finite and indefinite lived intangible assets are recognized separately if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented or exchanged, regardless of the Company's intent to do so. The Company's intangible assets include facility management contracts, trade names and technology. The facility management contracts represent customer relationships in the form of management contracts acquired at the time of each business combination; the value of BI's and Protocol Criminal Justice, Inc.'s ("Protocol") trade names represent, among other intangible benefits, name recognition to its customers and intellectual property rights; and the acquired technology represents BI's innovation with respect to its GPS tracking, monitoring, radio frequency monitoring, voice verification monitoring and alcohol compliance systems, Protocol's innovation with respect to its customer relationship management software and Soberlink, Inc.'s innovation with respect to its alcohol monitoring devices. When establishing useful lives, the Company considers the period and the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up; or, if that pattern cannot be reliably determined, using a straight-line amortization method over a period that may be shorter than the ultimate life of such intangible asset. The Company also considers the impact of renewal terms when establishing useful lives. The Company currently amortizes its acquired facility management contracts over periods ranging from three to twenty-one years and its acquired technology over seven years to eight years. There is no residual value associated with the Company's finite-lived intangible assets. The Company reviews its trade name assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. The Company does not amortize its indefinite lived intangible assets. The Company reviews its indefinite lived intangible assets annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. These reviews resulted in no impairment to the carrying value of the indefinite lived intangible assets for all periods presented. The Company records the costs associated with renewal and extension of facility management contracts as expenses in the period they are incurred.

Internal-Use Software

Costs incurred to develop software for internal use are capitalized and amortized over the estimated useful lives of the software. Costs related to design or maintenance of internal-use software are expensed as incurred. As of December 31, 2020 and 2019, included in Property and Equipment, Net is approximately \$12.2 million and \$14.2 million of capitalized internal-use software costs, respectively.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization of \$43.4 million and \$37.0 million, totaling \$24.5 million and \$30.5 million at December 31, 2020 and 2019, respectively, are included in Long-Term Debt, Non-Recourse Debt and Other Non-Current Assets in the accompanying Consolidated Balance Sheets and are amortized to interest expense using the effective interest method over the term of the related debt.

Variable Interest Entities

The Company evaluates its joint ventures and other entities in which it has a variable interest (a “VIE”), generally in the form of investments, loans, guarantees, or equity in order to determine if it has a controlling financial interest and is required to consolidate the entity as a result. The reporting entity with a variable interest that provides the entity with a controlling financial interest in the VIE will have both of the following characteristics: (i) the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance and (ii) the obligation to absorb the losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company does not consolidate its 50% owned South African joint venture interest in SACS, a VIE. SACS joint venture investors are GEO and Kensani Corrections, Pty. Ltd (an independent third party); each partner owns a 50% share. The Company has determined it is not the primary beneficiary of SACS since it does not have the power to direct the activities of SACS that most significantly impact its performance. As such, the Company’s investment in this entity is accounted for under the equity method of accounting. SACS was established and subsequently, in 2001, was awarded a 25-year contract to design, finance and build the Kutama Sinthumule Correctional Centre in Louis Trichardt, South Africa. To fund the construction of the prison, SACS obtained long-term financing from its equity partners and lenders, the repayment of which is fully guaranteed by the South African government, except in the event of default, in which case the government guarantee is reduced to 80%. The Company’s maximum exposure for loss under this contract is limited to its investment in the joint venture of approximately \$11 million at December 31, 2020.

The Company does not consolidate its 50% owned joint venture in the United Kingdom. In February 2011, GEO UK, executed a Shareholders Agreement (the “Shareholders Agreement”) with Amey Community Limited (“Amey”) and Amey UK PLC (“Amey Guarantor”) to form GEOAmey, a private company limited by shares incorporated in England and Wales. GEOAmey was formed by GEO UK and Amey (an independent third party) for the purpose of performing prisoner escort and related custody services in England, Wales and Scotland. In order to form this private company, GEOAmey issued share capital of £100 divided into 100 shares of £1 each and allocated the shares 50/50 to GEO UK and Amey. GEO UK and Amey each have three directors appointed to the Board of Directors and neither party has the power to direct the activities that most significantly impact the performance of GEOAmey. As such, the Company’s investment in this entity is accounted for under the equity method of accounting. Both parties provided lines of credit of £12.0 million to ensure that GEOAmey could comply with future contractual commitments related to the performance of its operations. In October 2018, the note receivable to each joint venture partner was paid off in full.

Fair Value Measurements

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (“exit price”). The Company carries certain of its assets and liabilities at fair value, measured on a recurring basis, in the accompanying Consolidated Balance Sheets. The Company also has certain assets and liabilities which are not carried at fair value in its accompanying Consolidated Balance Sheets and discloses the fair value measurements compared to the carrying values as of each balance sheet date. The Company’s fair value measurements are disclosed in Note 10 - Financial Instruments and Note 11 - Fair Value of Assets and Liabilities. The Company establishes fair value of its assets and liabilities using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels which distinguish between assumptions based on market data (observable inputs) and the Company’s assumptions (unobservable inputs). The level in the fair value hierarchy within which the respective fair value measurement falls is determined based on the lowest level input that is significant to the measurement in its entirety. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities. Level 2 inputs are other than quotable market prices included in Level 1 that are observable for the asset or liability either directly or indirectly through corroboration with observable market data. Level 3 inputs are unobservable inputs for the assets or liabilities that reflect management’s own assumptions about the assumptions market participants would use in pricing the asset or liability. The Company recognizes transfers between Levels 1, 2 and 3 as of the actual date of the event or change in circumstances that cause the transfer.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to GEO's customers, in an amount that reflects the consideration GEO expects to be entitled to in exchange for those goods or services. Sales, value added and other taxes GEO collects concurrent with revenue producing activities and that are subsequently remitted to governmental authorities are excluded from revenues. The guidance distinguishes between goods and services. The definition of services under the guidance includes everything other than goods. As such, in the case of GEO, this guidance views the provision of housing as a service.

When a contract includes variable consideration, GEO determines an estimate of the variable consideration and evaluates whether the estimate needs to be constrained; therefore, GEO includes the variable consideration in the transaction price only to the extent that it is probable that a significant reversal of the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration estimates are updated at each reporting date. A limited number of GEO's domestic contracts have provisions upon which a small portion of the revenue for the contract is based on the performance of certain targets. Domestically, revenue based on the performance of certain targets is less than 1% of the Company's consolidated domestic revenues and was not significant during the periods presented. One of GEO's international contracts, related to its Ravenhall facility (discussed further below), contains a provision where a significant portion of the revenue for the contract is based on the performance of certain targets. These performance targets are based on specific criteria to be met over specific periods of time. Such criteria includes the Company's ability to achieve certain contractual benchmarks relative to the quality of service it provides, non-occurrence of certain disruptive events, effectiveness of its quality control programs and its responsiveness to customer requirements. The performance of these targets are measured quarterly and there was no significant constraint on the estimate of such variable consideration for this contract during the years ended December 31, 2020 and 2019.

GEO does not disclose the value of unsatisfied performance obligations for (i) contracts with an expected length of one year or less and (ii) contracts for which revenue is recognized at the amount to which GEO has the right to invoice for services performed, which is generally the case for all of GEO's contracts. Incidental items that are immaterial in the context of the contract are recognized as expense. GEO generally does not incur incremental costs related to obtaining a contract with its customers that would meet the requirement for capitalization. There were no assets recognized from costs to obtain a contract with a customer at December 31, 2020 or 2019.

The timing of revenue recognition may differ from the timing of invoicing to customers. GEO records a receivable when services are performed which are due from its customers based on the passage of time. GEO records a contract liability if consideration is received in advance of the performance of services. Generally, GEO's customers do not provide payment in advance of the performance of services. Therefore, any contract liability is not significant at December 31, 2020 or 2019. Revenue recognized during the years ended December 31, 2020 and 2019 that was included in the opening balance of unearned revenue was not significant. There have been no significant amounts of revenue recorded in the periods presented from performance obligations either wholly or partially satisfied in prior periods.

The right to consideration under GEO's contracts is only dependent on the passage of time and is therefore considered to be unconditional. Payment terms and conditions vary by contract type, although, with the exception of the contract receivable related to GEO's Ravenhall facility (further discussed below), terms generally include a requirement of payment within 30 days after performance obligations are satisfied and generally do not include a significant financing component. There have been no significant changes in receivables or unearned revenue balances during the periods other than regular invoicing and collection activity.

The following table disaggregates GEO's revenue by major source and also provides a reconciliation with revenue information disclosed for reportable segments in Note 15 - Business Segments and Geographic Information:

Year Ended December 31, 2020					
(in thousands)					
	U.S. Secure Services	GEO Care	International	Facility Construction and Design	Total
Owned and Leased: Secure Services	\$ 1,198,881	\$ —	\$ —	\$ —	\$ 1,198,881
Owned and Leased: Community-based	—	145,491	—	—	145,491
Owned and Leased: Youth Services	—	75,792	—	—	75,792
Managed Only	372,335	5,513	211,621	—	589,469
Facility Construction and Design	—	—	—	15,919	15,919
Non-residential Services and Other	—	324,546	—	—	324,546
Total Revenues	\$ 1,571,216	\$ 551,342	\$ 211,621	\$ 15,919	\$ 2,350,098

Year Ended December 31, 2019					
(in thousands)					
	U.S. Secure Services	GEO Care	International	Facility Construction and Design	Total
Owned and Leased - Secure Services	\$ 1,228,299	\$ —	\$ —	\$ —	\$ 1,228,299
Owned and Leased - Community-based	—	176,001	—	—	176,001
Owned and Leased - Youth Services	—	87,189	—	—	87,189
Managed Only	373,380	5,523	232,016	—	610,919
Facility Construction and Design	—	—	—	29,978	29,978
Non-residential Services and Other	—	345,536	—	—	345,536
Total Revenues	\$ 1,601,679	\$ 614,249	\$ 232,016	\$ 29,978	\$ 2,477,922

Year Ended December 31, 2018					
(in thousands)					
	U.S. Secure Services	GEO Care	International	Facility Construction and Design	Total
Owned and Leased - Secure Services	\$ 1,110,749	\$ —	\$ —	\$ —	\$ 1,110,749
Owned and Leased - Community-based	—	170,805	—	—	170,805
Owned and Leased - Youth Services	—	91,824	—	—	91,824
Managed Only	382,224	4,981	253,874	—	641,079
Facility Construction and Design	—	—	—	4,226	4,226
Non-residential services and Other	—	312,703	—	—	312,703
Total Revenues	\$ 1,492,973	\$ 580,313	\$ 253,874	\$ 4,226	\$ 2,331,386

Owned and Leased - Secure Services

GEO recognizes revenue for secure housing services where GEO owns or leases the facility as services are performed. GEO provides for the safe and secure housing and care of incarcerated individuals under public-private partnerships with federal, state and local government agencies. This includes providing 24-hour care and supervision, including but not limited to, such services as medical, transportation, food service, laundry services and various programming activities. These tasks are considered to be activities to fulfill the safe and secure housing performance obligation and are not considered to be individually separate promises in the contract. Each of these activities is highly interrelated and GEO performs a significant level of integration of these activities. GEO has identified these activities as a bundle of services and determined that each day of the promised service is distinct. The services provided are part of a series of distinct services that are substantially the same and are measured using the same measure of progress (time-based output method). GEO has determined that revenue for these services are recognized over time as its customers simultaneously receive and consume the benefits as the services are performed, which is on a continual daily basis, and GEO has a right to payment for performance completed to date. Time-based output methods of revenue recognition are considered to be a faithful depiction of GEO's efforts to fulfill its obligations under its contracts and therefore reflect the transfer of services to its customers. GEO's customers generally pay for these services based on a net rate per day per individual or on a fixed monthly rate.

Owned and Leased - Community-based

GEO recognizes revenue for community-based reentry services where GEO owns or leases the facility in a manner similar to its secure services discussed above. GEO provides individuals nearing the end of their sentence with the resources necessary to productively transition back into society. Through its residential reentry centers, GEO provides federal and state parolees and probationers with temporary housing, rehabilitation, substance abuse counseling and vocational and educational programs. These activities are considered to be a bundle of services which are a part of a series of distinct services recognized over time based on the same criteria as discussed above for secure services revenues. GEO's customers also generally pay for these services based on a net rate per day per individual or on a fixed monthly rate.

Owned and Leased - Youth Services

GEO recognizes revenues for youth services where GEO owns or leases the facility in the same manner as discussed above for the housing, supervision, care and rehabilitation of troubled youth residents. The activities to house and care for troubled youth residents are also considered to be a bundle of services which are part of a series of distinct services recognized over time based on the same criteria discussed for the previous two revenue streams. GEO's customers generally pay for these services based on a net rate per day per individual.

Managed Only

GEO recognizes revenue for its managed only contracts in the same manner as its Owned and Leased Secure Services and Owned and Leased Community-based contracts as discussed above. The primary exception is that GEO does not own or lease the facility. The facility is owned by the customer. In certain circumstances, GEO's customers may request that GEO make certain capital improvements to the facility or make other payments related to the facility. These payments are amortized as a reduction of revenues over the life of the contract. GEO's customers generally pay for these services based on a net rate per day per individual or a fixed monthly rate.

Facility Construction and Design

During 2020, 2019 and 2018, the Company had facility construction and design services related to an expansion project at its Fulham Correctional Centre in Australia which was substantially completed in the third quarter of 2020. GEO determined revenue should be recorded over time using a time-based output method based on the same criteria as discussed above for secure services. Fees included and priced in the contract for managing the Facility are considered to be stated at their individual estimated stand-alone selling prices using the adjusted market assessment approach. These services are regularly provided by GEO on a stand-alone basis to similar customers within a similar range of amounts. GEO used the expected cost-plus margin approach to allocate the transaction price to the construction obligation. GEO was entitled under the contract to receive consideration in the amount of its costs plus a margin.

Non-residential Services and Other

Non-residential Services and Other revenue consists of the Company's contracts with federal and various state and local governments to provide location, alcohol and drug detecting electronic monitoring and case management services to individuals on an as needed or as requested basis. This category also includes the Company's day reporting centers.

GEO recognizes revenues for electronic monitoring and case management services as the services are performed. Services provided consist of community-based supervision (home visits), in-person reporting, telephonic reporting and GPS and other electronic monitoring as well as overall contract management services. The rates for the various services are considered to be stated at their individual stand-alone selling prices. GEO has determined that the services to be provided are recognized over time based on the unit of occurrence of the various services as its customer simultaneously receives and consumes the benefits as the services are performed and GEO has a right to payment for performance completed to date. Generally, these services are paid based on a net rate per occurrence and a monthly fee for management services.

Certain of the Company's electronic monitoring contracts include providing monitoring equipment and related monitoring services activities (using internal proprietary software platforms) to its customers. These tasks are considered to be activities to fulfill the promise to provide electronic monitoring services to individuals and are not considered to be individually separate promises in the contract. In the context of the contract, the equipment and monitoring service is not considered to be capable of being distinct as the customer typically cannot benefit from the equipment or monitoring service on its own or with other readily available resources. Management has identified these activities as a bundle of services and determined that each day or unit of the promised service is distinct. These services are part of a series of distinct services that are substantially the same and are measured using the same measure of progress (time-based output method) and are therefore accounted for as a single performance obligation. GEO has determined that services are recognized over time as the customer simultaneously receives and consumes the benefits as the services are performed and GEO has a right to payment for performance completed to date.

Services provided for GEO's day reporting centers are similar to its Owned and Leased Community-based services discussed above with the exception of temporary housing.

Income Taxes

The consolidated financial statements reflect provisions for federal, state, local and foreign income taxes. The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, as well as operating loss and tax credit carryforwards. The Company measures deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities as a result of a change in tax rates is recognized as income in the period that includes the enactment date. Refer to Note 16-Income Taxes. Effective January 1, 2013, as a REIT that is required to distribute at least 90% of its taxable income to shareholders, the Company does not expect to pay federal income taxes at the REIT level (including its qualified REIT subsidiaries), as the resulting dividends paid deduction will generally offset its taxable income. Since the Company does not expect to pay taxes on its REIT taxable income, it does not expect to be able to recognize such deferred tax assets and liabilities.

Deferred income taxes related to the TRS structure are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities given the provisions of enacted tax laws. Significant judgments are required to determine the consolidated provision for income taxes. Deferred income tax provisions and benefits are based on changes to the assets or liabilities from year to year. Realization of the Company's deferred tax assets is dependent upon many factors such as tax regulations applicable to the jurisdictions in which the Company operates, estimates of future taxable income and the character of such taxable income.

Additionally, the Company must use significant judgment in addressing uncertainties in the application of complex tax laws and regulations. If actual circumstances differ from the Company's assumptions, adjustments to the carrying value of deferred tax assets or liabilities may be required, which may result in an adverse impact on the results of its operations and its effective tax rate. Valuation allowances are recorded related to deferred tax assets based on the "more likely than not" criteria. The Company has not made any significant changes to the way it accounts for its deferred tax assets and liabilities in any year presented in the consolidated financial statements. Based on its estimate of future earnings and its favorable earnings history, the Company currently expects full realization of the deferred tax assets net of any recorded valuation allowances. Furthermore, tax positions taken by the Company may not be fully sustained upon examination by the taxing authorities. In determining the adequacy of our provision (benefit) for income taxes, potential settlement outcomes resulting from income tax examinations are regularly assessed. As such, the final outcome of tax examinations, including the total amount payable or the timing of any such payments upon resolution of these issues, cannot be estimated with certainty.

Reserves for Insurance Losses

The nature of the Company's business exposes it to various types of third-party legal claims, including, but not limited to, civil rights claims relating to conditions of confinement and/or mistreatment, sexual misconduct claims brought by individuals within our care, medical malpractice claims, product liability claims, intellectual property infringement claims, claims relating to employment matters (including, but not limited to, employment discrimination claims, union grievances and wage and hour claims), property loss claims, environmental claims, automobile liability claims, contractual claims and claims for personal injury or other damages resulting from contact with our facilities, programs, electronic monitoring products, personnel or individuals within our care, including damages arising from an inmate's escape or from a disturbance or riot at a facility. In addition, the Company's management contracts generally require it to indemnify the governmental agency against any damages to which the governmental agency may be subject in connection with such claims or litigation. The Company maintains a broad program of insurance coverage for these general types of claims, except for claims relating to employment matters, for which the Company carries no insurance. There can be no assurance that the Company's insurance coverage will be adequate to cover all claims to which it may be exposed. It is the Company's general practice to bring merged or acquired companies into its corporate master policies in order to take advantage of certain economies of scale.

The Company currently maintains a general liability policy and excess liability policies with total limits of \$70.0 million per occurrence and \$90.0 million total general liability annual aggregate limits covering the operations of U.S. Secure Services, GEO Care's community-based services, GEO Care's youth services and BI. The Company has a claims-made liability insurance program with a specific loss limit of \$40.0 million per occurrence and in the aggregate related to medical professional liability claims arising out of correctional healthcare services. The Company is uninsured for any claims in excess of these limits. We also maintain insurance to cover property and other casualty risks including, workers' compensation, environmental liability, cybersecurity liability and automobile liability.

For most casualty insurance policies, the Company carries substantial deductibles or self-insured retentions of \$3.0 million per occurrence for general liability and medical professional liability, \$2.0 million per occurrence for workers' compensation and \$1.0 million per occurrence for automobile liability. In addition, certain of the Company's facilities located in Florida and other high-risk hurricane areas carry substantial windstorm deductibles. Since hurricanes are considered unpredictable future events, no reserves have been established to pre-fund for potential windstorm damage. Limited commercial availability of certain types of insurance relating to windstorm exposure in coastal areas and earthquake exposure mainly in California and the Pacific Northwest may prevent the Company from insuring some of its facilities to full replacement value.

With respect to operations in South Africa, the United Kingdom and Australia, the Company utilizes a combination of locally-procured insurance and global policies to meet contractual insurance requirements and protect the Company. In addition to these policies, the Company's Australian subsidiary carries tail insurance on a general liability policy related to a discontinued contract.

Of the insurance policies discussed above, the Company's most significant insurance reserves relate to workers' compensation, general liability and auto claims. These reserves are undiscounted and were \$78.9 million and \$68.2 million as of December 31, 2020 and 2019, respectively, and are included in Accrued Expenses in the accompanying Consolidated Balance Sheets. The Company uses statistical and actuarial methods to estimate amounts for claims that have been reported but not paid and claims incurred but not reported. In applying these methods and assessing their results, the Company considers such factors as historical frequency and severity of claims at each of its facilities, claim development, payment patterns and changes in the nature of its business, among other factors. Such factors are analyzed for each of the Company's business segments. The Company estimates may be impacted by such factors as increases in the market price for medical services and unpredictability of the size of jury awards. The Company also may experience variability between its estimates and the actual settlement due to limitations inherent in the estimation process, including its ability to estimate costs of processing and settling claims in a timely manner as well as its ability to accurately estimate the Company's exposure at the onset of a claim. Because the Company has high deductible insurance policies, the amount of its insurance expense is dependent on its ability to control its claims experience. If actual losses related to insurance claims significantly differ from the Company's estimates, its financial condition, results of operations and cash flows could be materially adversely impacted.

Comprehensive Income (Loss)

Comprehensive income (loss) represents the change in shareholders' equity from transactions and other events and circumstances arising from non-shareholder sources. The Company's total comprehensive income is comprised of net income attributable to GEO, net income attributable to noncontrolling interests, foreign currency translation adjustments that arise from consolidating foreign operations that do not impact cash flows, net unrealized gains and/ or losses on derivative instruments, and pension liability adjustments in the consolidated statements of shareholders' equity.

The components of accumulated other comprehensive loss attributable to GEO included in the consolidated statement of shareholders' equity are as follows (in thousands):

	Foreign currency translation adjustments, net of tax attributable to The GEO Group, Inc. [1]	Unrealized loss on derivatives, net of tax [2]	Pension adjustments, net of tax	Total
Balance, January 1, 2020	\$ (12,314)	\$ (1,476)	\$ (6,545)	\$ (20,335)
Current-period other comprehensive income (loss)	3,107	(3,276)	(2,085)	(2,254)
Balance, December 31, 2020	\$ (9,207)	\$ (4,752)	\$ (8,630)	\$ (22,589)
	Foreign currency translation adjustments, net of tax attributable to The GEO Group, Inc. [1]	Unrealized loss on derivatives, net of tax	Pension adjustments, net of tax	Total
Balance, January 1, 2019	\$ (14,573)	\$ (5,746)	\$ (3,299)	\$ (23,618)
Current-period other comprehensive income (loss)	2,259	419	(3,246)	(568)
Amounts reclassified from other comprehensive income into earnings [1]	—	3,851	—	3,851
Net current-period comprehensive income (loss)	2,259	4,270	(3,246)	3,283
Balance, December 31, 2019	\$ (12,314)	\$ (1,476)	\$ (6,545)	\$ (20,335)

[1] On May 22, 2019, the Company refinanced the debt associated with its Ravenhall project and terminated the associated interest rate swap derivatives which resulted in the reclassification of \$3.9 million into loss on extinguishment of debt that were previously reported in accumulated other comprehensive income (loss). In August 2019, the Company entered into two identical promissory notes in the aggregate amount of \$44.3 million which are secured by loan agreements and mortgage and security agreements on certain real property and improvements. The Company has entered into interest rate swap agreements to fix the interest rate at 4.22%. Refer to Note 7 - Derivative Financial Instruments and Note 12 - Debt for additional information.

There were no reclassifications out of accumulated other comprehensive income (loss) during the year ended December 31, 2020.

The foreign currency translation adjustment, net of tax, related to noncontrolling interests was not significant for the year ended December 31, 2020 or 2019.

Foreign Currency Translation

The Company's foreign operations use their local currencies as their functional currencies. Assets and liabilities of the operations are translated at the exchange rates in effect on the balance sheet date and shareholders' equity is translated at historical rates. Income statement items are translated at the average exchange rates for the year. Any adjustment resulting from translating the financial statements of the foreign subsidiary is reflected as other comprehensive income, net of related tax. Gains and losses on foreign currency transactions are included in the statement of operations.

Derivatives

The Company's primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in interest rates. The Company measures its derivative financial instruments at fair value and records derivatives as either assets or liabilities on the balance sheet. For derivatives that are designed as and qualify as effective cash flow hedges, the portion of gain or loss on the derivative instrument effective at offsetting changes in the hedged item is reported as a component of accumulated other comprehensive income and reclassified into earnings when the hedged transaction affects earnings. For derivative instruments that are designated as and qualify as effective fair value hedges, the gain or loss on the derivative instruments as well as the offsetting gain or loss on the hedged items attributable to the hedged risk is recognized in current earnings as interest income (expense) during the period of the change in fair values. For derivative instruments that do not meet the requirements for hedge accounting, changes in fair value are recorded in earnings.

The Company formally documents all relationships between hedging instruments and hedge items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes attributing all derivatives that are designated as cash flow hedges to floating rate liabilities and attributing all derivatives that are designated as fair value hedges to fixed rate liabilities. The Company also assesses whether each derivative is highly effective in offsetting changes in the cash flows of the hedged item. Fluctuations in the value of the derivative instruments are generally offset by changes in the hedged item; however, if it is determined that a derivative is not highly effective as a hedge or if a derivative ceases to be a highly effective hedge, the Company will discontinue hedge accounting prospectively for the affected derivative.

Stock-Based Compensation Expense

The Company recognizes the cost of stock-based compensation awards based upon the grant date fair value of those awards. The impact of forfeitures that may occur prior to vesting is also estimated and considered in the amount recognized. Stock-based compensation expense is recognized ratably over the requisite service period, which is typically the vesting period.

The fair value of stock-based option awards was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions for options awarded during years 2020, 2019 and 2018:

	2020	2019	2018	
Risk free interest rates	1.79%	2.44%	2.84	%
Expected term	4-5 years	4-5 years	4-5 years	
Expected volatility	41%	41%	40	%
Expected dividend rate	13.11%	8.47%	8.70	%

The Company uses historical data to estimate award exercises and employee terminations within the valuation model. The expected term of the awards represents the period of time that awards granted are expected to be outstanding and is based on historical data and expected holding periods.

For restricted stock share-based awards that contain a performance condition, the achievement of the targets must be probable before any share-based compensation is recorded. If subsequent to the initial measurement there is a change in the estimate of the probability of meeting the performance condition, the effect of the change in the estimated quantity of awards expected to vest is recognized by cumulatively adjusting compensation expense. If ultimately the performance targets are not met, for any awards where vesting was previously deemed probable, previously recognized compensation expense will be reversed in the period in which vesting is no longer deemed probable.

For restricted stock share-based awards that contain a market condition, the probability of satisfying the market condition is considered in the estimate of grant-date fair value and previously recorded compensation expense is not reversed if the market condition is never met. The fair value of restricted stock awards granted in 2020, 2019 and 2018 with market-based performance conditions was determined based on a Monte Carlo simulation, which calculates a range of possible outcomes and the probabilities that they will occur, using the following average key assumptions:

	2020		2019		2018	
Expected volatility	30.3	%	43.7	%	44.5	%
Beta	1.12		1.00		1.05	
Risk free interest rate	0.85	%	2.53	%	2.58	%

Earnings Per Share

Basic earnings per share is computed by dividing the net income attributable to GEO, by the weighted average number of outstanding shares of common stock. The calculation of diluted earnings per share is similar to that of basic earnings per share, except that the denominator includes the dilutive effect, if any, of common stock equivalents such as stock options and shares of restricted stock.

Recent Accounting Pronouncements

The Company implemented the following accounting standards during the year ended December 31, 2020:

The SEC recently adopted the final rule in Release No. 33-10762 (the “Final Rule”), Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant’s Securities, to eliminate certain prescriptive requirements currently in Rules 3-10 and 3-16 of Regulation S-X. The Final Rule amends Regulation S-X Rules 3-10 and 3-16 with Regulation S-X Rules 13-01, Guarantors and issuers of guaranteed securities registered or being registered, and 13-02, Affiliates whose securities collateralize securities registered or being registered. The Final Rule simplifies the conditions required to omit separate financial statements of subsidiary issuers and guarantors, allows for reduced supplemental financial information about subsidiary issuers and guarantors as well as affiliates whose securities are collateralized and expands qualitative disclosures about the guarantees or securities pledged as collateral as well as issuers, guarantors, or affiliates, as applicable. The amended rules also provide flexibility to include these disclosures within or outside the annual and interim financial statements in both registration statements and periodic reports. Further, the disclosures are required only for the most recent annual and year-to-date interim periods. The Final Rule is effective on January 4, 2021 with early adoption permitted. The early adoption of the Final Rule did not have a material impact on the Company’s financial position, results of operations or cash flows.

In August 2018, the FASB issued ASU No. 2018-13, “Fair Value Measurement (Topic 820)” as a part of its disclosure framework project. The amendments in this update remove, modify and add certain disclosures primarily related to transfers between Level 1 and Level 2 of the fair value hierarchy, various disclosures related to Level 3 fair value measurements and investments in certain entities that calculate net asset value. The new standard was effective for the Company beginning January 1, 2020. The adoption of this standard did not have a material impact on the Company’s financial position, results of operations or cash flows.

In June 2016, the FASB issued ASC No. 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”. The purpose of Update No. 2016-13 is to replace the current incurred loss impairment methodology for financial assets measured at amortized cost with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information, including forecasted information, to develop credit loss estimates. Update No. 2016-13 was effective for the Company beginning January 1, 2020. The adoption of this standard did not have a material impact on the Company’s financial position, results of operations or cash flows.

The following accounting standards will be adopted in future periods:

In August 2020, the FASB issued ASU 2020-06, “Debt – Debt with Conversion and Other Options”. The guidance in this update simplifies the accounting for convertible debt and convertible preferred stock by removing the requirements to separately present certain conversion features in equity. In addition, the amendments in the ASU also simplify the guidance in ASC 815-40, “Derivatives and Hedging: Contracts in an Entity’s Own Equity” by removing certain criteria that must be satisfied in order to classify a contract as equity, which is expected to decrease the number of freestanding instruments and embedded derivatives accounted for as assets or liabilities. Finally, the amendments revise the guidance on calculating earnings per share, requiring use of the if-converted method for all convertible instruments and rescinding an entity’s ability to rebut the presumption of share settlement for instruments that may be settled in cash or shares. The new standard is effective for the Company beginning January 1, 2022. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The adoption of this standard is not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

In March 2020, the FASB issued ASU 2020-04, “Reference Reform Rate (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting,” to provide temporary optional expedients and exceptions to the contract modifications, hedge relationships and other transactions affected by reference rate reform if certain criteria are met. This ASU, which was effective upon issuance and may be applied through December 31, 2022, is applicable to all contracts and hedging relationships that reference the London Interbank Offered Rate or any other reference rate expected to be discontinued. The Company is currently evaluating the impact of reference rate reform and the potential application of this guidance.

In August 2018, the FASB issued ASU No. 2018-14, “Compensation-Retirement Benefits-Defined Benefit Plans-General (Topic 715.20)” as a part of its disclosure framework project. The amendments in this update remove, modify and add certain disclosures primarily related to amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year, explanations for reasons for significant gains and losses related to changes in the benefit obligation for the period, and projected and accumulated benefit obligations. The new standard is effective for the Company beginning January 1, 2021. The adoption of this standard is not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

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

2. Shareholders’ Equity

Common Stock

Each holder of the Company’s common stock is entitled to one vote per share on all matters to be voted upon by the Company’s shareholders. Upon any liquidation, dissolution or winding up of the Company, the holders of common stock are entitled to share equally in all assets available for distribution after payment of all liabilities, subject to the liquidation preference of shares of preferred stock, if any, then outstanding.

Distributions

As a REIT, GEO is required to distribute annually at least 90% of its REIT taxable income (determined without regard to the dividends paid deduction and by excluding net capital gain) and began paying regular quarterly REIT dividends in 2013. The amount, timing and frequency of future dividends, however, will be at the sole discretion of GEO’s Board of Directors (the “Board”) and will be declared based upon various factors, many of which are beyond GEO’s control, including, GEO’s financial condition and operating cash flows, the amount required to maintain REIT status and reduce any income taxes that GEO otherwise would be required to pay, limitations on distributions in GEO’s existing and future debt instruments, limitations on GEO’s ability to fund distributions using cash generated through GEO’s TRSs and other factors that GEO’s Board may deem relevant.

During the years ended December 31, 2020, 2019 and 2018, GEO declared and paid the following regular cash distributions to its stockholders which were treated for federal income taxes as follows:

Declaration Date	Payment Date	Record Date	Distribution Per Share	Ordinary Dividends			Aggregate Payment Amount (millions)
				Qualified (1)	Non-Qualified	Nondividend Distributions (2)	
February 5, 2018	February 27, 2018	February 16, 2018	\$ 0.47	\$ 0.046117	\$ 0.209022	\$ 0.2148609	\$ 58.3
April 11, 2018	May 3, 2018	April 23, 2018	0.47	0.046117	0.209022	0.2148609	57.4
July 10, 2018	July 27, 2018	July 20, 2018	0.47	0.046117	0.209022	0.2148609	57.2
October 15, 2018	November 2, 2018	October 26, 2018	0.47	0.046117	0.209022	0.2148609	57.2
February 4, 2019	February 22, 2019	February 15, 2019	0.48	—	0.2759699	0.2040301	57.9
April 3, 2019	April 22, 2019	April 15, 2019	0.48	—	0.2759699	0.2040301	58.2
July 9, 2019	July 26, 2019	July 19, 2019	0.48	—	0.2759699	0.2040301	58.2
October 14, 2019	November 1, 2019	October 25, 2019	0.48	—	0.2759699	0.2040301	58.2
February 3, 2020	February 21, 2020	February 14, 2020	0.48	—	0.2655802	0.2144198	58.2
April 6, 2020	April 24, 2020	April 17, 2020	0.48	—	0.2655802	0.2144198	58.5
July 7, 2020	July 24, 2020	July 17, 2020	0.48	—	0.2655802	0.2144198	58.5
October 6, 2020	October 23, 2020	October 16, 2020	0.34	—	0.1881193	0.1518807	41.5

- (1) For 2019 and 2020, there are no Qualified Dividends. Qualified Dividends represents the portion of Total Ordinary Dividends which constitutes a “Qualified Dividend”, as defined by the Internal Revenue Service.
- (2) The amount constitutes a “Return of Capital”, as defined by the Internal Revenue Service.

Stock Buyback Program

On February 14, 2018, the Company announced that its Board authorized a stock buyback program authorizing the Company to repurchase up to a maximum of \$200 million of its shares of common stock. The stock buyback program was funded primarily with cash on hand, free cash flow and borrowings under the Company's \$900 million revolving credit facility (the "Revolver"). The program expired on October 20, 2020. The stock buyback program was intended to be implemented through purchases made from time to time in the open market or in privately negotiated transactions, in accordance with applicable Securities and Exchange Commission ("SEC") requirements. The stock buyback program did not obligate the Company to purchase any specific amount of its common stock and could have been suspended or extended at any time at the discretion of the Company's Board. During the year ended December 31, 2020, the Company purchased 553,665 shares of its common stock at a cost of \$9.0 million primarily purchased with proceeds from the Company's Revolver. There were no purchases of the Company's common stock during the year ended December 31, 2019. During the year ended December 31, 2018, the Company purchased 4,210,254 shares of its common stock at a cost of \$95.2 million primarily purchased with proceeds from the Company's Revolver.

Automatic Shelf Registration on Form S-3

On October 30, 2020, the Company filed an automatic shelf registration on Form S-3 with the SEC that enables the Company to offer for sale, from time to time and as the capital markets permit, an unspecified amount of common stock, preferred stock, debt securities, guarantees of debt securities, warrants and units. Each time the Company offers to sell securities, the Company will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities being offered. The shelf registration statement is automatically effective and is valid for three years.

Preferred Stock

In April 1994, the Company's Board authorized 30 million shares of "blank check" preferred stock. The Board is authorized to determine the rights and privileges of any future issuance of preferred stock such as voting and dividend rights, liquidation privileges, redemption rights and conversion privileges. As of December 31, 2020 and 2019, there were no shares of preferred stock outstanding.

Noncontrolling Interests

The Company includes the results of operations and financial position of SACM or the "joint venture", its majority-owned subsidiary, in its consolidated financial statements. SACM was established in 2001 to operate correctional centers in South Africa. The joint venture currently provides security and other management services for the Kutama Sinthumule Correctional Centre in the Republic of South Africa under a 25-year management contract which commenced in February 2002. The Company's and the joint venture partner's shares in the profits of the joint venture are 88.75% and 11.25%, respectively. There were no changes in the Company's ownership percentage of the consolidated subsidiary during the years ended December 31, 2020, 2019 and 2018.

3. Equity Incentive Plans

The Board has adopted The GEO Group, Inc. 2018 Stock Incentive Plan (the "2018 Plan"), which was approved by the Company's shareholders on April 24, 2018. The 2018 Plan replaced the 2014 Stock Incentive Plan. As of the date the 2018 Plan was adopted, it provided for a reserve of 4,600,000 shares of common stock that may be issued pursuant to awards granted under the 2018 Plan. The Company filed a Form S-8 registration statement related to the 2018 Plan on May 11, 2018.

Under the terms of the 2018 Plan, the vesting period and, in the case of stock options, the exercise price per share, are determined by the terms of each grant agreement. All stock options that have been granted under the Company plans are exercisable at the fair market value of the common stock at the date of the grant. Generally, the stock options vest and become exercisable ratably over a four-year period. All stock options awarded under the 2018 Plan expire no later than ten years after the date of the grant. When options are exercised, the Company issues shares of common stock related to the exercised options.

The Company recognized compensation expense related to the Company plans for the years ended December 31, 2020, 2019 and 2018 as follows (in thousands):

	2020	2019	2018
Stock option plan expense	\$ 1,141	\$ 1,085	\$ 996
Restricted stock expense	\$ 22,755	\$ 21,260	\$ 21,053

Stock Options

A summary of the activity of the Company's stock options plans is presented below:

	Shares	Wtd. Avg. Exercise Price	Wtd. Avg. Remaining Contractual Term (years)	Aggregate Intrinsic Value
	(In thousands)			(In thousands)
Options outstanding at January 1, 2020	1,590	\$ 24.29	6.90	\$ 232
Granted	480	14.64		
Exercised	—	—		
Forfeited/Canceled	(119)	21.96		
Options outstanding at December 31, 2020	1,951	\$ 22.07	6.62	\$ —
Options vested and expected to vest at December 31, 2020	1,869	\$ 22.27	6.53	\$ —
Options exercisable at December 31, 2020	1,051	\$ 24.53	5.13	\$ —

The aggregate intrinsic value in the table above represents the total pretax intrinsic value (i.e., the difference between the Company's closing stock price on the last trading day of 2020 and the exercise price, times the number of shares that are "in the money") that would have been received by the option holders had all option holders exercised their options on December 31, 2020. This amount changes based on the fair value of the Company's stock.

The following table summarizes information relative to stock option activity during the years ended December 31, 2020, 2019 and 2018 (in thousands):

	2020	2019	2018
Intrinsic value of options exercised	\$ —	\$ 433	\$ 519
Fair value of shares vested	\$ 1,061	\$ 971	\$ 794

The following table summarizes information about the exercise prices and related information of stock options outstanding under the Company plans at December 31, 2020:

Exercise Prices (\$)	Options Outstanding			Options Exercisable		
	Number Outstanding	Wtd. Avg. Remaining Contractual Life	Wtd. Avg. Exercise Price	Number Exercisable	Wtd. Avg. Remaining Contractual Life	Wtd. Avg. Exercise Price
	(In thousands)					
0-18.23	552	7.51	\$ 14.62	109	0.74	\$ 14.53
18.24-22.26	588	6.12	\$ 20.99	417	5.63	\$ 20.74
22.27-29.39	495	6.55	\$ 25.11	272	5.22	\$ 27.11
29.40-50.00	316	6.12	\$ 32.27	253	6.11	\$ 32.27
Total	1,951	6.62	\$ 22.07	1,051	5.13	\$ 24.53

The weighted average grant date fair value of options granted during the year ended December 31, 2020, 2019 and 2018 was \$1.59, \$3.64 and \$5.91 per share, respectively. There were 0.5 million, 0.4 million and 0.5 million options granted during the year ended December 31, 2020, 2019 and 2018, respectively.

The following table summarizes the status of non-vested stock options as of December 31, 2020 and changes during the year ended December 31, 2020:

	Number of Shares	Wtd. Avg. Grant Date Fair Value
	(In thousands)	
Options non-vested at January 1, 2020	781	\$ 3.99
Granted	480	1.59
Vested	(242)	3.79
Forfeited	(119)	3.40
Options non-vested at December 31, 2020	900	\$ 2.87

As of December 31, 2020, the Company had \$2.2 million of unrecognized compensation costs related to non-vested stock option awards that are expected to be recognized over a weighted average period of 2.3 years.

Restricted Stock

During the year ended December 31, 2020, the Company granted approximately 900,000 shares of restricted stock to certain employees and executive officers. Of these awards, 360,000 are market and performance-based awards that will be forfeited if the Company does not achieve certain annual metrics during 2020, 2021 and 2022. The fair value of restricted stock awards, which do not contain a market-based condition, is determined using the closing price of the Company's common stock on the date of the grant and compensation expense is recognized over the vesting period. Generally, the restricted stock awards vest in equal increments over either a three or four-year period.

The vesting of market and performance-based restricted stock grants awarded in 2020 are subject to the achievement by GEO of two annual performance metrics as follows: (i) up to 50% of the shares of restricted stock ("TSR Target Award") can vest at the end of a three-year performance period if GEO meets certain total shareholder return ("TSR") performance targets, as compared to the total shareholder return of a peer group of companies, over a three year period from January 1, 2020 to December 31, 2022 and (ii) up to 50% of the shares of restricted stock ("ROCE Target Award") can vest at the end of a three-year period if GEO meets certain return on capital employed ("ROCE") performance targets over a three year period from January 1, 2020 to December 31, 2022. These market and performance awards can vest at between 0% and 200% of the target awards for both metrics. The number of shares shown for the market and performance-based awards is based on the target awards for both metrics.

During the year ended December 31, 2019, the Company granted approximately 788,000 shares of restricted stock to certain employees and executive officers. Of these awards, 250,000 are market and performance-based awards that will be forfeited if the Company does not achieve certain annual metrics over a three-year period from January 1, 2019 to December 31, 2021.

The vesting of the market and performance-based restricted stock grants awarded in 2019 are subject to the achievement by GEO of two annual performance metrics as follows: (i) up to 50% of the TSR Target Award can vest at the end of a three-year performance period if GEO meets certain TSR performance targets, as compared to the total shareholder return of a peer group of companies, over a three year period from January 1, 2019 to December 31, 2021; and (ii) up to 50% of the ROCE Target Award can vest at the end of a three-year performance period if GEO meets certain ROCE performance targets over a three year period from January 1, 2019 to December 31, 2021. These market and performance-based awards can vest at between 0% and 200% of the target awards for both metrics. The number of shares shown for the market and performance-based awards is based on the target awards for both metrics.

During the year ended December 31, 2018, the Company granted 906,000 shares of restricted stock to its executive officers and to certain senior employees. Of these awards, 352,500 are market and performance-based awards that will be forfeited if the Company does not achieve certain annual metrics over a three-year period from January 1, 2018 to December 31, 2020.

The vesting of the market and performance-based restricted stock grants awarded in 2018 are subject to the achievement by GEO of two annual performance metrics as follows: (i) up to 50% of the TSR Target Award can vest at the end of a three-year performance period if GEO meets certain TSR performance targets, as compared to the total shareholder return of a peer group of companies, over a three year period from January 1, 2018 to December 31, 2020; and (ii) up to 50% of the ROCE Target Award can vest at the end of a three-year period if GEO meets certain ROCE performance targets over a three year period from January 1, 2018 to December 31, 2020. These performance awards can vest at the end of the three-year performance period at between 0% and 200% of the target awards for both metrics. The number of shares shown for the performance-based awards is based on the target awards for both metrics.

The metric related to TSR is considered to be a market condition. For share-based awards that contain a market condition, the probability of satisfying the market condition must be considered in the estimate of grant-date fair value. Compensation expense is recognized over the vesting period and previously recorded compensation expense is not reversed if the market condition is never met. Refer to Note 1 - Summary of Business Organization, Operations and Significant Accounting Policies-**Stock-Based Compensation Expense**, for the assumptions and method used to value these awards.

The metric related to ROCE is considered to be a performance condition. For share-based awards that contain a performance condition, the achievement of the targets must be probable before any share-based compensation expense is recorded. The Company reviews the likelihood of which target in the range will be achieved and if deemed probable, compensation expense is recorded at that time. If subsequent to the initial measurement there is a change in the estimate of the probability of meeting the performance condition, the effect of the change in the estimated quantity of awards expected to vest is recognized by cumulatively adjusting compensation expense. If ultimately the performance targets are not met, for any awards where vesting was previously deemed probable, previously recognized compensation expense will be reversed in the period in which vesting is no longer deemed probable. During 2020, 2019 and 2018, the Company deemed the achievement of the target award to be probable and there were no changes in the estimated quantity of awards expected to vest. The fair value of these awards was determined based on the closing price of the Company's common stock on the date of grant.

The following table summarizes the status of restricted stock awards as of December 31, 2020 and changes during the year ended December 31, 2020:

	Shares	Wtd. Avg. Grant date Fair value
	(In thousands)	
Restricted stock outstanding at January 1, 2020	2,047	\$ 27.33
Granted	900	15.30
Vested	(736)	27.79
Forfeited/Canceled	(57)	20.36
Restricted stock outstanding at December 31, 2020	2,154	\$ 20.61

As of December 31, 2020, the Company had \$22.0 million of unrecognized compensation cost that is expected to be recognized over a weighted average period of 2.2 years.

Employee Stock Purchase Plan

The Company previously adopted The GEO Group Inc. 2011 Employee Stock Purchase Plan (the “Plan”), which was approved by the Company’s shareholders. The purpose of the Plan, which is qualified under Section 423 of the Internal Revenue Service Code of 1986, as amended, is to encourage stock ownership through payroll deductions by the employees of GEO and designated subsidiaries of GEO in order to increase their identification with the Company’s goals and secure a proprietary interest in the Company’s success. These deductions are used to purchase shares of the Company’s Common Stock at a 5% discount from the then current market price. The Company has made available up to 750,000 shares of its common stock, which were registered with the Securities and Exchange Commission on May 4, 2012, as amended on July 18, 2014, for sale to eligible employees.

The Plan is considered to be non-compensatory. As such, there is no compensation expense required to be recognized. Share purchases under the Plan are made on the last day of each month. During the years ended December 31, 2020, 2019 and 2018, 49,896, 30,153 and 24,365 shares of common stock, respectively, were issued in connection with the Plan.

4. Earnings Per Share

Basic and diluted earnings per share (“EPS”) from continuing operations were calculated for the years ended December 31, 2020, 2019, and 2018 respectively, as follows:

Fiscal Year	2020	2019	2018
	(In thousands, except per share data)		
Net Income	\$ 112,831	\$ 166,412	\$ 144,827
Loss attributable to noncontrolling interests	201	191	262
Net income attributable to The GEO Group, Inc.	\$ 113,032	\$ 166,603	\$ 145,089
Basic earnings per share attributable to The GEO Group, Inc.:			
Weighted average shares outstanding	119,719	119,097	120,241
Per share amount	\$ 0.94	\$ 1.40	\$ 1.21
Diluted earnings per share attributable to The GEO Group, Inc.:			
Weighted average shares outstanding	119,719	119,097	120,241
Dilutive effect of equity incentive plans	272	214	506
Weighted average shares assuming dilution	119,991	119,311	120,747
Per share amount - diluted	\$ 0.94	\$ 1.40	\$ 1.20

For the year ended December 31, 2020, 1,931,407 weighted average shares of common stock underlying options were excluded from the computation of diluted EPS because the effect would be anti-dilutive. For the same period, 1,652,986 common stock equivalents from restricted shares were anti-dilutive and excluded from the computation of diluted EPS.

For the year ended December 31, 2019, 1,495,210 weighted average shares of common stock underlying options were excluded from the computation of diluted EPS because the effect would be anti-dilutive. For the same period, 1,514,177 common stock equivalents from restricted shares were anti-dilutive and excluded from the computation of diluted EPS.

For the year ended December 31, 2018, 931,473 weighted average shares of common stock underlying options were excluded from the computation of diluted EPS because the effect would be anti-dilutive. For the same period, 680,062 common stock equivalents from restricted shares were anti-dilutive and excluded from the computation of diluted EPS.

5. Property and Equipment

Property and equipment consist of the following at fiscal year end:

	Useful Life (Years)	2020	2019
		(In thousands)	
Land	—	\$ 128,498	\$ 128,874
Buildings and improvements	2 to 50	2,264,910	2,229,956
Leasehold improvements	1 to 29	283,561	291,511
Equipment	3 to 10	225,509	216,604
Furniture, fixtures and computer software	1 to 7	66,375	64,828
Facility construction in progress	—	42,863	31,979
Total		\$ 3,011,716	\$ 2,963,752
Less accumulated depreciation and amortization		(889,521)	(819,030)
Property and equipment, net		\$ 2,122,195	\$ 2,144,722

The Company amortizes its leasehold improvements over the shorter of their estimated useful lives or the terms of the leases including renewal periods that are reasonably assured. The Company's construction in progress primarily consists of new construction and renovations to facilities that are owned by the Company. Interest capitalized in property and equipment for the years ended December 31, 2020 and 2019 was not significant.

Depreciation expense was \$112.4 million, \$107.9 million and \$103.5 million for the years ended December 31, 2020, 2019 and 2018, respectively.

At both December 31, 2020 and 2019, the Company had \$19.4 million and \$17.1 million, respectively, of assets recorded under finance leases related to land, buildings and improvements. Finance leases are recorded net of accumulated amortization of \$15.4 million and \$14.2 million, at December 31, 2020 and 2019, respectively. Depreciation expense related to assets recorded under finance leases for each of the years ended December 31, 2020, 2019 and 2018 was \$1.2 million, \$1.0 million and \$1.0 million, respectively and are included in Depreciation and Amortization in the accompanying consolidated statements of operations.

6. Contract Receivable

On September 16, 2014, GEO's wholly-owned subsidiary, GEO Ravenhall Pty. Ltd., in its capacity as trustee of another wholly-owned subsidiary, GEO Ravenhall Trust ("Project Co"), signed the Ravenhall Prison Project Agreement ("Ravenhall Contract") with the State of Victoria (the "State") for the development and operation of a 1,300-bed facility in Ravenhall, a locality near Melbourne, Australia under a public-private partnership financing structure. The design and construction phase ("D&C Phase") of the agreement began in September 2014 and was completed in November 2017. Project Co was the primary developer during the D&C Phase and subcontracted with a bonded international design and build contractor to design and construct the facility. GEO's wholly owned subsidiary, the GEO Group Australasia Pty. Ltd. ("GEO Australia") is currently operating the facility under a 25-year management contract ("Operating Phase"). During the D&C Phase, GEO Australia provided construction management and consultant services to the State.

During the D&C Phase, the Company recognized revenue as earned on a percentage of completion basis measured by the percentage of costs incurred to date as compared to the estimated total costs for the design and construction of the facility. Costs incurred and estimated earnings in excess of billings are classified as Contract Receivable in the accompanying consolidated balance sheets. The total balance of the Contract Receivable at December 31, 2020 is \$402.9 million which is recorded at net present value based on the timing of expected future settlement. Interest income is recorded as earned using an effective interest rate of 8.97%. As the primary contractor, Project Co was exposed to the various risks associated with the D&C Phase. Accordingly, the Company recorded construction revenue on a gross basis and included the related costs of construction activities in operating expenses within the Facility Design & Construction segment. Reimbursable pass through costs were excluded from revenues and expenses.

7. Derivative Financial Instruments

The Company's primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in interest rates. The Company measures its derivative financial instruments at fair value.

In August 2019, the Company entered into two interest rate swap agreements in the aggregate notional amount of \$44.3 million to fix the interest rate on certain of its variable rate debt to 4.22%. The Company has designated these interest rate swaps as hedges against changes in the cash flows of two identical promissory notes (the "Notes") which are secured by loan agreements and mortgage and security agreements on certain real property and improvements. The Company has determined that the swaps have payment, expiration dates, and provisions that coincide with the terms of the Notes and are therefore considered to be effective cash flow hedges. Accordingly,

the Company records the change in fair value of the interest rate swaps as accumulated other comprehensive income (loss), net of applicable taxes. Total unrealized losses recorded in total other comprehensive income (loss), net of tax, related to these cash flow hedges was \$4.8 million during the year ended December 31, 2020. The total fair value of the swap liabilities as of December 31, 2020 was \$6.0 million and is recorded as a component of Other Non-Current liabilities within the accompanying balance sheet. There was no material ineffectiveness for the period presented. The Company does not expect to enter into any transactions during the next twelve months which would result in reclassification into earnings or losses associated with these swaps currently reported in accumulated other comprehensive income (loss). Refer to Note 12 - Debt for additional information.

The Company's Australian subsidiary entered into interest rate swap agreements to fix the interest rate on its variable rate non-recourse debt related to a project in Ravenhall, a locality near Melbourne, Australia to 4.2%. The Company determined that the swaps had payment, expiration dates, and provisions that coincided with the terms of the non-recourse debt and were therefore considered to be effective cash flow hedges. Accordingly, the Company recorded the change in the fair value of the interest rate swaps in accumulated other comprehensive income (loss), net of applicable income taxes. On May 22, 2019, the Company refinanced the associated debt and terminated the swap agreements which resulted in the reclassification of \$3.9 million into losses that were previously reported in accumulated other comprehensive income (loss). Refer to Note 12 - Debt for additional information.

8. Goodwill and Other Intangible Assets, Net

The Company has recorded goodwill as a result of its various business combinations. Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the tangible assets and intangible assets acquired net of liabilities assumed, including noncontrolling interests. Changes in the Company's goodwill balances recognized during the years ended December 31, 2020 and 2019 were as follows (in thousands):

	1/1/2020	Impairment charges [1]	Foreign currency translation	12/31/2020
U.S. Secure Services	\$ 316,366	\$ —	\$ —	\$ 316,366
GEO Care	459,589	(21,146)	—	438,443
International Services	401	—	40	441
Total Goodwill	\$ 776,356	\$ (21,146)	\$ 40	\$ 755,250

[1] As discussed in Note 1 – Summary of Business Organization, Operations and Significant Policies, the Company performed its annual goodwill impairment testing on the first day of the fourth quarter of 2020. That testing indicated that there was a goodwill impairment in its community based reporting unit, which is included in the Company's GEO Care reportable segment, and for which a quantitative analysis was performed. After the impairment charge, there is approximately \$148.8 million of goodwill remaining in the community based reporting unit at December 31, 2020.

	1/1/2019	Foreign currency translation	12/31/2019
U.S. Secure Services	\$ 316,366	\$ —	\$ 316,366
GEO Care	459,589	—	459,589
International Services	404	(3)	401
Total Goodwill	\$ 776,359	\$ (3)	\$ 776,356

Intangible assets consisted of the following as of December 31, 2020 and 2019 (in thousands):

	December 31, 2020				December 31, 2019		
	Weighted Average Useful Life (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Facility management contracts	16.3	\$ 308,398	\$ (168,848)	\$ 139,550	\$ 308,432	\$ (148,171)	\$ 160,261
Technology	7.3	33,700	(30,703)	2,997	33,700	(29,091)	4,609
Trade names	Indefinite	45,200	—	45,200	45,200	—	45,200
Total acquired intangible assets		\$ 387,298	\$ (199,551)	\$ (187,747)	\$ (387,332)	\$ (177,262)	\$ 210,070

The accounting for recognized intangible assets is based on the useful lives to the reporting entity. Intangible assets with finite useful lives are amortized over their useful lives and intangible assets with indefinite useful lives are not amortized. The Company estimates the useful lives of its intangible assets taking into consideration (i) the expected use of the asset by the Company, (ii) the expected useful lives of other related assets or groups of assets, (iii) legal or contractual limitations, (iv) the Company's historical experience in renewing or extending similar arrangements, (v) the effects of obsolescence, demand, competition and other economic factors and (vi) the level of maintenance expenditures required to obtain the expected cash flows from the asset.

Amortization expense was \$22.3 million, \$22.3 million and \$22.9 million for the years ended December 31, 2020, 2019 and 2018, respectively, and primarily related to the U.S. Secure Services and GEO Care segments' amortization of intangible assets for acquired management contracts. The Company relies on its historical experience in determining the useful life of facility management contracts. The Company makes assumptions related to acquired facility management contracts based on the competitive environment for individual contracts, our historical success rates in retaining contracts, the supply of available beds in the market, changes in legislation, the projected profitability of the facilities and other market conditions. As of December 31, 2020, the weighted average period before the next contract renewal or extension for the facility management contracts was approximately 2.0 years. Although the facility management contracts acquired have renewal and extension terms in the near term, the Company has historically maintained these relationships beyond the contractual periods.

Estimated amortization expense related to the Company's finite-lived intangible assets for 2021 through 2025 and thereafter is as follows (in thousands):

Fiscal Year	Total Amortization Expense
2021	\$ 21,189
2022	16,705
2023	13,481
2024	9,748
2025	9,696
Thereafter	71,728
	<u>\$ 142,547</u>

9. Financial Instruments

The following table provides a summary of the Company's significant financial assets and liabilities carried at fair value and measured on a recurring basis (in thousands):

	Fair Value Measurements at December 31, 2020			
	Carrying Value at December 31, 2019	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Restricted investments:				
Rabbi Trust	\$ 35,749	\$ —	\$ 35,749	\$ —
Fixed income securities	1,932	—	1,932	—
Liabilities:				
Interest rate swap derivatives	\$ 6,015	\$ —	\$ 6,015	\$ —
	Fair Value Measurements at December 31, 2019			
	Carrying Value at December 31, 2018	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Restricted investments:				
Rabbi Trust	\$ 28,332	\$ —	\$ 28,332	\$ —
Fixed income securities	1,892	—	1,892	—
Liabilities:				
Interest rate swap derivatives	\$ 1,869	\$ —	\$ 1,869	\$ —

The Company's Level 2 financial instruments included in the tables above as of December 31, 2020 and 2019 consist of interest rate swap derivative liabilities held by GEO and the Company's Australian subsidiary, the Company's rabbi trust established for GEO employee and employer contributions to The GEO Group, Inc. Non-qualified Deferred Compensation Plan and an investment in Canadian dollar denominated fixed income securities. On May 22, 2019, the Company terminated the interest rate swap derivative liabilities in connection with a debt refinancing transaction by our Australian subsidiary. Refer to Note 7 - Derivative Financial Instruments and Note 12 - Debt for additional information.

The interest rate swap derivative liabilities are valued using a discounted cash flow model based on projected borrowing rates. The Company's restricted investment in the rabbi trust is invested in Company-owned life insurance policies which are recorded at their cash surrender values. These investments are valued based on the underlying investments held in the policies' separate account. The underlying assets are equity and fixed income pooled funds that are comprised of Level 1 and Level 2 securities. The Canadian dollar denominated securities, not actively traded, are valued using quoted rates for these and similar securities.

During the years ended December 31, 2019 and 2018, the Company transferred certain accounts receivable balances that had a carrying value of approximately \$3.0 million and \$6.9 million, respectively, to an unrelated third party. The transfers were accounted for as sales and the Company has no continuing involvement with the transferred assets. The Company received cash proceeds in connection with the sales of approximately \$3.0 million and \$6.9 million, respectively, and as such, there was no gain or loss in connection with the transactions. There were no such transactions during the year ended December 31, 2020.

10. Fair Value of Assets and Liabilities

The Company's Consolidated Balance Sheets reflect certain financial instruments at carrying value. The following table presents the carrying values of those instruments and the corresponding estimated fair values (in thousands):

	Estimated Fair Value Measurements at December 31, 2020				
	Carrying Value as of December 31, 2020	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 283,524	\$ 283,524	\$ 283,524	\$ —	\$ —
Restricted cash and investments	28,329	28,329	28,329	—	—
Liabilities:					
Borrowings under Senior Credit Facility	\$ 1,474,437	\$ 1,342,066	\$ —	\$ 1,342,066	\$ —
5.875% Senior Notes due 2022	193,958	192,736	—	192,736	—
5.125% Senior Notes	281,783	256,096	—	256,096	—
5.875% Senior Notes due 2024	242,500	202,458	—	202,458	—
6.00% Senior Notes	350,000	279,493	—	279,493	—
Non-recourse debt	344,614	344,632	—	344,632	—
	Estimated Fair Value Measurements at December 31, 2019				
	Carrying Value as of December 31, 2019	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 32,463	\$ 32,463	\$ 32,463	\$ —	\$ —
Restricted cash and investments	35,010	35,010	35,010	—	—
Liabilities:					
Borrowings under Senior Credit Facility	\$ 1,298,671	\$ 1,218,861	\$ —	\$ 1,218,861	\$ —
5.875% Senior Notes due 2022	193,671	194,239	—	194,239	—
5.125% Senior Notes	300,000	287,982	—	287,982	—
5.875% Senior Notes due 2024	250,000	228,493	—	228,493	—
6.00% Senior Notes	350,000	314,052	—	314,052	—
Non-recourse debt	328,178	327,792	—	327,792	—

The fair values of the Company's cash and cash equivalents, and restricted cash approximates the carrying values of these assets at December 31, 2020 and 2019. Restricted cash consists of money market funds, commercial paper and time deposits used for payments on the Company's non-recourse debt and asset replacement funds contractually required to be maintained at the Company's Australian subsidiary. The fair value of the money market funds is based on quoted market prices (level 1) and the fair value of commercial paper and time deposits is based on market prices for similar instruments (level 2). The fair values of the Company's 6.00% senior unsecured notes due 2026 (the "6.00% Senior Notes"), 5.125% Senior Notes due 2023 (the "5.125% Senior Notes"), 5.875% Senior Notes due 2022 (the "5.875% Senior Notes due 2022") and the 5.875% Senior Notes due 2024 (the "5.875% Senior Notes due 2024"), although not actively traded, are based on published financial data for these instruments. The fair value of the Company's non-recourse debt is based on estimate of trading value considering the Company's borrowing rate, the undrawn spread and similar instruments. The fair value of borrowings under the Senior Credit Facility is also based on an estimate of trading value considering the Company's borrowing rate, the undrawn spread and similar instruments.

11. Accrued Expenses and other current liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	2020	2019
Accrued interest	\$ 17,614	\$ 17,850
Accrued bonus	16,986	16,914
Accrued insurance	78,893	73,192
Accrued repair obligations for damaged property	—	4,343
Accrued property and other taxes	38,524	35,192
Construction retainage	1,062	1,097
Other	49,299	43,020
Total	\$ 202,378	\$ 191,608

12. Debt

Debt consisted of the following (in thousands):

	December 31, 2020	December 31, 2019
Senior Credit Facility:		
Term loan	\$ 770,000	\$ 778,000
Unamortized debt issuance costs on term loan	(4,043)	(5,410)
Unamortized discount on term loan	(1,705)	(2,281)
Revolver	704,437	520,671
Total Senior Credit Facility	\$ 1,468,689	\$ 1,290,980
6.00% Senior Notes:		
Notes Due in 2026	\$ 350,000	\$ 350,000
Unamortized debt issuance costs	(3,709)	(4,282)
Total 6.00% Senior Notes Due in 2026	\$ 346,291	\$ 345,718
5.875% Senior Notes:		
Notes Due in 2024	\$ 242,500	\$ 250,000
Unamortized debt issuance costs	(2,000)	(2,532)
Total 5.875% Senior Notes Due in 2024	\$ 240,500	\$ 247,468
5.125% Senior Notes:		
Notes Due in 2023	\$ 281,783	\$ 300,000
Unamortized debt issuance costs	(2,033)	(2,876)
Total 5.125% Senior Notes Due in 2023	\$ 279,750	\$ 297,124
5.875% Senior Notes:		
Notes Due in 2022	\$ 193,958	\$ 193,958
Unamortized debt issuance costs	(710)	(1,3351)
Total 5.875% Senior Notes Due in 2022	\$ 193,248	\$ 192,607
Non-Recourse Debt:		
Non-Recourse Debt	\$ 344,614	\$ 328,178

Unamortized debt issuance costs on non-recourse debt	(5,237)	(5,279)
Discount on Non-Recourse Debt	(25)	(81)
Total Non-Recourse Debt	\$ 339,352	\$ 322,818
Finance Lease Obligations	5,029	4,570
Other debt	42,413	43,410
Total debt	\$ 2,915,272	\$ 2,744,695
Current portion of finance lease obligations, long-term debt and non-recourse debt [1]	(26,180)	(24,208)
Finance Lease Obligations, long-term portion	(2,988)	(2,954)
Non-Recourse Debt, long-term portion	(324,223)	(309,236)
Long-Term Debt	\$ 2,561,881	\$ 2,408,297

Amended and Restated Credit Agreement

On June 12, 2019, GEO entered into Amendment No. 2 to Third Amended and Restated Credit Agreement (the “Credit Agreement”) by and among the refinancing lenders party thereto, the other lenders party thereto, GEO and GEO Corrections Holdings, Inc. and the administrative agent. Under the amendment, the maturity date of the revolver component of the Credit Agreement has been extended to May 17, 2024. The borrowing capacity under the amended revolver will remain at \$900 million, and its pricing will remain unchanged, currently bearing interest at LIBOR plus 2.25%. As a result of the transaction, the Company incurred a loss on extinguishment of debt of \$1.2 million related to certain unamortized deferred loan costs. Additionally, loan costs of \$4.7 million were incurred and capitalized in connection with the transaction.

The Credit Agreement evidences a credit facility (the “Credit Facility”) consisting of the \$792.0 million term loan discussed above (the “Term Loan”) bearing interest at LIBOR plus 2.00% (with a LIBOR floor of 0.75%), and a \$900 million Revolver initially bearing interest at LIBOR plus 2.25% (with no LIBOR floor) together with AUD275 million available solely for the issuance of financial letters of credit and performance letters of credit, in each case denominated in Australian Dollars under the Australian Dollar Letter of Credit Facility (the “Australian LC Facility”). As of December 31, 2020, there were no letters of credit issued under the Australian LC Facility. Amounts to be borrowed by GEO under the Credit Agreement are subject to the satisfaction of customary conditions to borrowing. The Term Loan component is scheduled to mature on March 23, 2024. The revolving credit commitment component is scheduled to mature on May 17, 2024. The Credit Agreement also has an accordion feature of \$450.0 million, subject to lender demand and prevailing market conditions and satisfying the relevant borrowing conditions.

The Credit Agreement contains certain customary representations and warranties, and certain customary covenants that restrict GEO’s ability to, among other things (i) create, incur or assume any indebtedness, (ii) create, incur, assume or permit liens, (iii) make loans and investments, (iv) engage in mergers, acquisitions and asset sales, (v) make certain restricted payments, (vi) issue, sell or otherwise dispose of capital stock, (vii) engage in transactions with affiliates, (viii) allow the total leverage ratio to exceed 6.25 to 1.00, allow the senior secured leverage ratio to exceed 3.50 to 1.00, or allow the interest coverage ratio to be less than 3.00 to 1.00, (ix) cancel, forgive, make any voluntary or optional payment or prepayment on, or redeem or acquire for value any senior notes, except as permitted, (x) alter the business GEO conducts, and (xi) materially impair GEO’s lenders’ security interests in the collateral for its loans.

Events of default under the Credit Agreement include, but are not limited to, (i) GEO’s failure to pay principal or interest when due, (ii) GEO’s material breach of any representation or warranty, (iii) covenant defaults, (iv) liquidation, reorganization or other relief relating to bankruptcy or insolvency, (v) cross default under certain other material indebtedness, (vi) unsatisfied final judgments over a specified threshold, (vii) certain material environmental liability claims asserted against GEO, and (viii) a change in control.

All of the obligations under the Credit Agreement are unconditionally guaranteed by certain domestic subsidiaries of GEO and the Credit Agreement and the related guarantees are secured by a perfected first-priority pledge of substantially all of GEO’s present and future tangible and intangible domestic assets and all present and future tangible and intangible domestic assets of each guarantor, including but not limited to a first-priority pledge of all of the outstanding capital stock owned by GEO and each guarantor in their domestic subsidiaries.

The Australian borrowers are wholly owned foreign subsidiaries of GEO. GEO has designated each of the Australian borrowers as restricted subsidiaries under the Credit Agreement. However, the Australian borrowers are not obligated to pay or perform any obligations under the Credit Agreement other than their own obligations as Australian borrowers under the Credit Agreement. The Australian borrowers do not pledge any of their assets to secure any obligations under the Credit Agreement.

On August 18, 2016, the Company executed a Letter of Offer by and among GEO and HSBC Bank Australia Limited (the “Letter of Offer”) providing for a bank guarantee line and bank guarantee/standby sub-facility in an aggregate amount of AUD100 million, or \$77.1 million, based on exchange rates in effect as of December 31, 2020 (collectively, the “Bank Guarantee Facility”). The Bank Guarantee Facility allows GEO to provide letters of credit to assure performance of certain obligations of its wholly owned subsidiary relating to its secure facility project in Ravenhall, located near Melbourne, Australia. In accordance with the Ravenhall Contract, upon the completion of a certain period of operations, the Bank Guarantee Facility was reduced during the fourth quarter of 2019 to approximately AUD59 million, or \$45.5 million, based on exchange rates in effect as of December 31, 2020. The Bank Guarantee Facility is unsecured.

The issuance of letters of credit under the Bank Guarantee Facility is subject to the satisfaction of the conditions precedent specified in the Letter of Offer. Letters of credit issued under the bank guarantee lines are due on demand and letters of credit issued under the bank guarantee/standby sub-facility cannot have a duration exceeding twelve months. The Bank Guarantee Facility may be terminated by HSBC Bank Australia Limited on 90 days written notice. As of December 31, 2020, there was approximately AUD59 million in letters of credit issued under the Bank Guarantee Facility.

As of December 31, 2020, the Company had \$770.0 million in aggregate borrowings outstanding under the Term Loan, \$704.4 million in borrowings under the Revolver, and approximately \$59.6 million in letters of credit which left \$136.0 million in additional borrowing capacity under the Revolver. In addition, the Company has the ability to increase the Senior Credit Facility by an additional \$450.0 million, subject to lender demand and prevailing market conditions and satisfying the relevant borrowing conditions thereunder. The weighted average interest rate on outstanding borrowings under the Credit Agreement as of December 31, 2020 was 2.58%.

6.00% Senior Notes due 2026

On April 18, 2016, the Company completed an offering of \$350.0 million aggregate principal amount of 6.00% senior notes due 2026. The 6.00% Senior Notes were offered and sold in a registered offering pursuant to an underwriting agreement, dated as of April 11, 2016 (the “Underwriting Agreement”) among the Company, certain of the Company’s domestic subsidiaries, as guarantors and the representative for the underwriters named therein. The 6.00% Senior Notes were issued by the Company pursuant to the Indenture, dated as of September 25, 2014 (the “Base Indenture”), by and between the Company and the trustee, as supplemented by a Second Supplemental Indenture, dated as of April 18, 2016 (the “Second Supplemental Indenture” and together with the Base Indenture, the “Indenture”), by and among the Company, the guarantors and the trustee which governs the terms of the 6.00% Senior Notes. The sale of the 6.00% Senior Notes was registered under GEO’s prior shelf registration statement on Form S-3 filed on September 12, 2014, as amended (File No. 333-198729). The 6.00% Senior Notes were issued at a coupon rate and yield to maturity of 6.00%. Interest on the 6.00% Senior Notes is payable semi-annually on April 15 and October 15 of each year, commencing on October 15, 2016. The 6.00% Senior Notes mature on April 15, 2026. The Company used the net proceeds to fund the tender offer and the redemption of all of its 6.625% Senior Notes (see discussion below), to pay all related fees, costs and expenses and for general corporate purposes including repaying borrowings under the Company’s Revolver.

Up to 35% of the aggregate principal amount of the 6.00% Senior Notes could have been redeemed on or prior to April 15, 2019, with the net cash proceeds from certain equity offerings at a redemption price equal to 106.000% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date. In addition, GEO may, at its option, redeem the 6.00% Senior Notes in whole or in part before April 15, 2021 at a redemption price equal to 100% of the principal amount of the 6.00% Senior Notes being redeemed plus a “make-whole” premium, together with accrued and unpaid interest, if any, to the redemption date.

On or after April 15, 2021, GEO may, at its option, redeem all or part of the 6.00% Senior Notes upon not less than 30 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 6.00% Senior Notes redeemed, to the applicable redemption date, if redeemed during the 12-month period beginning on April 15 of the years indicated below:

Year	Percentage
2022	102.000%
2023	101.000%
2024 and thereafter	100.000%

If there is a “change of control” (as defined in the Indenture), holders of the 6.00% Senior Notes will have the right to cause GEO to repurchase their 6.00% Senior Notes at a price equal to 101% of the principal amount of the 6.00% Senior Notes repurchased plus accrued and unpaid interest, if any, to the purchase date.

The 6.00% Senior Notes are guaranteed on a senior unsecured basis by the guarantors. The 6.00% Senior Notes and the guarantees are unsecured, unsubordinated obligations of GEO and the guarantors. The 6.00% Senior Notes rank equally in right of payment with any unsecured, unsubordinated indebtedness of GEO and the guarantors, including GEO’s 5.875% Senior Notes due 2022, the 5.125% Senior Notes due 2023 and the 5.875% Senior Notes due 2024, and the guarantors’ guarantees thereof, senior in right of payment to any future indebtedness of GEO and the guarantors that is expressly subordinated to the 6.00% Senior Notes and the guarantees, effectively junior to any secured indebtedness of GEO and the guarantors, including indebtedness under GEO’s Senior Credit Facility, to the extent of the value of the assets securing such indebtedness, and structurally junior to all obligations of GEO’s subsidiaries that are not guarantors, including trade payables.

The Indenture contains covenants which, among other things, limit the ability of GEO and its “restricted subsidiaries” (as defined in the Indenture) to incur additional indebtedness or issue preferred stock, make dividend payments or other restricted payments (other than the payment of dividends or other distributions, or any other actions necessary to maintain GEO’s status as a real estate investment trust), create liens, sell assets, engage in sale and lease back transactions, create or permit restrictions on the ability of the restricted subsidiaries to pay dividends or make other distributions to GEO, enter into transactions with affiliates, and enter into mergers, consolidations or sales of all or substantially all of their assets. These covenants are subject to a number of limitations and exceptions as

set forth in the Indenture. The Company was in compliance with all of the covenants of the indenture governing the 6.00% Senior Notes as of December 31, 2020.

The Indenture also contains events of default with respect to, among other things, the following: failure by GEO to pay interest on the 6.00% Senior Notes when due, which failure continues for 30 days; failure by GEO to pay the principal of, or premium, if any, on, the 6.00% Senior Notes when due; failure by GEO or any of its restricted subsidiaries to comply with their obligations to offer to repurchase the 6.00% Senior Notes at the option of the holders of the 6.00% Senior Notes upon a change of control, to offer to redeem the 6.00% Senior Notes under certain circumstances in connection with asset sales with “excess proceeds” (as defined in the Indenture) in excess of \$50.0 million or to observe certain restrictions on mergers, consolidations and sales of substantially all of their assets; the failure by GEO or any guarantor to comply with any of the other agreements in the Indenture, which failure continues for 60 days after notice; and certain events of bankruptcy or insolvency of GEO or a restricted subsidiary that is a significant subsidiary or any group of restricted subsidiaries that together would constitute a significant subsidiary.

5.875% Senior Notes due 2024

On September 25, 2014, the Company completed an offering of \$250.0 million aggregate principal amount of senior unsecured notes (the “5.875% Senior Notes due 2024”). The notes will mature on October 15, 2024 and have a coupon rate and yield to maturity of 5.875%. Interest is payable semi-annually in cash in arrears on April 15 and October 15, beginning April 15, 2015. The 5.875% Senior Notes due 2024 are guaranteed on a senior unsecured basis by all the Company’s restricted subsidiaries that guarantee obligations. The 5.875% Senior Notes due 2024 rank equally in right of payment with any unsecured, unsubordinated indebtedness of the Company and the guarantors, including the Company’s 5.875% Senior Notes due 2022, the 5.125% Senior Notes due 2023, the 6.00% Senior Notes due 2026, and the guarantors’ guarantees thereof, senior in right of payment to any future indebtedness of the Company and the guarantors that is expressly subordinated to the 5.875% Senior Notes due 2024 and the guarantees, effectively junior to any secured indebtedness of the Company and the guarantors, including indebtedness under the Company’s Senior Credit Facility, to the extent of the value of the assets securing such indebtedness, and structurally junior to all obligations of the Company’s subsidiaries that are not guarantors. The sale of the 5.875% Senior Notes due 2024 was registered under the Company’s prior shelf registration statement on Form S-3 filed on September 12, 2014, as supplemented by the Preliminary Prospectus Supplement filed on September 22, 2014 and the Prospectus Supplement filed on September 24, 2014.

The Company could have, at its option, redeemed the 5.875% Senior Notes due 2024 in whole or in part before October 15, 2019 at a redemption price equal to 100% of the principal amount of the 5.875% Senior Notes due 2024 being redeemed plus a “make-whole” premium, together with accrued and unpaid interest, if any, to the redemption date. In addition, the Company may, at its option, redeem the 5.875% Senior Notes due 2024 in whole or in part on or after October 15, 2019 through 2024 and thereafter as indicated below:

Year	Percentage
2021	100.979%
2022 and thereafter	100.000%

The indenture contains covenants which, among other things, limit the ability of the Company and its restricted subsidiaries to incur additional indebtedness or issue preferred stock, make dividend payments or other restricted payments (other than the payment of dividends or other distributions, or any other actions necessary to maintain the Company’s status as a real estate investment trust), create liens, sell assets, engage in sale and lease back transactions, create or permit restrictions on the ability of the restricted subsidiaries to pay dividends or make other distributions to the Company, enter into transactions with affiliates, and enter into mergers, consolidations or sales of all or substantially all of their assets. These covenants are subject to a number of limitations and exceptions as set forth in the indenture. The Company was in compliance with all of the covenants of the indenture governing the 5.875% Senior Notes due 2024 as of December 31, 2020.

The indenture also contains events of default with respect to, among other things, the following: failure by the Company to pay interest on the 5.875% Senior Notes due 2024 when due, which failure continues for 30 days; failure by the Company to pay the principal of, or premium, if any, on, the 5.875% Senior Notes due 2024 when due; failure by the Company or any of its restricted subsidiaries to comply with their obligations to offer to repurchase the 5.875% Senior Notes due 2024 at the option of the holders of the 5.875% Senior Notes due 2024 upon a change of control, to offer to redeem the 5.875% Senior Notes due 2024 under certain circumstances in connection with asset sales with excess proceeds in excess of \$25.0 million or to observe certain restrictions on mergers, consolidations and sales of substantially all of their assets; the failure by the Company or any guarantor to comply with any of the other agreements in the indenture, which failure continues for 60 days after notice; and certain events of bankruptcy or insolvency of GEO or a restricted subsidiary that is a significant subsidiary or any group of restricted subsidiaries that together would constitute a significant subsidiary.

5.125% Senior Notes due 2023

On March 19, 2013, the Company completed an offering of \$300.0 million aggregate principal amount of senior unsecured notes in a private offering under the Indenture dated as of March 19, 2013 among GEO, certain of its domestic subsidiaries, as guarantors, and the trustee. The 5.125% Senior Notes were offered and sold to “qualified institutional buyers” in accordance with Rule 144A under the Securities

Act of 1933, as amended (the “Securities Act”), and outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act. The notes will mature on April 1, 2023 and have a coupon rate and yield to maturity of 5.125%. Interest is payable semi-annually on April 1 and October 1 each year, beginning October 1, 2013. The 5.125% Senior Notes are guaranteed on a senior unsecured basis by all of the Company’s restricted subsidiaries that guarantee obligations under the Senior Credit Facility, the Company’s 6.00% Senior Notes, the Company’s 5.875% Senior Notes due 2022 and the 5.875% Senior Notes due 2024. The 5.125% Senior Notes and the guarantees are the Company’s general unsecured senior obligations and rank equally in right of payment with all of the Company’s and the guarantors’ existing and future unsecured senior debt, including the Company’s 6.00% Senior Notes, the 5.875% Senior Notes due 2022 and the 5.875% Senior Notes due 2024. The 5.125% Senior Notes and the guarantees are effectively subordinated to any of the Company’s and the guarantors’ existing and future secured debt to the extent of the value of the assets securing such debt, including all anticipated borrowings under the Senior Credit Facility. The 5.125% Senior Notes are structurally subordinated to all existing and future liabilities (including trade payables) of the Company’s subsidiaries that do not guarantee the 5.125% Senior Notes.

At any time prior to April 1, 2018, the Company could have, at its option, redeemed all or a part of the 5.125% Senior Notes upon not less than 30 days nor more than 60 days prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) the Applicable Premium (as defined in the indenture) as of the date of redemption, plus (iii) accrued and unpaid interest and liquidated damages, if any, to the date of redemption. On or after April 1, 2018, the Company may, at its option, redeem all or a part of the 5.125% Senior Notes upon not less than 30 days nor more than 60 days notice at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and liquidated damages, if any, on the 5.125% Senior Notes redeemed, to the applicable redemption date, if redeemed during the period beginning on April 1 of the years indicated below:

Year	Percentage	
2021 and thereafter	100.000	%

If there is a “change of control” (as defined in the Indenture), holders of the 5.125% Senior Notes will have the right to cause GEO to repurchase their 5.125% Senior Notes at a price equal to 101% of the principal amount of the 5.125% Senior Notes repurchased plus accrued and unpaid interest and liquidated damages, if any, to the purchase date.

The indenture governing the 5.125% Senior Notes contains certain covenants, including limitations and restrictions on the Company and its restricted subsidiaries’ ability to: incur additional indebtedness or issue preferred stock; make dividend payments or other restricted payments; create liens; sell assets; enter into transactions with affiliates; and enter into mergers, consolidations or sales of all or substantially all of the Company’s assets. As of the date of the indenture, all of the Company’s subsidiaries, other than certain dormant domestic and other subsidiaries and all foreign subsidiaries in existence on the date of the indenture, were restricted subsidiaries. The Company’s failure to comply with certain of the covenants under the indenture governing the 5.125% Senior Notes could cause an event of default of any indebtedness and result in an acceleration of such indebtedness. In addition, there is a cross-default provision which becomes enforceable upon failure of payment of indebtedness at final maturity. The Company’s unrestricted subsidiaries will not be subject to any of the restrictive covenants in the indenture. The Company was in compliance with all of the covenants of the indenture governing the 5.125% Senior Notes as of December 31, 2020.

The indenture also contains events of default with respect to, among other things, the following: failure by the Company to pay interest and liquidated damages, if any, on the 5.125% Senior Notes when due, which failure continues for 30 days; failure by the Company to pay the principal of, or premium, if any, on, the 5.125% Senior Notes when due; failure by the Company or any of its restricted subsidiaries to comply with their obligations to offer to repurchase the 5.125% Senior Notes at the option of the holders of the 5.125% Senior Notes upon a change of control, to offer to redeem notes under certain circumstances in connection with asset sales with “excess proceeds” (as defined in the indenture) in excess of \$25.0 million or to observe certain restrictions on mergers, consolidations and sales of substantially all of their assets; the failure by the Company or any guarantor to comply with any of the other agreements in the indenture, which failure continues for 60 days after notice; and certain events of bankruptcy or insolvency of the Company or a restricted subsidiary that is a significant subsidiary or any group of restricted subsidiaries that together would constitute a significant subsidiary.

5.875% Senior Notes due 2022

On October 3, 2013, the Company completed an offering of \$250.0 million aggregate principal amount of senior notes due 2022 (the “5.875% Senior Notes due 2022”) in a private offering under the Indenture dated as of October 3, 2013 among GEO, certain of its domestic subsidiaries, as guarantors, and the trustee. The 5.875% Senior Notes due 2022 were offered and sold to “qualified institutional buyers” in accordance with Rule 144A under the Securities Act, and outside the United States to non-U.S. persons in accordance with Regulations S under the Securities Act. The 5.875% Senior Notes due 2022 were issued at a coupon rate and yield to maturity of 5.875%. Interest on the 5.875% Senior Notes due 2022 is payable semi-annually in cash in arrears on January 15 and July 15, commencing on January 15, 2014. The 5.875% Senior Notes due 2022 mature on January 15, 2022. The 5.875% Senior Notes due 2022 and the guarantees are the Company’s general unsecured senior obligations and rank equally in right of payment with all of the Company’s and the guarantors’ existing and future unsecured senior debt, including the Company’s 6.00% Senior Notes, the 5.125% Senior Notes and the 5.875% Senior Notes due 2024. The 5.875% Senior Notes due 2022 and the guarantees are effectively subordinated to any of the Company’s and the guarantors’ existing and future secured debt to the extent of the value of the assets securing such debt, including all anticipated borrowings under the Senior Credit Facility. The 5.875% Senior Notes due 2022 are structurally subordinated to all existing and future liabilities (including trade payables) of the Company’s subsidiaries that do not guarantee the 5.875% Senior Notes due 2022.

On or after January 15, 2017, GEO may, at its option, redeem all or part of the 5.875% Senior Notes 2022 upon not less than 30 days nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and including liquidated damages, if any, on the 5.875% Senior Notes due 2022 redeemed, to the applicable redemption date, if redeemed during the 12-month period beginning on January 15 of the years indicated below:

Year	Percentage	
2021 and thereafter	100.000	%

If there is a "change of control" (as defined in the Indenture), holders of the 5.875% Senior Notes due 2022 will have the right to cause GEO to repurchase their 5.875% Senior Notes due 2022 at a price equal to 101% of the principal amount of the 5.875% Senior Notes due 2022 repurchased plus accrued and unpaid interest and liquidated damages, if any, to the purchase date.

The indenture governing the notes contains certain covenants, including limitations and restrictions on the Company and its restricted subsidiaries' ability to: incur additional indebtedness or issue preferred stock; make dividend payments or other restricted payments; create liens; sell assets; enter into transactions with affiliates; and enter into mergers, consolidations or sales of all or substantially all of the Company's assets. As of the date of the indenture, all of the Company's subsidiaries, other than certain dormant domestic and other subsidiaries and all foreign subsidiaries in existence on the date of the indenture, were restricted subsidiaries. The Company's failure to comply with certain of the covenants under the indenture governing the 5.875% Senior Notes due 2022 could cause an event of default of any indebtedness and result in an acceleration of such indebtedness. In addition, there is a cross-default provision which becomes enforceable upon failure of payment of indebtedness at final maturity. The Company's unrestricted subsidiaries will not be subject to any of the restrictive covenants in the indenture. The Company was in compliance with all of the financial covenants of the indenture governing the 5.875% Senior Notes due 2022 as of December 31, 2020.

The Indenture also contains events of default with respect to, among other things, the following: failure by GEO to pay interest and liquidated damages, if any, on the 5.875% Senior Notes due 2022 when due, which failure continues for 30 days; failure by GEO to pay the principal of, or premium, if any, on, the 5.875% Senior Notes due 2022 when due; failure by GEO or any of its restricted subsidiaries to comply with their obligations to offer to repurchase the 5.875% Senior Notes due 2022 at the option of the holders of the 5.875% Senior Notes due 2022 upon a change of control, to offer to redeem notes under certain circumstances in connection with asset sales with "excess proceeds" (as defined in the Indenture) in excess of \$25.0 million or to observe certain restrictions on mergers, consolidations and sales of substantially all of their assets; the failure by GEO or any guarantor to comply with any of the other agreements in the Indenture, which failure continues for 60 days after notice; and certain events of bankruptcy or insolvency of GEO or a restricted subsidiary that is a significant subsidiary or any group of restricted subsidiaries that together would constitute a significant subsidiary.

Debt Repurchases

On August 16, 2019, the Company's Board of Directors authorized the Company to repurchase and/or retire a portion of the 6.00% Senior Notes due 2026, the 5.875% Senior Notes due 2024, the 5.125% Senior Notes due 2023, the 5.875% Senior Notes due 2022 (collectively the "GEO Senior Notes") and the Company's term loan under its Amended Credit Agreement through cash purchases, in open market, privately negotiated transactions, or otherwise, up to an aggregate maximum of \$100.0 million, subject to certain limitations through December 31, 2020. On February 11, 2021, the Company's Board of Directors authorized a new repurchase program for repurchases/retirements of the above referenced Senior Notes and term loan, subject to certain limitations up to an aggregate maximum of \$100.0 million through December 2022.

During 2020, the Company repurchased approximately \$7.5 million in aggregate principal amount of its 5.875% Senior Notes due 2024 at a weighted average price of 77.28% for a total cost of \$5.8 million. Additionally, during 2020, the Company repurchased approximately \$18.2 million in aggregate principal amount of its 5.125% Senior Notes due 2023 at a weighted average price of 78.99% for a total cost of \$14.3 million. As a result of these repurchases, the Company recognized a net gain on extinguishment of debt of \$5.3 million during the year ended December 31, 2020.

During 2019, the Company repurchased approximately \$56.0 million in aggregate principal amount of its 5.875% Senior Notes due 2022 at a weighted average price of 97.55% for a total cost of \$54.7 million. As a result of these repurchases, the Company recognized a net gain on extinguishment of debt of \$0.9 million during the year ended December 31, 2019.

Non-Recourse Debt

Northwest ICE Processing Center

On December 9, 2011, the Washington Economic Development Finance Authority issued \$54.4 million of its Washington Economic Development Finance Authority Taxable Economic Development Revenue Bonds, series 2011 ("2011 Revenue Bonds"). The bonds were rated AA- by Standard & Poor's Ratings Services and the scheduled payment of principal and interest is guaranteed by municipal bond insurance issued by Assured Guaranty Municipal Corp. The 2011 Revenue Bonds have an average all-in cost of approximately 6.4%, including debt issuance costs and the bond discount, and maturity dates ranging through October 1, 2021. The 2011 Revenue Bonds were issued to provide funds to make a loan to CSC for purposes of reimbursing GEO for costs incurred by GEO for the 2009 expansion of the

Northwest ICE Processing Center and paying the costs of issuing the 2011 Revenue Bonds. The payment of principal and interest on the bonds is non-recourse to GEO. None of the bonds nor CSC's obligations under the loan are obligations of GEO nor are they guaranteed by GEO.

As of December 31, 2020, the remaining balance of the debt service requirement related to the 2011 Revenue Bonds is \$8.1 million, all of which is classified as current in the accompanying balance sheet. As of December 31, 2020, included in restricted cash and investments is \$3.7 million (all current) of funds held in trust with respect to the Northwest ICE Processing Center for debt service and other reserves which had not been released to the Company as of December 31, 2020.

Australia - Ravenhall

In connection with a design and build facility project agreement with the State of Victoria, in September 2014 the Company entered into a syndicated facility agreement (the "Construction Facility") to provide debt financing for construction of the project. Refer to Note 6 - Contract Receivable. The Construction Facility provided for non-recourse funding up to AUD 791.0 million, or \$609.8 million, based on exchange rates as of December 31, 2020. Construction draws were funded throughout the project according to a fixed utilization schedule as defined in the syndicated facility agreement. The term of the Construction Facility was through September 2019 and bore interest at a variable rate quoted by certain Australian banks plus 200 basis points. On May 22, 2019, the Company completed an offering of AUD 461.6 million, or \$355.9 million, based on exchange rates as of December 31, 2020, aggregate principal amount of non-recourse senior secured notes due 2042 (the "Non-Recourse Notes"). The amortizing Non-Recourse Notes were issued by Ravenhall Finance Co Pty Limited in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. The Non-Recourse Notes were issued with a coupon and yield to maturity of 4.23% with a maturity date of March 31, 2042. The net proceeds from this offering were used to refinance the outstanding Construction Facility and to pay all related fees, costs and expenses associated with the transaction. As a result of the transaction, the Company incurred a \$4.5 million loss on extinguishment of debt related to swap termination fees and unamortized deferred loan costs associated with the Construction Facility. Additionally, loan costs of approximately \$7.5 million were incurred and capitalized in connection with the offering.

Other

In August 2019, the Company entered into two identical promissory notes in the aggregate amount of \$44.3 million which are secured by loan agreements and mortgage and security agreements on certain real property and improvements. The terms of the promissory notes are through September 1, 2034 and bear interest at LIBOR plus 200 basis points and are payable in monthly installments plus interest. The Company has entered into interest rate swap agreements to fix the interest rate at 4.22%. Included in the balance at December 31, 2019 is \$0.7 million of deferred loan costs incurred in the transaction. Refer to Note 7 - Derivative Financial Instruments for further information.

Debt Repayment

Debt repayment schedules under Finance Lease Obligations, Long-Term Debt, Non-Recourse Debt and the Senior Credit Facility are as follows:

Fiscal Year	Finance Leases	Long-Term Debt	Non-Recourse Debt	Revolver	Term Loans	Total Annual Repayment
(In thousands)						
2020	\$ 2,433	\$ 1,026	\$ 15,446	\$ —	\$ 8,000	\$ 26,950
2021	1,729	195,075	8,487	—	8,000	213,291
2022	497	282,949	9,033	—	8,000	300,479
2023	497	243,708	9,549	704,437	746,000	1,704,191
2024	274	1,274	10,274	—	—	11,822
Thereafter	—	387,262	291,825	—	—	679,087
	5,430	1,111,339	344,614	704,437	770,000	2,935,820
Interest imputed on Capital Leases	(401)	—	—	—	—	(401)
Original issue discount	—	—	(25)	—	(1,705)	(1,730)
Current portion	(2,041)	(1,071)	(15,446)	—	(8,000)	(26,558)
Non-current portion	\$ 2,988	\$ 1,110,268	\$ 329,143	\$ 704,437	\$ 760,295	\$ 2,907,131

Guarantees

The Company has entered into certain guarantees in connection with the performance of a facility in Australia (Refer to Note 6 - Contract Receivable). The obligations amounted to approximately AUD59 million, or \$45.5 million, based on exchange rates in effect as of December 31, 2020. These guarantees are secured by outstanding letters of credit under the Company's Revolver as of December 31, 2020.

At December 31, 2020, the Company also had seven letters of guarantee outstanding under separate international facilities relating to performance guarantees of its Australian subsidiary totaling \$10.3 million.

In connection with the creation of South African Custodial Services Pty. Limited ("SACS"), the Company entered into certain guarantees related to the financing, construction and operation of the South African facility. The Company guaranteed certain obligations of SACS under its debt agreements to SACS' former senior lenders through the issuance of letters of credit under the Company's Revolver. In July 2018, SACS settled all amounts due under the debt facilities and has therefore discharged the guaranteed obligations, therefore the guarantees related to these obligations were no longer necessary and the letters of credit were not renewed. Additionally, SACS was required to maintain funding in a rectification account maintained for the payment of certain costs in the event of contract termination. SACS has met the required funding obligation and there is no further requirement to maintain the required funding rectification account.

In addition to the above, the Company had also agreed to provide a loan, if required, of up to 20.0 million South African Rand, or \$1.4 million based on exchange rates as of December 31, 2020, referred to as the shareholder's standby facility, to SACS for the purpose of financing SACS' obligations under its contract with the South African government. No amounts have been funded under the shareholder's standby facility. The Company's obligations under the shareholder's standby facility expired upon SACS' release from its obligations under the common terms agreement in February 2019 with the final payment of the facility management fees.

The Company also guaranteed certain obligations of SACS to the security trustee for SACS' lenders. The Company secured its guarantee to the security trustee by ceding its rights to claims against SACS in respect of any loans or other finance agreements, and by pledging the Company's shares in SACS. The Company's liability under the guarantee is limited to the cession and pledge of shares. The guarantee expired in February 2019 when all of SACS' obligations in terms of the finance agreements were settled.

In connection with the creation of GEOAmev, the Company and its joint venture partner guarantee the availability of working capital in equal proportion to ensure that GEOAmev can comply with current and future contractual commitments related to the performance of its operations. The Company and the 50% joint venture partner had each extended a £12.0 million line of credit to the joint venture. The Company's maximum exposure relative to the joint venture was its note receivable and future financial support necessary to guarantee performance under the contract. In October 2018, the notes receivable to each joint venture partner were paid off in full.

Except as discussed above, the Company does not have any off-balance sheet arrangements.

13. Leases

On January 1, 2019, the Company adopted Accounting Standard Update ("ASU") No. 2016-02, "Leases" (Topic 842) which requires that entities record lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. The Company implemented the new standard using the transition method that provided for adoption on the adoption date and recognizing a cumulative-effect adjustment to retained earnings, if any, upon adoption. Therefore, the consolidated financial statements for the year ended December 31, 2020 and 2019 are presented under the new standard, while comparative years presented are not adjusted and continue to be reported in accordance with the Company's historical accounting policy. Refer to Note 1 - Summary of Business Organization, Operations and Significant Accounting Policies - Recent Accounting Pronouncements for further information.

The Company has operating and finance leases for facilities, ground leases, office space, computers, copier equipment and transportation vehicles that have remaining lease terms of one year to seventy-seven years, some of which include options to extend the lease for up to ten years. For leases with terms greater than 12 months, the Company records the related asset and obligation at the present value of the lease payments over the term of the lease. Many of GEO's leases include rental escalation clauses, renewal options and/or termination options that are factored into the determination of lease payments when appropriate. Only renewal or termination options that are reasonably certain to be exercised by the Company are included in the lease term which is used in the calculation of lease liabilities and right-of-use assets. GEO does not typically enter into lease agreements that contain a residual guarantee or that provide for variable lease payments.

When available, GEO uses the rate implicit in the lease to discount lease payments to present value, however, most of GEO's lease agreements do not provide a readily determinable implicit rate. Therefore, the Company must estimate its incremental borrowing rate to discount the lease payments based on information available at lease commencement.

Lease related assets and liabilities are recorded on the balance sheet as follows (in thousands):

Classification on the Balance Sheet		December 31, 2020
Assets		
Operating lease assets	Operating Lease Right-of-Use Assets, Net	\$ 124,727
Finance lease assets	Property and Equipment, Net	3,914
Total lease assets		<u>\$ 128,641</u>
Liabilities		
Current		
Operating	Operating lease liabilities, current portion	\$ 29,080
Finance [1]	Current portion of finance liabilities, long-term debt and non-recourse debt	2,041
Noncurrent		
Operating	Operating Lease Liabilities	101,375
Finance [1]	Finance Lease Liabilities	2,988
Total lease liabilities		<u>\$ 135,484</u>

[1] Also refer to Note 12 - Debt.

Certain information related to the lease costs for finance and operating leases is presented as follows (in thousands):

	Year Ended December 31, 2020
Operating lease cost	\$ 39,506
Finance lease cost:	
Amortization of right-of-use assets	1,225
Interest on lease liabilities	352
Total finance lease cost	1,577
Short-term lease cost	3,293
Total lease cost	<u>\$ 44,376</u>

Cash paid for amounts included in the measurement of lease liabilities

Operating cash flows for operating leases	\$ 38,847
Operating cash flows for finance leases	\$ 276
Financing activities for finance leases	\$ 1,918
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 23,940
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 2,260
Weighted average remaining lease term:	
Operating leases	6.8 years
Finance leases	2.9 years
Weighted average discount rate:	
Operating leases	4.65 %
Finance leases	6.47 %

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the operating lease liabilities and finance lease liabilities recorded on the balance sheet as of December 31, 2020 (in thousands).

	Operating Leases	Finance Leases
2021	\$ 36,219	\$ 2,433
2022	27,388	1,729
2023	22,588	497
2024	19,235	497
2025	11,130	274
Thereafter	37,287	—
Total minimum lease payments	153,847	5,430
Less: amount of lease payment representing interest	(23,392)	(401)
Present value of future minimum lease payments	130,455	5,029
Less: current obligations under leases	(29,080)	(2,041)
Long-term lease obligations	\$ 101,375	\$ 2,988

14. Benefit Plans

The Company's employees participate in an Employee Retirement Savings Plan (the "Retirement Plan") under Section 401(k) of the Internal Revenue Code that covers substantially all U.S. based salaried employees. Employees may contribute a percentage of eligible compensation to the plan, subject to certain limits under the Internal Revenue Code. For the years ended December 31, 2020, 2019 and 2018, the Company provided matching contributions of \$8.3 million, \$5.3 million and \$5.9 million, respectively.

The Company has two non-contributory defined benefit pension plans covering certain of the Company's executives. Retirement benefits are based on years of service, employees' average compensation for the last five years prior to retirement and social security benefits. Currently, the plans are not funded. The Company purchased and is the beneficiary of life insurance policies for certain participants enrolled in the plans. There were no significant transactions between the employer or related parties and the plans during 2020, 2019 or 2018.

The Company has a non-qualified deferred compensation agreement with its Chief Executive Officer ("CEO"). The agreement provides for a lump sum payment upon retirement, no sooner than age 55. As of December 31, 2020, the CEO had reached age 55 and was eligible to receive the payment upon retirement. If the Company's CEO had retired as of December 31, 2020, the Company would have had to pay him approximately \$8.9 million in shares of the Company's common stock (determined as of February 26, 2020) plus additional shares credited for dividends declared and paid on the shares of the Company's common stock as further discussed below.

On February 26, 2020 (the "Effective Date"), the Company and its CEO entered into an amended and restated executive retirement agreement that amends the CEO's executive retirement agreement discussed above.

The amended and restated executive retirement agreement provides that upon the CEO's retirement from the Company, the Company will pay a lump sum amount equal to \$8,925,065 (determined as of February 26, 2020) (the "Grandfathered Payment") which will be paid in the form of a fixed number of shares of the Company's common stock. The Grandfathered Payment will be delayed for six months and a day following the effective date of the CEO's termination of employment in compliance with Section 409A of the Internal Revenue Code of 1986, as amended.

On the Effective Date, an amount equal to the Grandfathered Payment was invested in the Company's common stock ("GEO Shares"). The number of the Company's shares of common stock as of the Effective Date was equal to the Grandfathered Payment divided by the closing price of the Company's common stock on the Effective Date (rounded up to the nearest whole number of shares), which equals 553,665 shares of the Company's common stock. Additional shares of the Company's common stock will be credited with a value equal to any dividends declared and paid on the Company's shares of common stock, calculated by reference to the closing price of the Company's common stock on the payment date for such dividends (rounded up to the nearest whole number of shares).

The Company has established several trusts for the purpose of paying the retirement benefit pursuant to the amended and restated executive retirement agreement. The trusts are revocable "rabbi trusts" and the assets of the trusts are subject to the claims of the Company's creditors in the event of the Company's insolvency.

The Company repurchased shares of its outstanding common stock under its stock buyback program and contributed such shares to the trusts in order to fund the retirement benefit under the amended and restated executive retirement agreement. In accordance with

Accounting Standards Codification (“ASC”) 710 – Compensation-General, the shares of common stock held in the rabbi trusts are classified as treasury stock. In addition, the amended and restated executive retirement agreement qualifies for equity accounting under ASC 710 and therefore, the fair value of the Grandfathered Payment has been reclassified to stockholders’ equity.

The long-term portion of the pension liability related to the defined benefit plans and the deferred compensation agreement with the CEO as of December 31, 2020 and 2019 was \$33.2 million and \$37.2 million, respectively, and is included in Other Non-Current liabilities in the accompanying consolidated balance sheets.

The following table summarizes key information related to the Company’s pension plans and retirement agreements. The table illustrates the reconciliation of the beginning and ending balances of the benefit obligation showing the effects during the periods presented attributable to service cost, interest cost, plan amendments, termination benefits, actuarial gains and losses. The assumptions used in the Company’s calculation of accrued pension costs are based on market information and the Company’s historical rates for employment compensation and discount rates.

	December 31, 2020	December 31, 2019		
Accumulated Benefit Obligation, End of Year	\$ 25,229	\$ 30,139		
Change in Projected Benefit Obligation				
Projected Benefit Obligation, Beginning of Year	\$ 37,551	\$ 32,474		
Service Cost	1,254	998		
Interest Cost	1,306	1,393		
Actuarial (Gain) Loss	(8,925)	—		
Benefits Paid	(836)	(763)		
Projected Benefit Obligation, End of Year	<u>\$ 33,530</u>	<u>\$ 37,551</u>		
Change in Plan Assets				
Plan Assets at Fair Value, Beginning of Year	\$ —	\$ —		
Company Contributions	836	763		
Benefits Paid	(836)	(763)		
Plan Assets at Fair Value, End of Year	<u>\$ —</u>	<u>\$ —</u>		
Unfunded Status of the Plan	<u>\$ (33,530)</u>	<u>\$ (37,551)</u>		
Amounts Recognized in Accumulated Other Comprehensive Income				
Net Loss	10,925	8,285		
Total Pension Cost	<u>\$ 10,925</u>	<u>\$ 8,285</u>		
	2020	2019		
Components of Net Periodic Benefit Cost				
Service Cost	\$ 1,254	\$ 998		
Interest Cost	1,306	1,393		
Amortization of:				
Net Loss	540	210		
Net Periodic Pension Cost	<u>\$ 3,100</u>	<u>\$ 2,601</u>		
Weighted Average Assumptions for Expense				
Discount Rate	2.80	%	3.40	%
Expected Return on Plan Assets	N/A		N/A	
Rate of Compensation Increase	4.40	%	4.40	%

[1] Represents the reclassification of the fair value of the Grandfathered Payment under the amended and restated executive retirement agreement as discussed above.

The amount included in accumulated other comprehensive income as of December 31, 2020 that has not yet been recognized as a component of net periodic benefit cost is \$10.9 million. The amount included in other accumulated comprehensive income as of December 31, 2020 that is expected to be recognized as a component of net periodic benefit cost in fiscal year 2021 is \$0.8 million.

The benefit payments reflected in the table below represent the Company's obligations to employees that are eligible for retirement or have already retired and are receiving deferred compensation benefits:

Fiscal Year	Pension Benefits
	(In thousands)
2021	\$ 921
2022	913
2023	904
2024	994
2025	1,062
Thereafter	28,736
	<u>\$ 33,530</u>

The Company also maintains The GEO Group Inc. Deferred Compensation Plan ("Deferred Compensation Plan"), a non-qualified deferred compensation plan for employees who are ineligible to participate in its qualified 401(k) plan. Eligible employees may defer a fixed percentage of their salary and the Company matches employee contributions up to a certain amount based on the employee's years of service. Payments will be made at retirement age of 65, at termination of employment or earlier depending on the employees' elections. The Company established a rabbi trust; the purpose of which is to segregate the assets of the Deferred Compensation Plan from the Company's cash balances. The funds in the rabbi trust are included in Restricted Cash and Investments in the accompanying Consolidated Balance Sheets. These funds are not available to the Company for any purpose other than to fund the Deferred Compensation Plan; however, these funds may be available to the Company's creditors in the event the Company becomes insolvent. The rabbi trust had a balance of approximately \$35.7 million at December 31, 2020. All employee and employer contributions relative to the Deferred Compensation Plan are made directly to the rabbi trust. The Company recognized expense related to its contributions of \$0.1 million for each of the years ended December 31, 2020, 2019 and 2018. The total liability for this plan at December 31, 2020 and 2019 was approximately \$36.9 million and \$29.5 million, respectively, and is included in Other Non-Current Liabilities in the accompanying Consolidated Balance Sheets. The current portion of the liability was \$2.0 million and \$1.5 million as of December 31, 2020 and 2019, respectively.

15. Business Segments and Geographic Information

Operating and Reporting Segments

The Company conducts its business through four reportable business segments: the U.S. Secure Services segment; the GEO Care segment; the International Services segment; and Facility Construction & Design segment. The Company has identified these four reportable segments to reflect the current view that the Company operates four distinct business lines, each of which constitutes a material part of its overall business. The U.S. Secure Services segment primarily encompasses U.S.-based secure services business. The Company's community-based services, youth services and BI are operating segments aggregated under the GEO Care reporting segment. The GEO Care segment, which conducts its services in the United States, represents services provided to adults and juveniles for non-residential treatment, educational and community based programs, pre-release and half-way house programs, compliance technologies, monitoring services and evidence-based supervision and treatment programs for community-based parolees, probationers, and pretrial defendants. The International Services segment primarily consists of secure services operations in South Africa, Australia and the United Kingdom. The Facility Construction & Design segment primarily contracts with various state, local and federal agencies for the design and construction of facilities for which the Company has management contracts. Generally, the assets and revenues from the Facility Construction & Design segment are offset by a similar amount of liabilities and expenses. Segment disclosures below (in thousands) reflect the results of continuing operations. All transactions between segments are eliminated.

Fiscal Year	2020	2019	2018
Revenues:			
U.S. Secure Services	\$ 1,571,216	\$ 1,601,679	\$ 1,492,973
GEO Care	551,342	614,249	580,313
International Services	211,621	232,016	253,874
Facility Construction and Design [1] [2]	15,919	29,978	4,226
Total revenues	\$ 2,350,098	\$ 2,477,922	\$ 2,331,386
Capital Expenditures:			
U.S. Secure Services	\$ 58,410	\$ 69,074	\$ 163,208
GEO Care	44,913	45,000	30,136
International Services	1,142	1,468	2,322
Total capital expenditures [1]	\$ 104,465	\$ 115,542	\$ 195,666
Depreciation and amortization:			
U.S. Secure Services	\$ 80,702	\$ 78,974	\$ 76,801
GEO Care	51,832	49,781	47,546
International Services	2,146	2,070	2,087
Total depreciation and amortization [1]	\$ 134,680	\$ 130,825	\$ 126,434
Operating Income:			
U.S. Secure Services	\$ 298,952	\$ 322,506	\$ 297,453
GEO Care	97,330	147,036	138,911
International Services	19,610	16,723	12,816
Facility Construction & Design [1] [2]	54	74	—
Operating income from segments	\$ 415,946	\$ 486,339	\$ 449,180
General and Administrative Expenses	(193,372)	(185,926)	(184,515)
Total operating income	\$ 222,574	\$ 300,413	\$ 264,665

[1] There were no capital expenditures or depreciation and amortization associated with the Facility Construction & Design segment in 2020, 2019 or 2018.

[2] During 2020, 2019 and 2018, the Company had facility construction & design revenues related to an expansion project at its Fulham Correctional Centre in Australia which was substantially completed in the third quarter of 2020.

Pre-Tax Income Reconciliation of Segments

The following is a reconciliation of the Company's total operating income from its reportable segments to the Company's income before income taxes and equity in earnings of affiliates, in each case, during the years ended December 31, 2020, 2019 and 2018, respectively.

Fiscal Year Ended	2020	2019	2018
	(In thousands)		
Operating income from segments	\$ 415,946	\$ 486,339	\$ 449,180
Unallocated amounts:			
General and administrative expense	(193,372)	(185,926)	(184,515)
Net interest expense	(103,765)	(122,090)	(115,348)
Loss on extinguishment of debt	5,319	(4,795)	—
Income before income taxes and equity in earnings of affiliates	\$ 124,128	\$ 173,528	\$ 149,317

	2020	2019	2018
	(In thousands)		
Segment assets:			
U.S. Secure Services	\$ 2,529,375	\$ 2,618,629	\$ 2,590,722
GEO Care	1,058,505	1,112,880	1,063,484
International Services	85,110	82,097	84,911
Facility Construction & Design	402,930	371,846	383,713
Total segment assets	\$ 4,075,920	\$ 4,185,452	\$ 4,122,830

Asset Reconciliation

The following is a reconciliation of the Company's reportable segment assets to the Company's total assets as of December 31, 2020 and 2019, respectively.

	2020	2019
	(In thousands)	
Reportable segment assets	\$ 4,075,920	\$ 4,185,452
Cash	283,524	32,463
Deferred income tax assets	36,604	36,278
Restricted cash and investments, current and non-current	64,078	63,341
Total assets	\$ 4,460,126	\$ 4,317,534

Geographic Information

During each of the years ended December 31, 2020, 2019 and 2018, the Company's international operations were conducted through (i) the Company's wholly owned Australian subsidiary, The GEO Group Australia Pty. Ltd., through which the Company has management contracts for four correctional facilities, (ii) the Company's wholly owned subsidiaries, GEO Ravenhall Finance Holdings Pty. Ltd. and GEO Ravenhall Holdings Pty. Ltd. which, together, had a design and construction contract for a facility in Ravenhall, Australia which was completed in November 2017, (iii) the Company's wholly-owned subsidiary in South Africa, SACM, through which the Company manages one correctional facility, and (iv) the Company's wholly-owned subsidiary in the United Kingdom, The GEO Group UK Ltd., through which the Company manages the Dungavel House Immigration Removal Centre.

Fiscal Year	2020	2019	2018
	(In thousands)		
Revenues:			
U.S. operations	\$ 2,123,045	\$ 2,216,401	\$ 2,073,286
Australia operations	201,932	235,462	231,164
South African operations	17,044	18,779	19,806
United Kingdom operations	8,077	7,280	7,130
Total revenues	\$ 2,350,098	\$ 2,477,922	\$ 2,331,386
Property and Equipment, net:			
U.S. operations	\$ 2,109,070	\$ 2,131,877	\$ 2,145,197
Australia operations	12,908	12,215	13,006
South African operations	127	182	88
United Kingdom operations	90	448	319
Total Property and Equipment, net	\$ 2,122,195	\$ 2,144,722	\$ 2,158,610

Sources of Revenue

The Company derives most of its revenue from the management of secure facilities through public-private partnerships. The Company also derives revenue from the provision of community based and youth services, monitoring and evidence-based supervision and treatment programs in the United States, and expansion of new and existing secure facilities, processing centers and reentry centers.

Fiscal Year	2020	2019	2018
	(In thousands)		
Revenues:			
Secure Services	\$ 1,782,837	\$ 1,833,695	\$ 1,746,847
GEO Care	551,342	614,249	580,313
Facility Construction and Design	15,919	29,978	4,226
Total revenues	\$ 2,350,098	\$ 2,477,922	\$ 2,331,386

Equity in Earnings of Affiliates

Equity in earnings of affiliates for 2020, 2019 and 2018 includes the operating results of the Company's joint ventures in SACS and GEOAmeY. These joint ventures are accounted for under the equity method and the Company's investments in SACS and GEOAmeY are presented as a component of other non-current assets in the accompanying Consolidated Balance Sheets.

The Company has recorded \$3.7 million, \$5.0 million and \$7.4 million in earnings, net of tax impact, for SACS operations during the years ended December 31, 2020, 2019 and 2018, respectively, which are included in equity in earnings of affiliates, net of income tax provision in the accompanying Consolidated Statements of Operations. As of December 31, 2020 and 2019, the Company's investment in SACS was \$11.1 million and \$12.3 million, respectively. The investment is included in other non-current assets in the accompanying Consolidated Balance Sheets. The Company received dividend distributions of \$5.9 million and \$6.3 million, in 2020 and 2019, respectively, from this unconsolidated joint venture.

The Company has recorded \$5.5 million, \$4.6 million and \$2.2 million in earnings, net of tax impact, for GEOAmeY's operations during the years ended December 31, 2020, 2019 and 2018, respectively, which are included in equity in earnings of affiliates, net of income tax provision, in the accompanying Consolidated Statements of Operations. As of December 31, 2020 and 2019, the Company's investment in GEOAmeY was \$11.8 million and \$5.7 million, respectively, and represents its share of cumulative reported earnings. The Company received dividend distributions of \$4.0 million in 2020 and 2019, respectively, from this unconsolidated joint venture. There were no dividend distributions in 2020.

Business Concentration

Except for the major customer noted in the following table, no other single customer made up greater than 10% of the Company's consolidated revenues for the following fiscal years:

Customer	2020	2019	2018
Various agencies of the U.S Federal Government:	56 %	53 %	50 %

The concentrations above relate entirely to the Company's U.S. Secure Services segment.

Credit risk related to accounts receivable is reflective of the related revenues.

16. Income Taxes

The United States and foreign components of income before income taxes and equity in earnings in affiliates are as follows:

	2020	2019	2018
	(In thousands)		
Income before income taxes and equity in earnings in affiliates			
United States	\$ 96,428	\$ 155,844	\$ 131,261
Foreign	27,700	17,684	18,056
Income before income taxes and equity in earnings in affiliates	\$ 124,128	\$ 173,528	\$ 149,317

The provision for income taxes consists of the following components:

	2020	2019	2018
	(In thousands)		
Federal income taxes:			
Current	\$ 8,259	\$ 13,018	\$ 9,340
Deferred	(255)	(7,028)	(2,195)
	<u>8,004</u>	<u>5,990</u>	<u>7,145</u>
State income taxes:			
Current	4,146	5,093	3,050
Deferred	47	(383)	(1,889)
	<u>4,193</u>	<u>4,710</u>	<u>1,161</u>
Foreign income taxes:			
Current	(3,163)	(875)	497
Deferred	11,429	6,823	5,314
	<u>8,266</u>	<u>5,948</u>	<u>5,811</u>
Total U.S. and foreign provision for income taxes	\$ 20,463	\$ 16,648	\$ 14,117

The U.S. Tax Cuts and Jobs Act (“Tax Act”) enacted on December 22, 2017 introduced significant changes to the U.S. income tax law. Effective 2018, the Tax Act reduced the U.S. statutory corporate tax rate from 35% to 21%.

Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, the Company made reasonable estimates of the effects and recorded provisional amounts in its financial statements for the year ended December 31, 2017. As the Company collected and prepared necessary data, and interpreted any additional guidance issued by the U.S. Treasury Department, the IRS or other standard-setting bodies, it made adjustments over the course of the year to the provisional amounts, including refinements to deferred taxes. The accounting for the tax effects of the enactment of the Tax Act was completed as of December 31, 2018.

Any legislative changes, as well as any other new or proposed Treasury regulations to address questions that arise because of the Tax Act, may result in additional income tax impacts. There are no significant impacts to income tax for the year ended December 31, 2018, 2019 and 2020.

A reconciliation of the statutory U.S. federal tax rate of 21% and the effective income tax rate is as follows:

	2020	2019	2018
	(In thousands)		
Provisions using statutory federal income tax rate	\$ 26,067	\$ 36,476	\$ 31,340
State income taxes (benefit), net of federal tax benefit	3,099	2,421	1,915
REIT benefit	(12,271)	(22,395)	(19,992)
Change in valuation allowance	(1,775)	1,456	(1,245)
Federal tax credits	(2,015)	(2,118)	(1,904)
Tax Cut and Jobs Act impact	—	—	(301)
Foreign income taxes (benefit)	1,373	1,934	1,479
Tax impact of vested equity compensation	3,628	185	949
Other, net	2,357	(1,311)	1,876
Total provision for income taxes	\$ 20,463	\$ 16,648	\$ 14,117

The Company’s effective tax rate differs from the U.S. statutory rate of 21% primarily due to a zero tax rate on earnings generated by the Company’s REIT operations. State income taxes, net of federal tax benefits of \$3.1 million, \$2.4 million and \$1.9 million for 2020, 2019 and 2018, respectively, is presented exclusive of the related change in valuation allowance of state income tax deferred items. Net of the related change in valuation allowances the state income taxes, net of federal tax benefits is \$2.1 million, \$4.1 million and \$1.3 million for 2020, 2019 and 2018, respectively.

The following table presents the breakdown between non-current net deferred tax assets as classified on the balance sheets as of December 31, 2020 and 2019:

	2020	2019
	(In thousands)	
Deferred tax assets - non current	\$ 36,604	\$ 36,278
)Deferred tax liabilities - non current	(30,726)	(19,254)
Total net deferred tax assets	<u>\$ 5,878</u>	<u>\$ 17,024</u>

The significant components of the Company's deferred tax assets and liabilities consisted of the following as of December 31, 2020 and 2019:

	2020	2019
	(In thousands)	
Deferred tax assets:		
Net operating losses	\$ 25,260	\$ 32,394
Accrued liabilities	30,605	24,452
Deferred compensation	18,906	15,052
Accrued compensation	7,888	7,239
Deferred revenue	15,210	13,219
Tax credits	3,834	5,223
Equity awards	3,402	4,894
Depreciation	3,069	15,424
Operating lease liability	14,889	13,140
Other, net	777	1,817
Valuation allowance	(21,012)	(22,786)
Total deferred tax assets	<u>\$ 102,828</u>	<u>\$ 110,068</u>
Deferred tax liabilities:		
Intangible assets	\$ (21,885)	\$ (24,097)
Capitalized transaction costs	(16,165)	(16,797)
Accounting method change	(4,667)	(7,019)
Prepaid expenses and other	(39,925)	(32,493)
Lease right-of-use assets	(14,308)	(12,638)
Total deferred tax liabilities	<u>\$ (96,950)</u>	<u>\$ (93,044)</u>
Total net deferred tax assets	<u>\$ 5,878</u>	<u>\$ 17,024</u>

Deferred income taxes should be reduced by a valuation allowance if it is not more likely than not that some portion or all of the deferred tax assets will be realized. On a periodic basis, management evaluates and determines the amount of the valuation allowance required and adjusts such valuation allowance accordingly. At year end 2020 and 2019, the Company has a valuation allowance of \$21.0 million and \$22.8 million, respectively related to deferred tax assets for foreign net operating losses, state net operating losses and state tax credits. The valuation allowance decreased by \$1.8 million during the year ended December 31, 2020.

The Company provides income taxes on the undistributed earnings of non-U.S. subsidiaries except to the extent that such earnings are permanently invested outside the United States. At December 31, 2020, \$8.9 million of accumulated undistributed earnings of non-U.S. subsidiaries were permanently invested outside the United States. At the existing U.S. federal income and applicable foreign withholding tax rates, additional taxes (net of foreign tax credits) of \$0.4 million, consisting solely of withholding taxes, would have to be provided if such earnings were remitted currently.

As of the year ended December 31, 2020, the Company had \$38.2 million of Federal net operating loss carryforwards which begin to expire in 2032 and \$207.3 million of combined net operating loss carryforwards in various states which will begin to expire in 2020. The Federal net operating losses are at the Company's REIT which is not subject to tax. The Company has recorded a partial valuation allowance against the deferred tax assets related to the state operating losses.

Also, as of the year ended December 31, 2020, the Company had \$26.7 million of foreign operating losses which carry forward indefinitely and \$3.6 million of state tax credits which will begin to expire in 2021. The Company has recorded a partial valuation allowance against the deferred tax assets related to the foreign operating losses and state tax credits.

The Company recognizes the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards. The exercise of non-qualified stock options and vesting of restricted stock awards which have been granted under the Company's equity award plans give rise to compensation income which is includable in the taxable income of the applicable employees and the majority of which is deductible by the Company for federal and state income tax purposes. In the case of non-qualified stock options, the compensation income results from increases in the fair market value of the Company's common stock subsequent to the date of grant. At December 31, 2020, the deferred tax asset net of a valuation allowance related to unexercised stock options and restricted stock grants for which the Company has recorded a book expense was \$3.4 million.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2020	2019	2018
	(In thousands)		
Balance at Beginning of Period	\$ 5,469	\$ 4,584	\$ 4,461
Additions based on tax positions related to the current year	44	—	—
Additions for tax positions of prior years	166	994	298
Additions from current year acquisitions	—	—	—
Reductions for tax positions of prior years	—	—	—
Reductions as a result of a lapse of applicable statutes of limitations	(56)	(109)	(175)
Balance at End of Period	<u>\$ 5,623</u>	<u>\$ 5,469</u>	<u>\$ 4,584</u>

All amounts in the reconciliation are reported on a gross basis and do not reflect a federal tax benefit on state income taxes. The Company has accrued \$5.5 million of accrued uncertain tax benefits as of December 31, 2020 which is inclusive of the federal tax benefit on state income taxes. The Company believes that it is reasonably possible that a decrease may be necessary in the unrecognized tax benefits within twelve months of the reporting date of approximately \$0.9 million, related to state tax exposures, due to a lapse of the statute of limitation. The accrued uncertain tax balance at December 31, 2020 includes \$5.5 million of unrecognized tax benefits which, if ultimately recognized, will reduce the Company's annual effective tax rate.

The Company is subject to income taxes in the U.S. federal jurisdiction, and various states and foreign jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for the years before 2016. The Company was under audit by the IRS for the 2013 tax year, its first REIT year and was issued a no change letter at audit conclusion. One of our foreign subsidiaries satisfactorily completed a streamlined tax assurance review in a foreign jurisdiction for tax years 2015 to 2018. In late 2020, the Company was contacted by the IRS to conduct an examination of 2017. Subsequent to year-end, the IRS audit team notified the Company that the examination has been changed to a survey.

The calculation of the Company's provision (benefit) for income taxes requires the use of significant judgment and involves dealing with uncertainties in the application of complex tax laws and regulations. In determining the adequacy of the Company's provision (benefit) for income taxes, potential settlement outcomes resulting from income tax examinations are regularly assessed. As such, the final outcome of tax examinations, including the total amount payable or the timing of any such payments upon resolution of these issues, cannot be estimated with certainty.

During the years ended December 31, 2020 and 2019, the Company did not recognize any interest and penalties. The Company classifies interest and penalties as interest expense and other expense, respectively.

17. Commitments and Contingencies

Collective Bargaining Agreements

The Company had approximately 36% of its workforce covered by collective bargaining agreements at December 31, 2020. Collective bargaining agreements with 16% of employees are set to expire in less than one year.

Contract Awards

On March 24, 2020, GEO announced that its wholly owned subsidiary, BI Incorporated, has signed a contract with U.S. Immigration and Customs Enforcement ("ICE") for the continued provision of case management and supervision services under the federal government's Intensive Supervision and Appearance Program ("ISAP"). The contract has a term of five years, effective April 1, 2020. Subsequently, a

competitor filed a protest challenging the award of the contract. On July 8, 2020, the Government Accountability Office denied the protest and upheld the contract award.

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

Contract Expirations

On June 19, 2020, GEO was notified by the Federal Bureau of Prisons (the “BOP”) that the BOP will not be resoliciting the 1,900 beds at GEO’s company-owned D Ray James Correctional Facility in Folkston, Georgia upon the expiration of the facility management contract between GEO and the BOP. The facility management contract was entered into in October 2010 with a base period of four years and with three renewal options for a two-year period. The third renewal period concluded on September 30, 2020. During the third quarter of 2020, GEO entered into a four-month extension of this contract which expired on January 31, 2021.

On November 23, 2020, GEO announced that the BOP has decided to not rebid the contract for the company-owned, 1,450-bed Rivers Correctional Facility in North Carolina, which is set to expire on March 31, 2021.

On January 20, 2021, GEO announced that the BOP has decided to not exercise the contract renewal option for the company-owned, 1,878-bed Moshannon Valley Correctional Facility in Pennsylvania, when the contract base period expires on March 31, 2021.

Commitments

As of December 31, 2020, the Company had contractual commitments for a number of projects using existing Company financing facilities. The Company’s management estimates that these existing capital projects will cost approximately \$54.5 million, of which \$35.0 million was spent through 2020. The Company estimates the remaining capital requirements related to these capital projects to be approximately \$19.5 million. These projects are expected to be completed through 2021.

In addition to these current estimated capital requirements, the Company is currently in the process of bidding on, or evaluating potential bids for the design, construction and management of a number of new projects. In the event that the Company wins bids for these projects and decides to self-finance their construction, its capital requirements could materially increase.

Litigation, Claims and Assessments

On July 7, 2020, a purported shareholder class action lawsuit was filed against the Company, its Chief Executive Officer, George C. Zoley (“Mr. Zoley”), and its Chief Financial Officer, Brian R. Evans (“Mr. Evans”), in the United States District Court for the Southern District of Florida. On October 1, 2020, the Court entered an unopposed order appointing lead plaintiffs, approving the selection of counsel, dismissing the initial complaint, and setting a deadline for the filing of an amended complaint. On November 18, 2020, the lead plaintiffs filed a consolidated class action amended complaint. The amended complaint alleges that the Company and Messrs. Zoley and Evans—as well as J. David Donahue (“Mr. Donahue”), the Company’s former Senior Vice President and President of the GEO Secure Services division, and Ann M. Schlarb (“Ms. Schlarb”), the Company’s Senior Vice President of the GEO Care division—made materially false and misleading statements and/or omissions related to GEO’s business—including quality of operations, corporate social responsibility, competitive strengths, business strategies, health and safety, sources of financing, dividend expectations, and COVID-19 procedures. The amended complaint is brought by lead plaintiffs James Michael DeLoach and Edward Oketola, individually and on behalf of a class consisting of all persons and entities—other than the defendants, the officers and directors of the Company, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which the defendants have or had a controlling interest—who purchased or otherwise acquired the Company’s securities during the alleged class period from November 7, 2018 to August 5, 2020, inclusive. The amended complaint alleges that the defendants violated Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 10b-5 promulgated thereunder, and alleges that Messrs. Zoley, Evans, and Donahue and Ms. Schlarb violated Section 20(a) of the Exchange Act. The amended complaint seeks damages, interest, attorneys’ fees, expert fees, other costs, and such other relief as the court may deem proper. On December 18, 2020, the defendants filed a motion to dismiss the amended complaint. Lead plaintiffs filed their opposition to the motion to dismiss on January 19, 2021, and defendants’ reply was filed on February 2, 2021. The motion to dismiss is now fully briefed.

As previously reported and described in the Company’s prior periodic reports, including most recently in its Form 10-Q for the quarter ended September 30, 2020, former civil immigration detainees at the Aurora Immigration Processing Center filed a class action lawsuit on October 22, 2014, against the Company in the United States District Court for the District of Colorado (the “Court”). The complaint alleges that the Company was in violation of the Colorado Minimum Wages of Workers Act and the Federal Trafficking Victims Protection Act (“TVPA”). The plaintiff class claims that the Company was unjustly enriched because of the level of payment the detainees received for work performed at the facility, even though the voluntary work program as well as the wage rates and standards associated with the program that are at issue in the case are authorized by the Federal government under guidelines approved by the United States Congress. On July 6, 2015, the Court found that detainees were not employees under the Colorado Minimum Wage Order and dismissed this claim. In February 2017, the Court granted the plaintiff-class’ motion for class certification on the TVPA and unjust enrichment claims. The plaintiff class seeks actual damages, compensatory damages, exemplary damages, punitive damages, restitution, attorneys’ fees and costs, and such other relief as the Court may deem proper. In the time since the Colorado suit was initially filed, three similar lawsuits have been filed - two

in Washington and one in California. In Washington, one of the two lawsuits was filed on September 9, 2017 by immigration detainees against the Company in the U.S. District Court for the Western District of Washington. The second lawsuit was filed on September 20, 2017 by the State Attorney General against the Company in the Superior Court of the State of Washington for Pierce County, which the Company removed to the U.S. District Court for the Western District of Washington on October 9, 2017. In California, a class-action lawsuit was filed on December 19, 2017 by immigration detainees against the Company in the U.S. District Court Eastern Division of the Central District of California. All three lawsuits allege violations of the respective state's minimum wage laws. However, the California lawsuit, like the Colorado suit, also includes claims that the Company violated the TVPA and California's equivalent state statute. The Court certified a nationwide class which would allow the plaintiffs to primarily seek injunctive relief or policy changes at a number of facilities if they are successful on the merits of their claims. On July 2, 2019, the Company filed a Motion for Summary Judgment in the Washington Attorney General's Tacoma lawsuit based on the Company's position that its legal defenses prevent the case from proceeding to trial. The federal court in Washington denied the Company's Motion for Summary Judgment on August 6, 2019. However, on August 20, 2019, the Department of Justice filed a Statement of Interest, which asked the Washington court to revisit its prior denial of the Company's intergovernmental immunity defense in the case. While the Washington court ultimately elected not to dismiss the case at the time, its order importantly declared that the Company's intergovernmental immunity defense was legally viable, to be ultimately determined at trial. On July 20, 2020, the trial court for the two Washington cases alerted the Company that the litigation continued to be on "standby" due to the COVID-19 pandemic, "which is still 'raging and explosive'" in the jurisdiction. As a result, a probable trial date is unknown. The Company intends to take all necessary steps to vigorously defend itself and has consistently refuted the allegations and claims in these lawsuits. The Company has not recorded an accrual relating to these matters at this time, as a loss is not considered probable nor reasonably estimable at this stage of the lawsuits.

On June 30, 2020, the Immigrant Legal Resources Center and Freedom for Immigrants filed a petition for writ of mandate in California state court in Bakersfield, California. The petitioners challenge compliance with California administrative law regarding the number of public hearings and allowing public access to public hearings for review of conditional use permits for the Central Valley and Golden State facilities that house federal immigration detainees. The City of McFarland and the City of McFarland Planning Commission are named as respondents and the Company is named as the real party in interest. The petitioners also filed an ex parte application for a temporary restraining order in state court seeking to prevent respondents from amending conditional use permits to allow housing federal immigration detainees at the Central Valley and Golden State facilities. The Company and respondents immediately removed the lawsuit to federal court to the United States District Court for the Eastern District of California in Sacramento, California by filing a notice of removal on July 10, 2020. The petitioners subsequently filed a motion seeking a temporary restraining order in federal court, seeking the same injunctive relief. The federal court entered a temporary restraining order enjoining respondents from amending conditional use permits that would permit housing federal detainees at Central Valley and Golden State. The federal court further ordered the Company and respondents to show cause why a preliminary injunction should not issue pending resolution of the lawsuit. The Company and respondents immediately moved for an emergency stay with the Ninth Circuit Court of Appeals which was granted on September 1, 2020. On October 26, 2020, the appellate court vacated the preliminary injunction and determined that the City of McFarland fully complied with California administrative law with the requisite public hearings, the appropriate notice to the public and permitting public comments in a lawfully compliant manner.

On December 30, 2019, GEO filed a lawsuit for declaratory and injunctive relief challenging California's newly enacted law - Assembly Bill 32 (AB-32) - which bars the federal government from engaging GEO or any other government contractors to provide detention services for illegal immigrants. GEO's claims, as described in the lawsuit, are grounded in authoritative legal doctrine that under the Constitution's Supremacy Clause, the federal government is free from regulation by any state. By prohibiting federal detention facilities in California, the lawsuit argues AB-32 substantially interferes with the ability of U.S. Marshals Service ("USMS") and ICE to carry out detention responsibilities for the federal government. Secondly, because AB-32 creates exceptions to the State of California when using GEO or any government contractors (to alleviate overcrowding), California's statute unlawfully discriminates against the federal government. On December 31, 2019, GEO filed its motion for a preliminary injunction restraining California's Governor and Attorney General from enforcing AB-32 against GEO's detention facilities on behalf of USMS and ICE. On January 24, 2020, the United States filed a lawsuit challenging AB-32. The court heard both GEO and the United States' motions for preliminary injunction on July 16, 2020. The court ordered the parties to submit supplemental briefing and will render an opinion sometime after the filing deadline of August 18, 2020. On July 20, 2020 the court consolidated both lawsuits. On October 8, 2020, the court issued an order granting, in part, and denying in part, the Company and the United States' motions and California's motion to dismiss. Among other findings, the court (1) dismissed the Company's intergovernmental immunity claims as well as the United States' preemption claims as applied to ICE facilities; (2) found that the Company and the United States were likely to succeed on the preemption claims as applied to U.S. Marshals' facilities and enjoined enforcing AB-32 against those facilities; and (3) refused to enjoin California from enforcing AB-32 against ICE contracts with the Company and the United States. The Company and the United States have appealed to the Ninth Circuit Court of Appeals.

The Company establishes accruals for specific legal proceedings when it is considered probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, the results of these claims or proceedings cannot be predicted with certainty, and an unfavorable resolution of one or more of these claims or proceedings could have a material adverse effect on the Company's financial condition, results of operations or cash flows. The Company's accruals for loss contingencies are reviewed quarterly and adjusted as additional information becomes available. The Company does not accrue for anticipated legal fees and costs but expenses those items as incurred.

The nature of the Company's business exposes it to various types of third-party legal claims or litigation against the Company, including, but not limited to, civil rights claims relating to conditions of confinement and/or mistreatment, sexual misconduct claims brought by prisoners or detainees, medical malpractice claims, product liability claims, intellectual property infringement claims, claims relating to employment matters (including, but not limited to, employment discrimination claims, union grievances and wage and hour claims), property loss claims, environmental claims, automobile liability claims, indemnification claims by its customers and other third parties, contractual claims and claims for personal injury or other damages resulting from contact with the Company's facilities, programs, electronic monitoring products, personnel or prisoners, including damages arising from a prisoner's escape or from a disturbance or riot at a facility. The Company accrues for legal costs associated with loss contingencies when those costs are probable and reasonably estimable. The Company does not expect the outcome of any pending claims or legal proceedings to have a material adverse effect on its financial condition, results of operations or cash flows.

Other Assessment

A state non-income tax audit completed in 2016 included tax periods for which the state tax authority had a number of years ago processed a substantial tax refund. At the completion of the audit fieldwork, the Company received a notice of audit findings disallowing deductions that were previously claimed by the Company, approved by the state tax authority and served as the basis for the approved refund claim. In early January 2017, the Company received a formal Notice of Assessment of Taxes and Demand for Payment from the taxing authority disallowing the deductions. The total tax, penalty and interest assessed is approximately \$19.8 million. In December 2020, the Company received an unfavorable ruling, but all penalties were abated. The Company is in the process of appealing the ruling and intends to take all necessary steps to vigorously defend its position. The Company has established a reserve based on its estimate of the most probable loss based on the facts and circumstances known to date and the advice of outside counsel in connection with this matter.

Ransomware Attack

On November 3, 2020, the Company began the process of notifying current and former employees and will provide additional notifications as required by applicable state and federal law regarding a ransomware attack that impacted a portion of GEO's information technology systems and a limited amount of data that contained personally identifiable information and protected health information. GEO promptly launched an investigation, engaged legal counsel and other incident response professionals, and notified its customers and law enforcement in response to the incident. GEO implemented a number of containment and remediation measures to address the incident, restore its systems and reinforce the security of its networks and information technology systems. The Company recovered its critical operating data and the incident has not had a significant impact on the Company's business operations or its ability to perform the services required under GEO's contracts with its government customers or the individuals entrusted to GEO's facilities and programs. At this time, the Company is not aware of any fraud or misuse of information as a result of the incident. Additionally, the Company's financial reporting controls and procedures were not impacted and as a result, the incident did not affect the Company's ability to report accurate financial information in a timely manner. Based on the information currently known and obtained through the investigation of the incident, the Company does not believe the incident will have a material impact on its business, operations or financial results. The Company carries insurance, including cyber insurance, commensurate with its size and the nature of its operations.

CARES Act

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, allows employers to defer the deposit and payment of the employer's share of Social Security taxes. The deferral applies to deposits and payments of the employer's share of Social Security tax that would otherwise be required to be made during the period beginning on March 27, 2020 and ending on December 31, 2020. The deferred amounts are due to be paid in two equal installments on December 31, 2021 and December 31, 2022. As a result of the CARES Act, the Company has deferred the payment of approximately \$42 million related to these payroll taxes as of December 31, 2020, half of which is included in Accrued Payroll and Related Taxes and half which is included in Other Non-Current Liabilities in the accompanying consolidated balance sheets.

18. Selected Quarterly Financial Data (Unaudited)

The Company's selected quarterly financial data is as follows (in thousands, except per share data attributable to GEO):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2020				
Revenues	\$ 605,017	\$ 587,829	\$ 579,136	\$ 578,116
Operating income	56,586	63,513	64,462	38,013
Net Income	25,121	36,654	39,172	11,884
Net Income Attributable to The GEO Group, Inc.	25,181	36,720	39,220	11,911
Basic earnings per share:				
Net income per share	\$ 0.21	\$ 0.31	\$ 0.33	\$ 0.09
Diluted earnings per share:				
Net income per share *	\$ 0.21	\$ 0.31	\$ 0.33	\$ 0.09
2019				
Revenues	\$ 610,667	\$ 613,966	\$ 631,579	\$ 621,710
Operating income	74,777	81,175	78,159	66,302
Net Income	40,649	41,836	45,885	38,042
Net Income Attributable to The GEO Group, Inc.	40,705	41,914	45,932	38,052
Basic earnings per share:				
Net income per share	\$ 0.34	\$ 0.35	\$ 0.39	\$ 0.32
Diluted earnings per share:				
Net income per share *	\$ 0.34	\$ 0.35	\$ 0.39	\$ 0.32

[1] Decrease primarily due to goodwill impairment charges taken in the fourth quarter of 2020. Refer to Note 1 – Summary of Business Organization, Operations and Significant Accounting Policies – **Goodwill and Other Intangible Assets**.

* Earnings per share table may contain slight summation differences due to rounding.

19. Subsequent Events

Dividend

On January 15, 2021, the Board of Directors decided to reduce the quarterly cash dividend and declared a quarterly cash dividend of \$0.25 per share of common stock, which was paid on February 1, 2021 to shareholders of record as of the close of business on January 25, 2021.

Options and Restricted Stock Awards

On February 10, 2021, the Compensation Committee of the Board of Directors resolved to grant approximately 482,000 options and 1,171,000 shares of restricted stock to certain employees and directors of the Company effective March 1, 2021. Of the total shares of restricted stock granted, 644,000 are performance-based awards which vest subject to the achievement of certain total shareholder return and return on capital employed metrics over a three-year period.

Talbot Hall

In January 2021, GEO completed the sale of its interest in the Talbot Hall reentry center in New Jersey, resulting in net proceeds to GEO of approximately \$13 million.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act), as of the end of the period covered by this report. On the basis of this review, our management, including our Chief Executive Officer and our Chief Financial Officer, has concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed in our reports filed with the Securities and Exchange Commission, or the SEC, under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and to ensure that the information required to be disclosed in the reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

It should be noted that the effectiveness of our system of disclosure controls and procedures is subject to certain limitations inherent in any system of disclosure controls and procedures, including the exercise of judgment in designing, implementing and evaluating the controls and procedures, the assumptions used in identifying the likelihood of future events, and the inability to eliminate misconduct completely. Accordingly, there can be no assurance that our disclosure controls and procedures will detect all errors or fraud. As a result, by its nature, our system of disclosure controls and procedures can provide only reasonable assurance regarding management's control objectives.

Internal Control Over Financial Reporting

(a) Management's Annual Report on Internal Control Over Financial Reporting

See "Item 8. — Financial Statements and Supplementary Data — Management's Annual Report on Internal Control Over Financial Reporting" for management's report on the effectiveness of our internal control over financial reporting as of December 31, 2020.

(b) Attestation Report of the Registered Public Accounting Firm

See "Item 8. — Financial Statements and Supplementary Data — Report of Independent Registered Public Accounting Firm" for the report of our independent registered public accounting firm on the effectiveness of our internal control over financial reporting as of December 31, 2020.

(c) Changes in Internal Control over Financial Reporting

Our management is responsible for reporting any changes in our internal control over financial reporting (as such terms are defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Management believes that there have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

We have adopted a code of business conduct and ethics applicable to all of our directors, officers, employees, agents and representatives, including our consultants. The code strives to deter wrongdoing and promote honest and ethical conduct, the avoidance of conflicts of interest, full, fair, accurate, timely and transparent disclosure, compliance with the applicable government and self-regulatory organization laws, rules and regulations, prompt internal reporting of violations of the code, and accountability for compliance with the code. In addition, we have adopted a code of ethics for the CEO, our senior financial officers and all other employees. The codes can be found on our website at <http://www.geogroup.com> by clicking on the link “About Us” on our homepage and then clicking on the link “Corporate Governance.” In addition, the codes are available in print to any shareholder who request them by contacting our Vice President of Corporate Relations at 561-999-7306. In the event that we amend or waive any of the provisions of the code of business conduct and ethics and the code of ethics for the CEO, our senior financial officers and employees that relate to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, we intend to disclose the same on our Investor Relations website. The other information required by this item will be contained in, and is incorporated by reference from, the proxy statement for our 2021 annual meeting of shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the year covered by this report.

ITEM 11. Executive Compensation

The information required by this item will be contained in, and is incorporated by reference from, the proxy statement for our 2021 annual meeting of shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be contained in, and is incorporated by reference from, the proxy statement for our 2020 annual meeting of shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be contained in, and is incorporated by reference from, the proxy statement for our 2020 annual meeting of shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report.

ITEM 14. Principal Accounting Fees and Services

The information required by this item will be contained in, and is incorporated by reference from, the proxy statement for our 2020 annual meeting of shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) Financial Statements.

The consolidated financial statements of GEO are filed under Item 8 of Part II of this report.

(2) Financial Statement Schedules.

Schedule II — Valuation and Qualifying Accounts — Page 146

Schedule III — Real Estate and Accumulated Depreciation — Page 147

All other schedules specified in the accounting regulations of the Securities and Exchange Commission have been omitted because they are either inapplicable or not required.

(3) Exhibits Required by Item 601 of Regulation S-K. The following exhibits are filed as part of this Annual Report:

Exhibit Number	Description	
3.1	Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's report on Form 8-K, filed on June 30, 2014).	https://www.sec.gov/Archives/edgar/data/923796/000119312514254491/d750635dex31.htm
3.2	Articles of Merger, effective as of June 27, 2014 (incorporated by reference to Exhibit 3.2 to the Company's report on Form 8-K, filed on June 30, 2014).	https://www.sec.gov/Archives/edgar/data/923796/000119312514254491/d750635dex32.htm
3.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of The GEO Group, Inc. (incorporated by reference to Exhibit 3.1 to the Company's report on Form 8-K, filed on April 26, 2017).	https://www.sec.gov/Archives/edgar/data/923796/000119312517137344/d384798dex31.htm
3.4	Second Amended and Restated Bylaws of The GEO Group, Inc. (incorporated by reference to Exhibit 3.1 to the Company's report on Form 8-K, filed on April 17, 2017).	https://www.sec.gov/Archives/edgar/data/923796/000119312517126104/d377930dex31.htm
3.5	Amendment to Second Amended and Restated Bylaws Adopted on July 6, 2018 (incorporated by reference to Exhibit 3.1 to the Company's report on Form 8-K filed on July 11, 2018).	https://www.sec.gov/Archives/edgar/data/923796/000119312518216156/d458165dex31.htm
3.6	Amendment to Second Amended and Restated Bylaws Adopted on September 10, 2018 (incorporated by reference to Exhibit 3.1 to the Company's report on Form 8-K filed on September 13, 2018).	https://www.sec.gov/Archives/edgar/data/923796/000119312518272904/d624393dex31.htm
3.7	Amendment to Second Amended and Restated Bylaws Adopted on November 29, 2018 (incorporated by reference to Exhibit 3.1 to the Company's report on Form 8-K filed on November 30, 2018).	https://www.sec.gov/Archives/edgar/data/923796/000119312518339841/d665620dex31.htm

3.8	Amendment to the Second Amended and Restated Bylaws of The GEO Group, Inc., effective October 9, 2019 (incorporated by reference to Exhibit 3.1 to the Company's report on Form 8-K filed on October 16, 2019).	https://www.sec.gov/Archives/edgar/data/923796/000119312519268526/d818688dex31.htm
3.9	Amendment to the Second Amended and Restated Bylaws of The GEO Group, Inc., effective July 9, 2020 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 14, 2020).	https://www.sec.gov/Archives/edgar/data/0000923796/000119312520192646/d47927d8k.htm
4.1	Indenture, dated as of March 19, 2013, by and among the Company, the Guarantors party thereto, and Wells Fargo Bank, National Association as Trustee relating to the 5.125% Senior Notes due 2023 (incorporated by reference to Exhibit 4.1 to the Company's report on Form 8-K, filed on March 25, 2013).	https://www.sec.gov/Archives/edgar/data/923796/000119312513124536/d509256dex41.htm
4.2	Form of 5.125% Senior Note due 2023 (included in Exhibit 4.1).	https://www.sec.gov/Archives/edgar/data/923796/000119312513124536/d509256dex41.htm
4.3	Indenture, dated as of October 3, 2013, by and among the Company, the Guarantors party thereto, and Wells Fargo Bank, National Association as Trustee relating to the 5 7/8% Senior Notes due 2022 (incorporated by reference to Exhibit 4.1 to the Company's report on Form 8-K, filed on October 9, 2013).	https://www.sec.gov/Archives/edgar/data/923796/000119312513395357/d610381dex41.htm
4.4	Form of 5 7/8% Senior Note due 2022 (included in Exhibit 4.3).	https://www.sec.gov/Archives/edgar/data/923796/000119312513395357/d610381dex41.htm
4.5	Supplemental Indenture dated as of June 27, 2014, to Indenture dated as of March 19, 2013, with respect to the Predecessor Registrant's 5.125% Senior Notes, between the Company and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.4 to the Company's report on Form 8-K, filed on June 30, 2014).	https://www.sec.gov/Archives/edgar/data/923796/000119312514254491/d750635dex44.htm
4.6	Supplemental Indenture dated as of June 27, 2014, to Indenture dated as of October 3, 2013, with respect to the Predecessor Registrant's 5 7/8% Senior Notes, between the Company and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.5 to the Company's report on Form 8-K, filed on June 30, 2014).	https://www.sec.gov/Archives/edgar/data/923796/000119312514254491/d750635dex45.htm
4.7	Indenture, dated as of September 25, 2014, by and between GEO and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's report on Form 8-K, filed on October 1, 2014).	https://www.sec.gov/Archives/edgar/data/923796/000119312514360857/d795633dex41.htm
4.8	First Supplemental Indenture, dated as of September 25, 2014, by and among GEO, certain subsidiary guarantors and Wells Fargo Bank, National Association, as Trustee with respect to the 5.875% Senior Notes due 2024 (incorporated by reference to Exhibit 4.2 to the Company's report on Form 8-K, filed on October 1, 2014).	https://www.sec.gov/Archives/edgar/data/923796/000119312514360857/d795633dex42.htm
4.9	Form of 5.875% Senior Note due 2024 (included in Exhibit 4.8).	https://www.sec.gov/Archives/edgar/data/923796/000119312514360857/d795633dex42.htm

4.10	Second Supplemental Indenture, dated as of April 18, 2016, by and among The GEO Group, Inc., the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as Trustee with respect to the 6.00% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to the Company's report on Form 8-K, filed on April 18, 2016).	https://www.sec.gov/Archives/edgar/data/923796/000119312516545008/d172173dex41.htm
4.11	Form of 6.00% Senior Notes due 2026 (included in Exhibit 4.10).	https://www.sec.gov/Archives/edgar/data/923796/000119312516545008/d172173dex41.htm
4.12	Form of Indenture for Senior Debt Securities (incorporated by reference to Exhibit 4.1 to the Company's registration statement on Form S-3ASR, filed on October 20, 2017).	https://www.sec.gov/Archives/edgar/data/914670/000119312517315521/d474071dex41.htm
4.13	Form of Indenture for Subordinated Debt Securities (incorporated by reference to Exhibit 4.2 to the Company's registration statement on Form S-3ASR, filed on October 20, 2017).	https://www.sec.gov/Archives/edgar/data/914670/000119312517315521/d474071dex42.htm
4.14	Description of Registrant's Securities (incorporated by reference to Exhibit 4.14 to the Company's Annual Report on Form 10-K, filed on February 26, 2020)	https://www.sec.gov/Archives/edgar/data/923796/000119312520049748/d841729dex414.htm
4.15	Form of Indenture for Senior Debt Securities (incorporated by reference to Exhibit 4.1 to the Company's registration statement on Form S-3ASR, filed on October 30, 2020).	https://www.sec.gov/Archives/edgar/data/914670/000119312520282734/d12605dex41.htm
4.16	Form of Indenture for Subordinated Debt Securities (incorporated by reference to Exhibit 4.2 to the Company's registration statement on Form S-3ASR, filed on October 30, 2020).	https://www.sec.gov/Archives/edgar/data/914670/000119312520282734/d12605dex42.htm
10.1	Form of Indemnification Agreement between the Company and its Officers and Directors (incorporated herein by reference to Exhibit 10.3 to the Company's registration statement on Form S-1, filed on May 24, 1994) (P)	
10.2	The GEO Group, Inc. Senior Management Performance Award Plan, as Amended and Restated (incorporated by reference to Exhibit 10.3 to the Company's report on Form 10-K, filed on February 26, 2019) †	https://www.sec.gov/Archives/edgar/data/923796/000119312519050054/d663410dex103.htm
10.3	Amended and Restated The GEO Group, Inc. Senior Officer Retirement Plan, effective December 31, 2008 (incorporated by reference to Exhibit 10.8 to the Company's report on Form 8-K January 7, 2009)†	https://www.sec.gov/Archives/edgar/data/923796/000095014409000110/g17230exv10w8.htm
10.4	Senior Officer Employment Agreement, dated August 3, 2009, by and between the Company and Brian Evans (incorporated by reference to Exhibit 10.1 to the Company's report on Form 10-Q, filed on August 3, 2009)†	https://www.sec.gov/Archives/edgar/data/923796/000095012309028997/g19984exv10w1.htm
10.5	Senior Officer Employment Agreement, dated February 1, 2016, by and between the Company and J. David Donahue (incorporated herein by reference to Exhibit 10.7 to the Company's report on Form 10-K, filed on February 25, 2019) †	https://www.sec.gov/Archives/edgar/data/923796/000119312519050054/d663410dex107.htm

10.6	First Amendment to Senior Officer Employment Agreement, effective March 1, 2011, by and between the Company and Brian R. Evans (incorporated by reference to Exhibit 10.28 to the Company's report on Form 10-K, filed on March 2, 2011)†	https://www.sec.gov/Archives/edgar/data/923796/000095012311020922/g25405exv10w28.htm
10.7	Amended and Restated The GEO Group, Inc. Executive Retirement Plan (effective January 1, 2008) (incorporated by reference to Exhibit 10.36 to the Company's report on Form 10-K, filed on March 1, 2012)†	https://www.sec.gov/Archives/edgar/data/923796/000119312512090269/d259590dex1036.htm
10.8	Amendment to The GEO Group, Inc. Executive Retirement Plan (incorporated by reference to Exhibit 10.37 to the Company's report on Form 10-K, filed on March 1, 2012)†	https://www.sec.gov/Archives/edgar/data/923796/000119312512090269/d259590dex1037.htm
10.9	The GEO Group, Inc. Deferred Compensation Plan (as amended and restated effective January 1, 2008) (incorporated by reference to Exhibit 10.38 to the Company's report on Form 10-K, filed on March 1, 2012)†	https://www.sec.gov/Archives/edgar/data/923796/000119312512090269/d259590dex1038.htm
10.10	Amendment to The GEO Group, Inc. Deferred Compensation Plan (incorporated by reference to Exhibit 10.39 to the Company's report on Form 10-K, filed on March 1, 2012)†	https://www.sec.gov/Archives/edgar/data/923796/000119312512090269/d259590dex1039.htm
10.11	Amendment to The GEO Group, Inc. Deferred Compensation Plan (incorporated by reference to Exhibit 10.40 to the Company's report on Form 10-K, filed on March 1, 2012)†	https://www.sec.gov/Archives/edgar/data/923796/000119312512090269/d259590dex1040.htm
10.12	The GEO Group, Inc. 2011 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.41 to the Company's Registration Statement on Form S-8, filed on May 4, 2012 (File No. 333-181175))†	https://www.sec.gov/Archives/edgar/data/923796/000119312512212236/d347267dex1041.htm
10.13	Third Amended and Restated Executive Employment Agreement, dated August 22, 2012, by and between The GEO Group, Inc. and George C. Zoley (incorporated by reference to Exhibit 10.42 to the Company's report on Form 8-K, filed on August 28, 2012)†	https://www.sec.gov/Archives/edgar/data/923796/000119312512372017/d403128dex1042.htm
10.14	Amended and Restated Executive Retirement Agreement, dated August 22, 2012, by and between The GEO Group, Inc. and George C. Zoley (incorporated by reference to Exhibit 10.43 to the Company's report on Form 8-K, filed on August 28, 2012)†	https://www.sec.gov/Archives/edgar/data/923796/000119312512372017/d403128dex1043.htm
10.15	First Amendment to Third Amended and Restated Executive Employment Agreement, dated April 29, 2013, by and between The GEO Group, Inc. and George C. Zoley (incorporated by reference to Exhibit 10.1 to the Company's report on Form 8-K, filed on April 30, 2013) †.	https://www.sec.gov/Archives/edgar/data/923796/000119312513183222/d531349dex101.htm
10.16	Second Amendment to Third Amended and Restated Executive Employment Agreement, dated May 29, 2013, by and between The GEO Group, Inc. and George C. Zoley (incorporated by reference to Exhibit 10.1 to the Company's report on Form 8-K, filed on June 4, 2013) †.	https://www.sec.gov/Archives/edgar/data/923796/000119312513246954/d549744dex101.htm
10.17	The GEO Group, Inc. 2014 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's report on Form 8-K, filed on May 5, 2014). †	https://www.sec.gov/Archives/edgar/data/923796/000119312514182656/d721126dex101.htm

10.18	Letter of Offer, dated August 18, 2016, between The GEO Group, Inc. and HSBC Bank Australia Limited (incorporated by reference to Exhibit 10.1 to the Company's report on Form 8-K, filed on August 24, 2016).	https://www.sec.gov/Archives/edgar/data/923796/000119312516690048/d247455dex101.htm
10.19	Third Amended and Restated Credit Agreement, dated as of March 23, 2017, among The GEO Group, Inc., GEO Corrections Holdings, Inc., as the Borrowers, the Australian Borrowers party thereto, the Lenders party thereto and BNP Paribas, as administrative agent. (incorporated by reference to Exhibit 10.1 to the Company's report on Form 8-K, filed on March 29, 2017. Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.)	https://www.sec.gov/Archives/edgar/data/923796/000119312517101954/d316743dex101.htm
10.20	The GEO Group, Inc. 2018 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's report on Form 8-K filed on April 30, 2018).	https://www.sec.gov/Archives/edgar/data/923796/000119312518143556/d570847dex101.htm
10.21	Amendment No. 1 to the Third Amended and Restated Credit Agreement, dated as of April 30, 2018, by and among The GEO Group, Inc., GEO Corrections Holdings, Inc., BNP Paribas, as administrative agent for the lenders, the refinancing lenders party thereto and each other lender party thereto (incorporated by reference to Exhibit 10.1 to the Company's report on Form 8-K filed on May 4, 2018).	https://www.sec.gov/Archives/edgar/data/923796/000119312518152758/d564439dex101.htm
10.22	Consultant Agreement, effective January 1, 2019, by and between the Company and John Bulfin (incorporated by reference to Exhibit 10.1 to the Company's report on Form 8-K filed on December 12, 2018).	https://www.sec.gov/Archives/edgar/data/923796/000119312518347861/d672276dex101.htm
10.23	Consultant Agreement effective July 12, 2020 by and between The GEO Group, Inc. and J. David Donahue (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 6, 2020).	https://www.sec.gov/Archives/edgar/data/0000923796/000156459020037855/geo-10q_20200630.htm
10.24	Senior Officer Employment Agreement, dated July 21, 2014, by and between the Company and Ann Schlarb (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on May 6, 2019) †	https://www.sec.gov/Archives/edgar/data/923796/000119312519138425/d651801dex101.htm
10.25	Senior Officer Employment Agreement dated January 1, 2014 by and between the Company and David Venturella (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 6, 2020) †.	https://www.sec.gov/Archives/edgar/data/0000923796/000156459020021968/geo-10q_20200331.htm
10.26	Amended and Restated Executive Retirement Agreement, dated February 26, 2020, by and between the GEO Group, Inc. and George C. Zoley (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 28, 2020) †.	https://www.sec.gov/Archives/edgar/data/0000923796/000119312520056598/d872150d8k.htm
10.27	Amendment No. 2 to Third Amended and Restated Credit Agreement, dated June 12, 2019, by and among The GEO Group, Inc. and GEO Corrections Holdings, Inc., as the Borrowers, GEO Australasia Holdings PTY LTD, GEO Australasia Finance Holdings PTY LTD, as trustee of the GEO Australasia Finance Holding Trust, BNP Paribas, as administrative agent, and the lenders party thereto (portions of this exhibit have been omitted) (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on August 2, 2019)	https://www.sec.gov/Archives/edgar/data/923796/000119312519212102/d759337dex101.htm

21.1	Subsidiaries of the Company*	
22.1	List of Guarantor Subsidiaries *	
23.1	Consent of Grant Thornton LLP, Independent Registered Public Accounting Firm*	
31.1	Rule 13a-14(a) Certification in accordance with Section 302 of the Sarbanes-Oxley Act of 2002*	
31.2	Rule 13a-14(a) Certification in accordance with Section 302 of the Sarbanes-Oxley Act of 2002*	
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*	
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*	

101*	The following financial information from the Company's Annual Report on Form 10-K for the year ended December 31, 2020, formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income (Loss), (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Stockholders' Equity, and (vi) the Notes to the Consolidated Financial Statements. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.	
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104*	Cover Page Interactive Data Title - the cover page XBRL tags are embedded within the Inline XBRL document.	
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* Filed herewith.

** Certain exhibits and schedules to the agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. We agree to furnish supplementally to the SEC, upon request, a copy of the omitted exhibits and schedules.

*** Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

† Management contract or compensatory plan, contract or agreement as defined in Item 402 (a)(3) of Regulation S-K.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE GEO GROUP, INC.

/s/ BRIAN R. EVANS

Brian R. Evans

Senior Vice President and Chief Financial Officer

Date: February 16, 2021

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

Signature	Title	Date
<hr/> /s/ George C. Zoley George C. Zoley	Chairman of the Board and Chief Executive Officer (principal executive officer)	February 16, 2021
<hr/> /s/ Brian R. Evans Brian R. Evans	Senior Vice President and Chief Financial Officer (principal financial officer)	February 16, 2021
<hr/> /s/ Ronald A. Brack Ronald A. Brack	Executive Vice President, Chief Accounting Officer and Controller (principal accounting officer)	February 16, 2021
<hr/> /s/ Scott M. Kernan Scott M. Kernan	Director	February 16, 2021
<hr/> /s/ Julie M. Wood Julie M. Wood	Director	February 16, 2021
<hr/> /s/ Anne N. Foreman Anne N. Foreman	Director	February 16, 2021
<hr/> /s/ Richard H. Glanton Richard H. Glanton	Director	February 16, 2021
<hr/> /s/ Christopher C. Wheeler Christopher C. Wheeler	Director	February 16, 2021
<hr/> /s/ Guido M. Van Hauwermeiren Guido M. Van Hauwermeiren	Director	February 16, 2021
<hr/> /s/ Jose Gordo Jose Gordo	Director	February 16, 2021
<hr/> /s/ Duane Helkowski Duane Helkowski	Director	February 16, 2021

THE GEO GROUP, INC.
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 2020, 2019 and 2018

Description	Balance at Beginning of Period	Charged to Cost and Expenses	Charged to Other Accounts	Deductions, Actual Charge-Offs	Balance at End of Period
(In thousands)					
YEAR ENDED DECEMBER 31, 2020:					
Allowance for doubtful accounts	\$ 3,195	\$ 621	\$ 76	\$ (1,218)	\$ 2,674
YEAR ENDED DECEMBER 31, 2019:					
Allowance for doubtful accounts	\$ 4,183	\$ 190	\$ —	\$ (1,178)	\$ 3,195
YEAR ENDED DECEMBER 31, 2018:					
Allowance for doubtful accounts	\$ 4,574	\$ 823	\$ —	\$ (1,214)	\$ 4,183

THE GEO GROUP, INC.
SCHEDULE III- REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2020
(dollars in thousands)

Property Name (1)	Type	Location	Original		Gross Cost at December 31, 2020						Total	Accumulated Depreciation	Year(s) Built/ Renovated	Book Value of Mortgaged Properties
			Land	Building and Improvements	Costs Capitalized Subsequent to Acquisition (2)	Land and Improvements	Building and Improvements	Land Held for Development	Development and Construction in Progress					
Secure Services - Owned and Leased														
Broward Transitional Center	Secure Services Facility	Deerfield Beach, FL	\$4,085	\$15,441	\$19,261	\$4,297	\$ 34,392	\$—	\$98	\$38,787	\$11,008	1998, 2004, 2010/2011, 2013/2014	\$27,779	
D. Ray James Correctional Facility	Secure Services Facility	Folkston, GA	\$1,229	\$55,961	\$14,726	\$1,966	\$ 69,707	\$243	\$—	\$71,916	\$17,506	1998/1999, 2008/2009, 2011/2012	\$54,410	
Folkston ICE Processing Center	Secure Services Facility	Folkston, GA	\$291	\$30,399	\$12,684	\$291	\$ 43,038	\$—	\$45	\$43,374	\$8,404	2005, 2008, 2013, 2017, 2020	\$34,970	
LaSalle ICE Processing Center	Secure Services Facility	Jena, LA	\$856	\$51,623	\$6,978	\$1,235	\$ 57,647	\$514	\$61	\$59,457	\$18,446	1998, 2008, 2010/2011, 2017	\$41,011	
Alexandria Staging Facility (3)	Secure Services Facility	Alexandria, LA	\$—	\$17,283	\$99	\$—	\$ 17,379	\$—	\$3	\$17,382	\$2,271	2014	\$—	
Moshannon Valley Correctional and Rehabilitation Facility	Secure Services Facility	Philipsburg, PA	\$1,107	\$65,160	\$9,261	\$1,738	\$ 73,663	\$87	\$40	\$75,528	\$18,534	2005/2006, 2013	\$56,994	
North Lake Correctional Facility	Secure Services Facility	Baldwin, MI	\$66	\$36,727	\$53,644	\$1,727	\$ 88,710	\$0	\$—	\$90,437	\$17,867	1998/1999, 2002, 2011, 2019	\$72,570	
Queens Detention Facility	Secure Services Facility	Jamaica, NY	\$2,237	\$19,847	\$5,526	\$2,237	\$ 24,022	\$0	\$1,351	\$27,610	\$10,474	1971, 1996/1997, 2004, 2019	\$—	
Riverbend Correctional and Rehabilitation Facility (3)	Secure Services Facility	Milledgeville, GA	\$—	\$72,932	\$1,246	\$667	\$ 73,466	\$—	\$45	\$74,178	\$17,891	2011	\$56,287	
Rivers Correctional Facility	Secure Services Facility	Winton, NC	\$875	\$60,328	\$6,623	\$1,256	\$ 66,421	\$149	\$—	\$67,826	\$26,661	2000/2001, 2017	\$41,165	
Robert A. Deyton Detention Facility	Secure Services Facility	Lovejoy, GA	\$—	\$8,163	\$10,973	\$15	\$ 19,048	\$—	\$73	\$19,136	\$11,944	1984-1986, 2008/2009	\$—	
Big Spring Correctional Facility (3)	Secure Services Facility	Big Spring, TX	\$480	\$82,180	\$32,458	\$2,405	\$ 112,708	\$—	\$5	\$115,118	\$38,158	1940, 1960, 1982, 1991, 1994, 1996, 2001, 2009-2012, 2016, 2018	\$—	
Great Plains Correctional Facility	Secure Services Facility	Hinton, OK	\$463	\$76,580	\$19,505	\$2,499	\$ 90,349	\$—	\$3,700	\$96,548	\$22,193	1990-1992, 1995, 2008, 2011, 2013, 2015, 2018, CIP	\$74,355	
Joe Corley Processing Center	Secure Services Facility	Conroe, TX	\$470	\$64,813	\$13,715	\$604	\$ 78,394	\$—	\$—	\$78,998	\$13,119	2008, 2017, 2018, 2020	\$65,879	

Karnes County Detention Facility	Secure Services Facility	Karnes City, TX	\$937	\$24,825	\$15,714	\$912	\$ 40,378	\$176	\$10	\$41,476	\$9,018	1995, CIP	\$32,458
Karnes County Family Residential Center	Secure Services Facility	Karnes City, TX	\$—	\$29,052	\$31,211	\$803	\$ 59,460	\$0	\$—	\$60,263	\$9,524	2011/2012, 2014, 2015	\$—
Lawton Correctional Facility	Secure Services Facility	Lawton, OK	\$1,012	\$96,637	\$18,490	\$1,501	\$ 111,281	\$—	\$3,357	\$116,139	\$30,759	1998/1999, 2005/2006, 2015, CIP	\$85,380
Rio Grande Processing Center	Secure Services Facility	Laredo, TX	\$8,365	\$81,178	\$1,950	\$6,266	\$ 83,128	\$2,099	\$—	\$91,493	\$20,878	2007, 2008	\$70,615
South Texas ICE Processing Center	Secure Services Facility	Pearsall, TX	\$437	\$31,405	\$7,070	\$437	\$ 37,603	\$0	\$872	\$38,912	\$12,318	2004/2005, 2012, CIP	\$—
Val Verde County Detention Facility	Secure Services Facility	Del Rio, TX	\$21	\$56,009	\$1,322	\$16	\$ 52,678	\$5	\$4,653	\$57,352	\$17,695	2000/2001, 2005, 2007	\$39,657
Adelanto ICE Processing Center	Secure Services Facility	Adelanto, CA	\$8,005	\$113,255	\$45,120	\$10,564	\$ 154,122	\$—	\$1,694	\$166,380	\$26,925	1990/1991, 2011, 2012, 2015	\$139,455
Aurora ICE Processing Center	Secure Services Facility	Aurora, CO	\$4,590	\$15,200	\$79,745	\$4,669	\$ 92,989	\$1,310	\$3,182	\$98,554	\$23,136	1987, 1993, 1998, 2009, 2010, 2011, 2017, 2020	\$77,399
Central Valley MCCF	Secure Services Facility	Mc Farland, CA	\$1,055	\$28,133	\$5,774	\$906	\$ 30,980	\$211	\$2,865	\$34,962	\$10,599	1997, 2009/2010, CIP	\$24,363
Desert View MCCF	Secure Services Facility	Adelanto, CA	\$1,245	\$27,943	\$8,317	\$1,245	\$ 32,454	\$—	\$3,806	\$33,714	\$12,251	1997, 2010, 2013, CIP	\$25,254
Golden State MCCF	Secure Services Facility	Mc Farland, CA	\$1,264	\$27,924	\$9,479	\$1,072	\$ 30,436	\$253	\$6,906	\$31,762	\$10,185	1997, 2010, CIP	\$28,482
Guadalupe County Correctional Facility	Secure Services Facility	Santa Rosa, NM	\$181	\$29,732	\$2,172	\$832	\$ 31,099	\$154	\$—	\$31,424	\$13,489	1998/1999, 2008	\$18,596
Lea County Correctional Facility (3)	Secure Services Facility	Hobbs, NM	\$347	\$67,933	\$6,804	\$744	\$ 71,033	\$347	\$2,960	\$75,084	\$21,758	1997/1998, 2017, CIP	\$—
McFarland Female CRF	Secure Services Facility	Mc Farland, CA	\$914	\$9,019	\$9,063	\$2,036	\$ 16,765	\$183	\$12	\$18,996	\$6,845	1988, 2011, 2014	\$—
Mesa Verde ICE Processing Center	Secure Services Facility	Bakersfield, CA	\$2,237	\$13,714	\$15,769	\$2,237	\$ 26,114	\$3,181	\$188	\$31,720	\$5,958	1989, 2011, 2015	\$—
Northwest ICE Processing Center	Secure Services Facility	Tacoma, WA	\$3,916	\$39,000	\$52,657	\$6,546	\$ 88,792	\$—	\$235	\$95,573	\$25,616	2003/2004, 2009, 2010, 2012	\$—
Western Region Detention Facility	Secure Services Facility	San Diego, CA	\$—	\$28,071	\$1,417	\$—	\$ 29,425	\$—	\$63	\$29,488	\$29,398	1959-1961, 2000	\$—
Brooks County Detention Center	Secure Services Facility	Falfurrias, TX	\$410	\$18,940	\$1,514	\$470	\$ 20,394	\$—	\$—	\$20,864	\$3,197	2001, 2011	\$—
East Hidalgo Detention Center	Secure Services Facility	LaVilla, TX	\$460	\$28,010	\$4,589	\$523	\$ 32,536	\$—	\$—	\$33,059	\$4,402	2001, 2002, 2004, 2005, 2007, 2011, 2019	\$—
Perry County Correctional Center	Secure Services Facility	Uniontown, AL	\$400	\$12,880	\$401	\$400	\$ 13,281	\$—	\$—	\$13,681	\$2,145	2006	\$—
Pine Prairie ICE Processing Center	Secure Services Facility	Pine Prairie, LA	\$260	\$11,910	\$7,401	\$1,916	\$ 17,172	\$477	\$6	\$19,571	\$3,467	1999, 2008, 2018	\$—

South Louisiana ICE Processing Center	Secure Services Facility	Basile, LA	\$290	\$13,040	\$19,907	\$290	\$ 32,947	\$—	\$—	\$33,237	\$4,134	1993, 1994, 1996, 1998-1999, 2000-2001, 2010-2011, 2017, 2019	\$—
Coastal Bend Detention Center	Secure Services Facility	Robstown, TX	\$1,330	\$26,820	\$1,171	\$1,451	\$ 27,870	\$—	\$—	\$29,321	\$4,565	2008, 2009	\$—
Eagle Pass Correctional Facility	Secure Services Facility	Maverick, TX	\$296	\$15,437	\$8,105	\$299	\$ 23,395	\$—	\$—	\$23,694	\$1,880	2008, 2018	\$—
Montgomery ICE Processing Center	Secure Services Facility	Conroe, TX	\$2,012	\$112,192	\$703	\$2,016	\$ 112,891	\$—	\$—	\$114,907	\$5,491	2018	\$—

Secure Services - Managed

Lawrenceville Correctional Center	Secure Services Facility	Lawrenceville, VA	\$—	\$—	\$916	\$—	\$ 916	\$—	\$—	\$916	\$889	1996-1998, 2011	\$—
Arizona State Prison-Florence West	Secure Services Facility	Florence, AZ	\$320	\$9,317	\$1,225	\$320	\$ 10,542	\$—	\$—	\$10,862	\$9,677	1997	\$—
Arizona State Prison - Phoenix West	Secure Services Facility	Phoenix, AZ	\$—	\$7,919	\$504	\$—	\$ 8,423	\$—	\$—	\$8,423	\$7,510	1979-1984, 1995/1996, 2002	\$—
Central Arizona Correctional Facility	Secure Services Facility	Florence, AZ	\$—	\$396	\$2,000	\$—	\$ 2,396	\$—	\$—	\$2,396	\$2,361	2006	\$—
Arizona State Prison - Kingman	Secure Services Facility	Kingman, AZ	\$—	\$—	\$458	\$—	\$ 458	\$—	\$—	\$458	\$280	2004, 2010	\$—
New Castle Correctional Facility	Secure Services Facility	New Castle, IN	\$—	\$—	\$23,389	\$—	\$ 23,286	\$—	\$—	\$23,286	\$12,749	2001, 2012	\$—
Heritage Trails Correctional Center	Secure Services Facility	Plainfield, IN	\$—	\$—	\$10	\$—	\$ 10	\$—	\$—	\$10	\$10	1890, 1900, 1921, 1961	\$—
South Bay Correctional and Rehabilitation Facility	Secure Services Facility	South Bay, FL	\$—	\$—	\$2,417	\$—	\$ 2,417	\$—	\$—	\$2,417	\$2,417	1996/1997, 2001, 2004/2005, 2007, 2012	\$—
Reeves County Detention Complex R1/R2	Secure Services Facility	Pecos, TX	\$—	\$—	\$1,203	\$—	\$ 1,203	\$—	\$—	\$1,203	\$1,203	1986, 1998, 2001, 2004, 2009/2010	\$—
Reeves County Detention Complex R3	Secure Services Facility	Pecos, TX	\$—	\$—	\$4,238	\$—	\$ 4,238	\$—	\$—	\$4,238	\$4,235	2003, 2006, 2010	\$—
Blackwater River Correctional and Rehabilitation Facility	Secure Services Facility	Milton, FL	\$—	\$—	\$36	\$—	\$ 36	\$—	\$—	\$36	\$36	2010	\$—
Bay Correctional and Rehabilitation Facility	Secure Services Facility	Panama City, FL	\$—	\$—	\$13	\$—	\$ 13	\$—	\$—	\$13	\$13	1995	\$—
Moore Haven Correctional and Rehabilitation Facility	Secure Services Facility	Moore Haven, FL	\$—	\$—	\$49	\$—	\$ 49	\$—	\$—	\$49	\$49	1995, 1999, 2007	\$—
Graceville Correctional and Rehabilitation Facility	Secure Services Facility	Jackson, FL	\$—	\$—	\$542	\$—	\$ 542	\$—	\$—	\$542	\$389	2007, 2009, 2015	\$—
George W. Hill Correctional Facility	Secure Services Facility	Glen Mills, PA	\$—	\$34	\$10	\$—	\$ 44	\$—	\$—	\$44	\$28	1998	\$—
Kinney County Detention Center	Secure Services Facility	Bracketville, TX	\$—	\$223	\$10	\$—	\$ 233	\$—	\$—	\$233	\$123	2004	\$—

Community Based Services - Owned/Leased

Beaumont Transitional Treatment Center	Community Based Services Facility	Beaumont, TX	\$105	\$560	\$764	\$132	\$ 1,297	\$—	\$—	\$1,429	\$702	1940-1950, 1967, 1975, 1986, 1997	\$—
Bronx Community Re-entry Center	Community Based Services Facility	Bronx, NY	\$—	\$154	\$7,203	\$—	\$ 3,767	\$—	\$3,590	\$7,357	\$3,390	1966, 1998, 2009, 2012, 2015, CIP	\$—
Cordova Center	Community Based Services Facility	Anchorage, AK	\$235	\$3,225	\$4,766	\$235	\$ 7,991	\$—	\$—	\$8,226	\$3,017	1974-1979, 2001, 2013	\$—
Delaney Hall	Community Based Services Facility	Newark, NJ	\$3,759	\$22,502	\$14,126	\$3,873	\$ 36,512	\$—	\$2	\$40,387	\$12,316	1999/2000, 2008	
El Monte Center	Community Based Services Facility	El Monte, CA	\$—	\$47	\$155	\$0	\$ 202	\$—	\$0	\$202	\$139	1960, 2004, 2012	\$—
Grossman Center	Community Based Services Facility	Leavenworth, KS	\$—	\$24	\$3,446	\$247	\$ 3,194	\$—	\$29	\$3,470	\$195	2002/2003, 2010	\$—
Las Vegas Community Correctional Center	Community Based Services Facility	Las Vegas, NV	\$520	\$1,580	\$460	\$520	\$ 2,040	\$—	\$—	\$2,560	\$717	1978, 2004	\$—
Leidel Comprehensive Sanction Center	Community Based Services Facility	Houston, TX	\$3,210	\$710	\$610	\$3,210	\$ 1,320	\$—	\$—	\$4,530	\$627	1930, 1960, 2005/2006, 2012	\$—
Marvin Gardens Center	Community Based Services Facility	Los Angeles, CA	\$—	\$50	\$2,584	\$241	\$ 2,393	—	\$—	\$2,634	\$656	1962/1965, 1990, 2017	—
McCabe Center	Community Based Services Facility	Austin, TX	\$350	\$510	\$537	\$350	\$ 1,047	—	\$—	\$1,397	\$773	1962, 2012	—
Mid Valley House	Community Based Services Facility	Edinburg, TX	\$694	\$3,608	\$244	\$722	\$ 3,824	—	\$—	\$4,546	\$662	1985, 2001, 2014	—
Midtown Center	Community Based Services Facility	Anchorage, AK	\$130	\$220	\$153	\$130	\$ 373	—	\$0	\$503	\$204	Early 1950s, 1972, 1998	—
Northstar Center	Community Based Services Facility	Fairbanks, AK	\$—	\$12	\$288	\$0	\$ 300	—	\$0	\$300	\$297	1970/1975, 1995	—
Oakland Street Center	Community Based Services Facility	Oakland, CA	\$970	\$250	\$109	\$970	\$ 359	—	\$—	\$1,329	\$193	1904-1911, 2000s	—
Parkview Center	Community Based Services Facility	Anchorage, AK	\$160	\$1,480	\$1,464	\$160	\$ 2,928	—	\$16	\$3,104	\$1,096	1971, 1976, 2020	—
Reality House	Community Based Services Facility	Brownsville, TX	\$487	\$2,771	\$527	\$520	\$ 3,265	—	\$—	\$3,785	\$727	1983, 2011	—
Southeast Texas Transitional Center	Community Based Services Facility	Houston, TX	\$910	\$3,210	\$3,580	\$1,052	\$ 6,648	—	\$—	\$7,700	\$2,149	1960, 1967, 1970, 1984, 1997/1998, 2008, 2012, 2018	—

Salt Lake City Center	Community Based Services Facility	Salt Lake City, UT	\$751	\$1,505	\$155	\$751	\$ 1,660	\$—	\$—	\$2,411	\$370	1970, 1977, 2004	\$—
Seaside Center	Community Based Services Facility	Nome, AK	\$67	\$732	\$3,956	\$67	\$ 4,670	\$—	\$18	\$4,755	\$595	1999, 2015/2016	\$—
Taylor Street Center	Community Based Services Facility	San Francisco, CA	\$3,230	\$900	\$3,294	\$3,230	\$ 4,177	\$—	\$17	\$7,424	\$1,586	1907, 2010/2011	\$—
Tundra Center	Community Based Services Facility	Bethel, AK	\$20	\$1,190	\$1,577	\$79	\$ 2,708	\$—	\$—	\$2,787	\$1,783	1960/1970	\$—
Alabama Therapeutic Education Facility	Community Based Services Facility	Columbiana, AL	\$760	\$17,118	\$505	\$760	\$ 17,623	\$—	\$—	\$18,383	\$1,824	1962, 2008	\$—
Casper Reentry Center	Community Based Services Facility	Casper, WY	\$600	\$6,046	\$1,057	\$768	\$ 6,935	\$—	\$—	\$7,703	\$1,160	1984, 1994, 2004/2005, 2007	\$—
Toler Hall	Community Based Services Facility	Newark, NJ	\$—	\$88	\$8	\$0	\$ 88	\$—	\$8	\$96	\$43	1929, 2004	\$—
Logan Hall	Community Based Services Facility	Newark, NJ	\$—	\$6,888	\$(2,848)	\$—	\$ 4,040	\$—	\$—	\$4,040	\$3,304	1929, 2004	\$—
Long Beach Community Reentry Center	Community Based Services Facility	Long Beach, CA	\$—	\$513	\$154	\$0	\$ 667	\$—	\$0	\$667	\$653	1997	\$—
Arapahoe County Residential Center	Community Based Services Facility	Littleton, CO	\$2,100	\$2,485	\$110	\$2,100	\$ 2,595	\$—	\$—	\$4,695	\$507	2006	\$—
Cheyenne Mountain Reentry Center	Community Based Services Facility	Colorado Springs, CO	\$270	\$18,853	\$614	\$270	\$ 19,467	\$—	\$—	\$19,737	\$2,053	2005	\$—
Community Alternative of El Paso County	Community Based Services Facility	Colorado Springs, CO	\$560	\$1,553	\$377	\$510	\$ 1,924	\$50	\$6	\$2,490	\$371	1991, 1998, 2000	\$—
Correctional Alternative Placement Services	Community Based Services Facility	Craig, CO	\$126	\$289	\$47	\$126	\$ 336	\$—	\$—	\$462	\$120	1919-1924, 1990	\$—
Albert "Bo" Robinson Assessment & Treatment Center	Community Based Services Facility	Trenton, NJ	\$380	\$16,578	\$516	\$380	\$ 17,094	\$—	\$2	\$17,474	\$2,334	1963, 1997, 2009	\$—
Talbot Hall	Community Based Services Facility	Kearney, NJ	\$—	\$2,854	\$206	\$—	\$ 3,060	\$—	\$—	\$3,060	\$2,277	1919, 1998	\$—
The Harbor	Community Based Services Facility	Newark, NJ	\$0	\$93	\$103	\$0	\$ 196	\$—	\$—	\$196	\$62	1929, 1999, 2008	\$—
Tully House	Community Based Services Facility	Newark, NJ	\$1,150	\$5,313	\$101	\$1,150	\$ 5,414	\$—	\$—	\$6,564	\$775	1929, 1999	\$—
ADAPPT Outpatient	Community Based Services Facility	Reading, PA	\$77	\$1,742	\$118	\$85	\$ 1,852	\$—	\$—	\$1,937	\$360	1909, 1919, 1929, 1986	\$—

Alle Kiski Pavilion	Community Based Services Facility	Arnold, PA	\$30	\$1,345	\$71	\$30	\$ 1,416	\$—	\$—	\$1,446	\$281	1901, 1990	\$—
Chester County	Community Based Services Facility	Chester, PA	\$0	\$54	\$3,802	\$306	\$ 3,474	\$—	\$76	\$3,856	\$366	1923, 1996, 2003	\$—
Coleman Hall	Community Based Services Facility	Philadelphia, PA	\$182	\$8,943	\$801	\$182	\$ 9,744	\$—	\$—	\$9,926	\$1,402	1919, 2001	\$—
Philadelphia Residential Reentry Center	Community Based Services Facility	Philadelphia, PA	\$208	\$10,103	\$416	\$214	\$ 10,513	\$—	\$—	\$10,727	\$1,503	2008	\$—
Community Alternative of the Black Hills	Community Based Services Facility	Rapid City, SD	\$7	\$2,719	\$6	\$7	\$ 2,725	\$—	\$—	\$2,732	\$480	1989, 1998, 2007	\$—

Youth Services - Owned/Leased

Abraxas Academy	Youth Facility	Morgantown, PA	\$4,220	\$14,120	\$1,795	\$4,020	\$ 16,115	\$—	\$—	\$20,135	\$4,418	1999/2000	\$—
Abraxas I	Youth Facility	Marienville, PA	\$990	\$7,600	\$1,814	\$1,028	\$ 9,376	\$—	\$—	\$10,404	\$3,401	1930s, 1960, 1982, 1985-1987, 1989-1999, 2003	\$—
Abraxas Ohio	Youth Facility	Shelby, OH	\$1,160	\$2,900	\$1,199	\$1,207	\$ 4,046	\$—	\$6	\$5,259	\$1,566	1900, 1935, 1965, 1992	\$—
Abraxas Youth Center	Youth Facility	South Mountain, PA	\$—	\$36	\$495	\$0	\$ 531	\$—	\$—	\$531	\$438	1938, 1948, 2001	\$—
Hector Garza Center	Youth Facility	San Antonio, TX	\$2,110	\$1,190	\$356	\$2,110	\$ 1,546	\$—	\$	\$3,656	\$641	1988	\$—
Leadership Development Program	Youth Facility	South Mountain, PA	\$—	\$25	\$777	\$0	\$ 802	\$—	\$—	\$802	\$706	1920, 1938, 2000, 2005	\$—
Southern Peaks Regional Treatment Center	Youth Facility	Canon City, CO	\$2,850	\$11,350	\$864	\$3,057	\$ 12,007	\$—	\$—	\$15,064	\$3,656	2003-2004	\$—
Southwood Interventions	Youth Facility	Chicago, IL	\$870	\$6,310	\$1,806	\$898	\$ 8,088	\$—	\$—	\$8,986	\$3,242	1925, 1950, 1975, 2008	\$—
Woodridge Interventions	Youth Facility	Woodridge, IL	\$5,160	\$4,330	\$1,147	\$5,304	\$ 5,333	\$—	\$—	\$10,637	\$2,029	1982/1986	\$—

Electronic & Location Monitoring Centers - Managed

El Centro DRC	Day Reporting Center	El Centro, CA	\$—	\$11	\$—	\$—	\$ 11	\$—	\$—	\$11	\$11	1976	\$—
Ventura DRC	Day Reporting Center	Ventura, CA	\$—	\$19	\$—	\$—	\$ 19	\$—	\$—	\$19	\$19	1988	\$—
CDCR Contra Costa Day Reporting Center	Day Reporting Center	Richmond, CA	\$—	\$35	\$—	\$—	\$ 35	\$—	\$—	\$35	\$35	1962	\$—
Neptune CRC	Day Reporting Center	Neptune City, NJ	\$—	\$16	\$35	\$—	\$ 51	\$—	\$—	\$51	\$51	2008-2009, 2011-2012, 2015	\$—

Sacramento BOP DRC	Day Reporting Center	Sacramento, CA	\$—	\$36	\$59	\$—	\$ 95	\$—	\$—	\$95	\$55	1974	\$—
Perth Amboy CRC	Day Reporting Center	Perth Amboy, NJ	\$—	\$19	\$50	\$—	\$ 69	\$—	\$—	\$69	\$68	2006-2008, 2010, 2015	\$—
Elizabeth NJ CRC	Day Reporting Center	Elizabeth, NJ	\$—	\$26	\$84	\$—	\$ 110	\$—	\$—	\$110	\$86	2003, 2006-2007, 2009, 2011, 2015	\$—
Atlantic City CRC	Day Reporting Center	Atlantic City, NJ	\$—	\$10	\$22	\$—	\$ 32	\$—	\$—	\$32	\$32	2004, 2005, 2011	\$—
Orange DRC	Day Reporting Center	Santa Ana, CA	\$—	\$72	\$—	\$—	\$ 72	\$—	\$—	\$72	\$72	2012/2013	\$—
Lancaster County PADOE DRC	Day Reporting Center	Lancaster, PA	\$—	\$73	\$1	\$—	\$ 74	\$—	\$—	\$74	\$74	2014	\$—
Lycoming County DRC	Day Reporting Center	Williamsport, PA	\$—	\$56	\$94	\$—	\$ 150	\$—	\$—	\$150	\$131	2014, 2015	\$—
Vineland NJ DRC	Day Reporting Center	Vineland, NJ	\$—	\$163	\$8	\$—	\$ 171	\$—	\$—	\$171	\$171	2015	\$—
Los Angeles CDCR	Day Reporting Center	Pamona, CA	\$—	\$44	\$(20)	\$—	\$ 24	\$—	\$—	\$24	\$21	2013	\$—
Eagle DRC	Day Reporting Center	Eagle, CO	\$—	\$—	\$8	\$—	\$ 8	\$—	\$—	\$8	\$6	2016	\$—
Baltimore ISAP	Intensive Supervision Program	Baltimore, MD	\$—	\$2	\$108	\$—	\$ 110	\$—	\$—	\$110	\$44	2007, 2009, 2018, 2019	\$—
Miami ISAP	Intensive Supervision Appearance Program	Miami, FL	\$—	\$82	\$(74)	\$—	\$ 8	\$—	\$—	\$8	\$1	2007, 2008, 2010, 2014, 2020	\$—
Delray Beach ISAP	Intensive Supervision Appearance Program	Delray Beach, FL	\$—	\$26	\$2	\$—	\$ 28	\$—	\$—	\$28	\$15	2006, 2020	\$—
Orlando ISAP	Intensive Supervision Appearance Program	Orlando, FL	\$—	\$18	\$—	\$—	\$ 18	\$—	\$—	\$18	\$18	2007, 2010	\$—
Atlanta ISAP	Intensive Supervision Appearance Program	Atlanta, GA	\$—	\$268	\$(45)	\$—	\$ 223	\$—	\$—	\$223	\$215	2009, 2015, 2020	\$—
New Orleans ISAP	Intensive Supervision Appearance Program	New Orleans, LA	\$—	\$54	\$—	\$—	\$ 54	\$—	\$—	\$54	\$54	2009, 2015	\$—
Washington DC ISAP	Intensive Supervision Appearance Program	Fairfax, VA	\$—	\$20	\$(9)	\$—	\$ 11	\$—	\$—	\$11	\$3	2014, 2015, 2020	\$—
Charleston, SC ISAP	Intensive Supervision Appearance Program	Charleston, SC	\$—	\$39	\$1	\$—	\$ 40	\$—	\$—	\$40	39	2015	\$—
Chicago ISAP	Intensive Supervision Appearance Program	Chicago, IL	\$—	\$25	\$(14)	\$—	\$ 11	\$—	\$—	\$11	1	2009, 2013, 2020	\$—
Detroit ISAP	Intensive Supervision Appearance Program	Detroit, MI	\$—	\$18	\$174	\$—	\$ 192	\$—	\$—	\$192	74	2009, 2018	\$—

Denver ISAP	Intensive Supervision Appearance Program	Centennial, CO	\$—	\$173	\$ (166)	\$—	\$ 7	\$—	\$—	\$7	7	2015, 2020	\$—
St Louis MO ISAP	Intensive Supervision Appearance Program	St. Louis, MO	\$—	\$50	\$—	\$—	\$ 50	\$—	\$—	\$50	\$50	2015	\$—
Louisville, KY ISAP	Intensive Supervision Appearance Program	Louisville, KY	\$—	\$17	\$—	\$—	\$ 17	\$—	\$—	\$17	\$8	2015	\$—
Indianapolis, IN ISAP	Intensive Supervision Appearance Program	Indianapolis, IN	\$—	\$35	\$—	\$—	\$ 35	\$—	\$—	\$35	\$35	2016	\$—
Salt Lake City ISAP	Intensive Supervision Appearance Program	Murray, UT	\$—	\$40	\$15	\$—	\$ 28	\$—	\$—	\$55	\$55	2009, 2014	\$—
Seattle ISAP	Intensive Supervision Appearance Program	Tukwila, WA	\$—	\$28	\$—	\$—	\$ 55	\$—	\$—	\$28	\$28	2015	\$—
Sacramento, CA	Intensive Supervision Appearance Program	Sacramento, CA	\$—	\$32	\$—	\$—	\$ 28	\$—	\$—	\$32	\$20	2015	\$—
Las Vegas, NV ISAP	Intensive Supervision Appearance Program	Las Vegas, NV	\$—	\$31	\$—	\$—	\$ 32	\$—	\$—	\$31	\$31	2010	\$—
Bronx ISAP	Intensive Supervision Appearance Program	Bronx, NY	\$—	\$10	\$50	\$—	\$ 31	\$—	\$—	\$60	\$60	2010, 2015	\$—
Manhattan ISAP	Intensive Supervision Appearance Program	New York, NY	\$—	\$125	\$9	\$—	\$ 60	\$—	\$—	\$134	\$131	2014, 2015	\$—
Queens ISAP	Intensive Supervision Appearance Program	Jamaica, NY	\$—	\$80	\$5	\$—	\$ 134	\$—	\$—	\$85	\$85	2014, 2015	\$—
Boston ISAP	Intensive Supervision Appearance Program	Burlington, MA	\$—	\$23	\$10	\$—	\$ 85	\$—	\$—	\$33	\$33	2009, 2014, 2015	\$—
Hartford ISAP	Intensive Supervision Appearance Program	Hartford, CT	\$—	\$23	\$10	\$—	\$ 33	\$—	\$—	\$33	\$33	2009, 2014, 2015	\$—
Newark ISAP	Intensive Supervision Appearance Program	Newark, NJ	\$—	\$29	\$7	\$—	\$ 36	\$—	\$—	\$36	\$36	2009, 2014, 2019	\$—
Marlton ISAP	Intensive Supervision Appearance Program	Marlton, NJ	\$—	\$2	\$18	\$—	\$ 20	\$—	\$—	\$20	\$15	2013, 2015, 2019	\$—
Richmond, VA ISAP	Intensive Supervision Appearance Program	Richmond, VA	\$—	\$52	\$18	\$—	\$ 70	\$—	\$—	\$70	\$56	2015, 2019	\$—
Silver Spring, MD ISAP	Intensive Supervision Appearance Program	Silver Spring, MD	\$—	\$345	\$—	\$—	\$ 345	\$—	\$—	\$345	\$334	1964/1965, 2007, 2016	\$—
Fort Myers FL ISAP	Intensive Supervision Appearance Program	Fort Myers, FL	\$—	\$76	\$—	\$—	\$ 76	\$—	\$—	\$76	\$49	2019	\$—

Los Angeles ISAP	Intensive Supervision Appearance Program	Los Angeles, CA	\$—	\$35	\$45	\$—	\$ 80	\$—	\$—	\$80	\$80	2007, 2008, 2014, 2015	\$—
San Bernadino ISAP	Intensive Supervision Appearance Program	San Bernadino, CA	\$—	\$42	\$—	\$—	\$ 42	\$—	\$—	\$42	\$42	2008, 2012, 2013	\$—
Dallas ISAP	Intensive Supervision Appearance Program	Dallas, TX	\$—	\$17	\$7	\$—	\$ 24	\$—	\$—	\$24	\$23	2009, 2020	\$—
El Paso ISAP	Intensive Supervision Appearance Program	El Paso, TX	\$—	\$2	\$36	\$—	\$ 38	\$—	\$—	\$38	\$29	2009, 2015, 2020	\$—
Houston ISAP	Intensive Supervision Appearance Program	Houston, TX	\$—	\$21	\$19	\$—	\$ 40	\$—	\$—	\$40	\$40	2009	\$—
Phoenix ISAP	Intensive Supervision Appearance Program	Phoenix, AZ	\$—	\$79	\$(13)	\$—	\$ 66	\$—	\$—	\$66	\$65	2015, 2020	\$—
San Antonio ISAP	Intensive Supervision Appearance Program	San Antonio, TX	\$—	\$7	\$4	\$—	\$ 11	\$—	\$—	\$11	\$8	2009, 2014, 2015, 2020	\$—
San Diego ISAP	Intensive Supervision Appearance Program	San Diego, CA	\$—	\$14	\$6	\$—	\$ 20	\$—	\$—	\$20	\$7	2019	\$—
Bakersfield ISAP	Intensive Supervision Appearance Program	Bakersfield, CA	\$—	\$16	\$—	\$—	\$ 16	\$—	\$—	\$16	\$16	2012	\$—
Fresno, CA	Intensive Supervision Appearance Program	Fresno, CA	\$—	\$120	\$—	\$—	\$ 120	\$—	\$—	\$120	\$120	2015	\$—
Ventura C-Site	Intensive Supervision Appearance Program	Camarillo, CA	\$—	\$59	\$—	\$—	\$ 59	\$—	\$—	\$59	\$52	2016	\$—
SW Houston, TX ISAP	Intensive Supervision Appearance Program	Houston, TX	\$—	\$50	\$5	\$—	\$ 55	\$—	\$—	\$55	\$55	2017	\$—

International Secure Services - Managed

Fulham Correctional Centre & Fulham Nalu Challenge Community Unit	Correctional Facility	West Sale, Victoria AUS	\$—	\$—	\$2,266	\$—	\$ 2,266	\$—	\$—	\$2,266	\$1,233	1997, 2002, 2020	\$—
Junee Correctional Centre	Correctional Facility	Junee, New South Wales, AUS	\$—	\$—	\$1,036	\$—	\$ 1,036	\$—	\$—	\$1,036	\$939	1993, 2020	\$—
Dungavel House Immigration Removal Centre	Detention Facility	South Lanarkshire, UK	\$—	\$—	\$653	\$—	\$ 653	\$—	\$—	\$653	\$609	2013	\$—
Kutama-Sinthumule Correctional Centre	Correctional Facility	Louis Trichardt, South Africa	\$—	\$—	\$142	\$—	\$ 142	\$—	\$—	\$142	\$123	2003-2008	\$—

Offices - Owned/Leased

Corporate Headquarters	Office	Boca Raton, FL	\$10,019	\$49,994	\$3,987	\$10,205	\$ 52,757	\$—	\$1,038	\$64,000	2,173	2019	\$61,827
Central Regional Office	Office	San Antonio, TX	\$—	\$—	\$88	\$0	\$ 88	\$—	\$—	\$88	87	1985, 2003/2004, 2010	\$—

Eastern Regional Office	Office	Charlotte, NC	\$—	\$—	\$54	\$0	\$ 54	\$—	\$—	\$54	29	1998, 2013	\$—
Western Regional Office	Office	Los Angeles, CA	\$—	\$—	\$—	\$0	\$ 13	\$—	\$—	\$13	0	2002, 2010, 2014	\$—
Anderson, IN Call Center	Office	Anderson, IN	\$114	\$5,260	\$0	\$114	\$ 5,260	\$—	\$—	\$5,374	\$461	2016	\$—
Boulder, CO Point II	Office	Boulder CO	\$—	\$3,032	\$172	\$—	\$ 3,204	\$—	\$—	\$3,204	\$1,166	1969, 2015, 2017	\$—
Protocol	Office	Aurora, IL	\$—	\$4	\$229	\$0	\$ 233	\$—	\$—	\$233	\$220	2014, 2015	\$—
Sydney Office	Office	Sydney, AUS	\$—	\$—	\$10,332	\$—	\$ 10,332	\$—	\$—	\$10,332	\$2,294	1980	\$—
Miscellaneous Investments													
Compton, CA Office Building	Owned Office Property	Compton, CA	\$974	\$1,546	\$7	\$974	\$ 1,553	\$—	\$—	\$2,527	\$354	1961/1965	\$—
Miscellaneous Investments	Various	Various	\$29,574	\$5,480	\$(263)	\$8,504	\$ 3,464	\$22,323	\$500	\$34,792	\$1,302	Various	\$—
Total			\$132,552	\$1,898,341	\$685,035	\$130,206	\$ 2,515,039	\$31,762	\$38,921	\$2,715,929	\$677,025		\$1,128,906

Depreciation related to the real estate investments reflected in the consolidated statements of comprehensive income is calculated over the estimated useful lives of the assets as follows:

Land improvements	The shorter of 7 years or the term of the lease/contract
Buildings	Generally 50 years or a shorter period if management determines that the building has a shorter useful life
Building improvements	7 or 15 years
Leasehold improvements	The shorter of 15 years or the term of the lease/contract

The aggregate remaining net basis of the real estate investments for federal income tax purposes was approximately \$1.7 billion at December 31, 2020. Depreciation and amortization are provided on the alternative depreciation system and straight-line methods over the estimated useful lives of the assets. This amount excludes international real estate investments.

- (1) This schedule presents the real estate property of the Company and does not include facilities with no real estate assets.
- (2) The negative balance for costs capitalized subsequent to acquisition include losses recorded subsequent to the initial costs.
- (3) Land on which the facility is situated is subject to one or more ground leases.

THE GEO GROUP, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
For the Years Ended December 31, 2020, 2019 and 2018
(dollars in thousands)

A summary of activity for real estate and accumulated depreciation is as follows:

	2020	2019	2018
Real Estate:			
Balance at the beginning of the year	\$ 2,679,737	\$ 2,643,065	\$ 2,501,844
Additions to/improvements of real estate	63,795	57,611	153,163
Assets sold/written-off	(27,603)	(20,939)	(11,942)
Balance at the end of the year	<u>\$ 2,715,929</u>	<u>\$ 2,679,737</u>	<u>\$ 2,643,065</u>
Accumulated Depreciation			
Balance at the beginning of the year	\$ 616,175	\$ 492,582	\$ 429,814
Depreciation expense	73,659	72,191	70,592
Assets sold/written-off	(12,809)	(14,673)	(4,517)
Balance at the end of the year	<u>\$ 677,025</u>	<u>\$ 616,175</u>	<u>\$ 558,657</u>

SHAREHOLDER INFORMATION

REGIONAL OFFICES

Eastern Region, USA

John Oliver, Acting Regional Vice President

Central Region, USA

James Black, Regional Vice President

Western Region, USA

Paul Laird, Regional Vice President

INTERNATIONAL OFFICES

The GEO Group UK Ltd

The GEO Group Australia Pty Ltd.

Pieter Bezuidenhout, Managing Director

South African Custodial Management

Lazarus Bahula, Managing Director

EXECUTIVE VICE PRESIDENTS

Ronald A. Brack

Executive Vice President, Chief Accounting Officer & Controller

Louis V. Carrillo

Executive Vice President, Corporate Counsel and Assistant Secretary

John E. Christakis

Chief Medical Officer

Fred M. Hamdun

Executive Vice President, Community Solutions

Adam M. Hasner

Executive Vice President, Public Policy

Jennifer L. Houston

Executive Vice President, Proposal Development

Marcel Maier

Executive Vice President, Tax

Shayn P. March

Executive Vice President, Finance and Treasurer

Amber D. Martin

Executive Vice President, Contract Administration

David O. Meehan

Executive Vice President, Partnership Development, GEO Care

Philip D. Mosciski

Executive Vice President, Design Services

Pablo E. Paez

Executive Vice President, Corporate Relations

Daniel H. Ragsdale

Executive Vice President, Contract Compliance

Jose Rosario

Executive Vice President, Chief Information Officer, and Chief Information Security Officer

Christopher D. Ryan

Executive Vice President, Human Resources

Kyle P. Schiller

Executive Vice President, Administration Secure Services and International Services

Derrick D. Schofield

Executive Vice President, Continuum of Care & Reentry Services

Ed A. Stubbs

Executive Vice President, Transportation

Jonathan P. Swatsburg

Executive Vice President, Youth Services

Jock A. Waldo

Executive Vice President, BI Incorporated

GEO CARE DIVISIONAL VICE PRESIDENTS

David S. Burch

Divisional Vice President, Continuum of Care

Larry J. Sherman

Divisional Vice President, Pricing & Finance

VICE PRESIDENTS

Latoya L. Barber

Vice President, Reentry In-Prison Treatment, GEO Care

Emanuel Barr

Vice President, Community and Government Relations

Bruce P. Brown

Vice President, Real Estate

Juan D. Castillo

Vice President, Health Services

Kenny Cauley

Vice President, U.S. and International Secure Services

Danna Copland

Vice President, Finance, BI Incorporated

Henry T. Conforti

Vice President, Protocol Operations, BI Incorporated

Philip Dugger

Vice President, Risk Management

Encenio Fernandez

Vice President, Product and Sustaining Engineering, BI Incorporated

Daniel Friend

Vice President, Corporate Finance

Nelson Hackmaster

Vice President, Staff Development and Emergency Preparedness, Secure Services

Gregor H. Heinrich

Vice President, Construction Services

Monica L. Hook

Vice President, Communications, GEO Care

Cindy M. Kim

Vice President, Contract Compliance, Audits

Keith Klutetz

Vice President, Office of Professional Responsibility

Alex Londono

Vice President, Field Human Resources

William R. McCulloch

Vice President, Software Solutions/IT, BI Incorporated

Jeffrey McGee

Vice President, ISAP Services, BI Incorporated

Eben Morales

Vice President, Operations, U.S. Secure Services

Robert M. Murnock

Vice President, Business Development, BI Incorporated

Kathy Prizmich

Vice President, National Reentry Partnership Development, GEO Care

John D. Thurston

Vice President, Non-Residential Reentry Services, GEO Care

Kathryn M. Tracy

Vice President, Security Reentry, GEO Care

John Tyrrell

Vice President, Pricing

Jennifer White

Vice President, Monitoring Operations, BI Incorporated

Joe Williams

Vice President, Residential Reentry Services, GEO Care

Gregory R. Wilson

Vice President, Internal Operations, BI Incorporated

CORPORATE & SHAREHOLDER INFORMATION

Corporate and shareholder information, as well as a copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, may be obtained free of charge by contacting Pablo E. Paez, Executive Vice President, Corporate Relations at The GEO Group, Inc., 4955 Technology Way, Boca Raton, Florida 33431 or by visiting the Company's website at www.geogroup.com.

Annual Report Design

Audra E. Birt, Graphic Designer, Corporate Relations

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Grant Thornton, LLP

801 Brickell Avenue, Suite 2450, Miami, FL 33131

Corporate Counsel

Akerman Miami Office

Three Brickell City Centre, 98 Southeast Seventh Street, Suite 1100, Miami, FL 33131

Transfer Agent and Registrar

Computershare

300 Galleria Parkway, Suite 1020 Atlanta, GA 30339

Phone: 866-210-7619 www.computershare.com/investor

Officer Certification: The certifications of The GEO Group, Inc.'s Chief Executive Officer and Chief Financial Officer, required under section 302 of the Sarbanes-Oxley Act of 2002, have been filed as exhibits to The GEO Group, Inc.'s Annual Report on Form 10-K. In 2020, The GEO Group, Inc.'s Chief Executive Officer submitted the annual certification to the New York Stock Exchange regarding The GEO Group, Inc.'s compliance with the New York Stock Exchange corporate governance listing standards.

Forward-Looking Statements — Safe Harbor

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. "Forward-looking" statements are any statements that are not based on historical information. Statements other than statements of historical facts included in this report, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs, and plans and objectives of management for future operations, are "forward-looking" statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate" or "continue" or the negative of such words or variations of such words and similar expressions. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from those expected or forecasted in such forward-looking statements and we can give no assurance that such forward-looking statements will prove to be correct. Important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements, or "cautionary statements," include, but are not limited to:

- our ability to mitigate the transmission of the current pandemic of the novel coronavirus, or COVID-19, at our secure facilities, processing centers and reentry centers;
- the magnitude, severity and duration of the COVID-19 pandemic and its impact on our business, financial condition, results of operations and cash flows;
- our ability to timely build and/or open facilities as planned, successfully manage such facilities and successfully integrate such facilities into our operations without substantial additional costs;
- our ability to estimate the government's level of utilization of public-private partnerships for secure services and the impact of any modifications or reductions by our government customers of their utilization of public-private partnerships;
- our ability to accurately predict the size and growth of public-private partnerships for secure services in the U.S. and internationally and our ability to capitalize on opportunities for public-private partnerships;
- our ability to successfully respond to any challenges or concerns that our government customers may raise regarding their use of public-private partnerships for secure services, including finding other government customers as alternative users for facilities where a government customer has discontinued or announced that a contract with us will be discontinued;
- the impact of adopted or proposed executive action or legislation aimed at limiting public-private partnerships for secure facilities, processing centers and community reentry centers or limiting or restricting the business and operations of private institutions or others who do business with us;
- our ability to successfully respond to delays encountered by states pursuing public-private partnerships for secure services and cost savings initiatives implemented by our government customers;
- our ability to activate the inactive beds at our site facilities;
- our ability to maintain or increase occupancy rates at our facilities;
- our ability to expand, diversify and grow our secure services, reentry, community-based services, youth services, monitoring services, evidence-based supervision and treatment programs and secure transportation services businesses;
- our ability to win management contracts for which we have submitted proposals, retain existing management contracts, prevail in any challenge or protest involving the award of a management contract and meet any performance standards required by such management contracts;
- our ability to raise new project development capital given the often short-term nature of the customers' commitment to use newly developed facilities;
- our ability to develop long-term earnings visibility;
- our ability to successfully conduct our operations in the United Kingdom, South Africa and Australia through joint ventures or a consortium;
- the impact of the anticipated LIBOR transition in 2021;
- the resiliability of foreign financial markets and our exposure to currency risks in Australia, the United Kingdom, and South Africa, or other countries in which we may choose to conduct our business;
- an increase in unremunerated labor rates;
- our exposure to rising medical costs;
- our ability to manage costs and expenses relating to ongoing litigation arising from our operations;
- our ability to accurately estimate on an annual basis, loss reserves related to general liability, workers' compensation and automobile liability claims;
- if we fail to remain qualified as a REIT, we will be subject to U.S. federal income tax as a regular corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to our shareholders;
- qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code of 1986, as amended (the "Code");
- complying with the REIT requirements may cause us to liquidate or forgo otherwise attractive opportunities;
- dividends payable by REITs do not qualify for the reduced tax rates available for some dividends;
- REIT distribution requirements could adversely affect our ability to execute our business plan;
- our cash distributions are not guaranteed and may fluctuate;
- certain of our business activities may be subject to corporate level income tax and foreign taxes, which would reduce our cash flows, and may have potential deferred and/or indirect tax liabilities;
- REIT ownership limitations may restrict or prevent you from engaging in certain transfers of our common stock;
- our use of taxable REIT subsidiaries ("TRSs") may cause us to fail to qualify as a REIT;
- new legislation or administrative and judicial action may adversely affect our ability to operate our business;
- our ability to fulfill our debt service obligations and its impact on our liquidity;
- our ability to refinance our indebtedness;
- we are incurring significant indebtedness in connection with substantial ongoing capital expenditures. Capital expenditures for existing and future projects may materially strain our liquidity;
- despite current indebtedness levels, we may still incur more indebtedness, which could further exacerbate the risks relating to our indebtedness;
- the covenants in the indentures governing the 6.00% Senior Notes, the 5.125% Senior Notes, the 5.875% Senior Notes due 2022, the 5.875% Senior Notes due 2024, and the 6.50% Exchangeable Senior Notes due 2026, and the covenants in our senior credit facility impose significant operating and financial restrictions which may adversely affect our ability to operate our business;
- servicing our indebtedness will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control and we may not be able to generate the cash required to service our indebtedness;
- because portions of our senior indebtedness have floating interest rates, a general increase in interest rates would adversely affect cash flows;
- we depend on distributors from our subsidiaries to make payments on our indebtedness. These distributors may not be made;
- we may not be able to satisfy our repurchase obligations in the event of a change of control because the terms of our indebtedness or lack of funds may prevent us from doing so;
- from time to time, we may not have a management contract with a client to operate existing beds at a facility or new beds at a facility that we are expanding, and we cannot predict when such a contract will be obtained. Failure to obtain a management contract for these beds will subject us to carrying costs with no corresponding management revenue;
- negative conditions in the capital markets could prevent us from obtaining financing on desirable terms, which could materially harm our business;
- we are subject to the loss of our facility management contracts, due to terminations, non-renewals or competitive re-bids, which could adversely affect our results of operations and liquidity, including our ability to secure new facility management contracts from other government customers;
- our growth depends on our ability to secure contracts to develop and manage new secure facilities, processing centers and community based facilities and to secure contracts to provide electronic monitoring services, community-based reentry services and monitoring and supervision services, the demand for which is outside our control;
- we may not be able to meet state requirements for land investment or locate land for the development of new facilities, which could adversely affect our results of operations and future growth;
- we partner with a limited number of governmental customers who account for a significant portion of our revenues. The loss of, or a significant decrease in revenues from, these customers could seriously harm our financial condition and results of operations;
- State budgetary constraints may have a material adverse impact on us;
- competition for contracts may adversely affect the profitability of our business;
- we are dependent on government appropriations, which may not be made on a timely basis or at all and may be adversely impacted by budgetary constraints at the federal, state, local and foreign government levels;
- public resistance to the use of public-private partnerships for secure facilities, processing centers and community reentry centers could result in our inability to obtain new contracts or the loss of existing contracts, which may have a material adverse effect on our business;
- commercial arrangements, which could have a material adverse effect on our business, financial condition, results of operations and the market price of our securities;
- operating youth services facilities poses certain unique or increased risks and difficulties compared to operating other facilities;
- adverse publicity may negatively impact our ability to retain existing contracts and obtain new contracts;
- 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;
- failure to comply with extensive government regulation and applicable contractual requirements could have a material adverse effect on our business, financial condition or results of operations;
- we may face community opposition to facility locations, which may adversely affect our ability to obtain new contracts;
- our business operations are exposed to risks that could result in substantial liabilities, which we may not have adequate insurance and may have a material adverse effect on our business, financial condition or results of operations;
- we may not be able to obtain or maintain the insurance levels required by our government contracts;
- our exposure to rising general insurance costs;
- natural disasters, pandemic outbreaks, global political events and other serious catastrophic events could disrupt operations and otherwise materially adversely affect our business and financial condition;
- our international operations expose us to risks that could materially adversely affect our financial condition and results of operations;
- we conduct certain of our operations through joint ventures or consortiums, which may lead to disagreements with our joint venture partners or business partners and adversely affect our interest in the joint ventures or consortiums;
- we are dependent upon our senior management and our ability to attract and retain sufficient qualified personnel;
- our profitability may be materially adversely affected by inflation;
- various risks associated with the ownership of real estate may increase costs, expose us to uninsured losses and adversely affect our financial condition and results of operations;
- risks related to facility construction and development activities may increase our costs related to such activities;
- the rising cost and increasing difficulty of obtaining adequate levels of surety credit on favorable terms could adversely affect our operating results;
- adverse developments in our relationship with our employees could adversely affect our business, financial condition or results of operations;
- technological changes could cause our electronic monitoring products and technology to become obsolete or require the redesign of our electronic monitoring products, which could have a material adverse effect on our business;
- any negative changes in the level of acceptance of our services or the use of electronic monitoring products and services by governmental customers could have a material adverse effect on our business, financial condition and results of operations;
- we depend on a limited number of third parties to manufacture and supply quality infrastructure components for our electronic monitoring products. If our suppliers cannot provide the components or services we require and with such quality as we expect, our ability to market and sell our electronic monitoring products and services could be harmed;
- the interruption, delay or failure of the provision of our services or information systems could adversely affect our business;
- an inability to acquire, protect or maintain our intellectual property and patents in the electronic monitoring space could harm our ability to compete or grow;
- our electronic monitoring products could infringe on the intellectual property rights of others, which may lead to litigation that could itself be costly, could result in the payment of substantial damages or royalties, and/or prevent us from using technology that is essential to our products;
- we license intellectual property rights in the electronic monitoring space, including patents, from third party owners. If such owners do not properly maintain or enforce the intellectual property underlying such licenses, our competitive position and business prospects could be harmed. Our licensors may also seek to terminate our licenses;
- 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;
- our ability to identify suitable acquisitions, and to successfully complete and integrate such acquisitions on satisfactory terms, to enhance occupancy levels and the financial performance of assets acquired and estimate the synergies to be achieved as a result of such acquisitions;
- as a result of our acquisitions, we have recorded and will continue to record a significant amount of goodwill and other intangible assets. In the future, our goodwill or other intangible assets may become impaired, which could result in material non-cash charges to our results of operations;
- we are subject to risks related to corporate social responsibility;
- the market price of our common stock may vary substantially from the market price of our common stock;
- future sales of shares of our common stock or securities convertible into common stock could adversely affect the market price of our common stock and may be dilutive to current shareholders;
- various anti-takeover protections applicable to us may make an acquisition of us more difficult and reduce the market value of our common stock;
- failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have an adverse effect on our business and the trading price of our common stock;
- we may issue additional debt securities that could limit our operating flexibility and negatively affect the value of our common stock; and
- other factors contained in our filings with the Securities and Exchange Commission, or the SEC, including, but not limited to, those detailed in this Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K filed with the SEC.

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

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WORLD HEADQUARTERS

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