



TIME TO THRIVE



ARMED FORCES RETIREMENT HOME

Performance &
Accountability
Report

Fiscal Year 2015



THIS REPORT WAS PREPARED PER FEDERAL GUIDELINES



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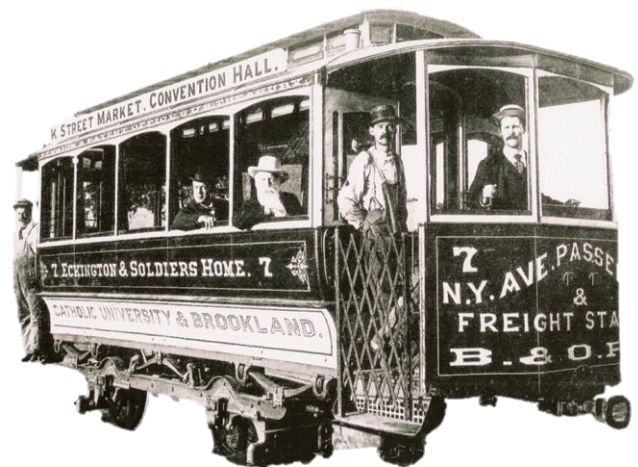
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Circa 1900: a streetcar traveled to the Soldiers’ Home from downtown Washington to North Capitol Street.

ABOUT THIS REPORT

The Armed Forces Retirement Home (AFRH) Performance and Accountability Report (PAR) provides programmatic and financial performance data for Fiscal Year (FY) 2015 and also includes all information to meet the Annual Performance Plan requirements. Each year federal agencies are required to report performance to Congress and the public. Such legislation includes:

- Accountability of Tax Dollars Act of 2002
- Chief Financial Officers Act of 1990
- Federal Financial Management Improvement Act of 1996
- Federal Managers’ Financial Integrity Act of 1982
- Government Management Reform Act of 1994
- Government Performance and Results Act of 1993
- Government Performance and Results Modernization Act of 2010
- Improper Payments Information Act of 2002 (as amended)
- Improper Payments Elimination and Recovery Act of 2010
- Improper Payments Elimination and Recovery Improvement Act of 2012
- Office of Management and Budget Circulars A-11, A-123 and A-136
- Reports Consolidation Act of 2000

Through this report we share insight into the Home’s rich heritage as well as our day-to-day activities while explaining the relationship between our objectives, costs and results. Further, to promote transparency and accountability, we illustrate how we protect and manage the AFRH Trust Fund, the source of our funding.

The FY 2015 PAR is published by the AFRH Office of the Chief Financial Officer (CFO) and is compliant with Section 508 of the Rehabilitation Act of 1973.

An electronic version is available at:
<https://www.afrh.gov/PAR/2015PAR>.



Circa 1945: former seamen enjoy camaraderie at the original Naval Home in Philadelphia, Pennsylvania. The Home is now in Gulfport, Mississippi.



The PAR cover highlights AFRH Residents enjoying an active lifestyle through sports, intellectual activities and leisure opportunities. Living at AFRH truly means our Residents are provided ***“Time to Thrive”***.

AFRH is a vibrant community dedicated to keeping its Residents as independent and healthy as possible.



SGM Michael Schultz, Senior Enlisted Advisor to the Assistant Secretary of Defense for Reserve Affairs, gives his thanks to Pearl Harbor Survivor Edward Davis (USA, AFRH-W) for 30 years of service. Mr. Davis is a proud WWII Veteran, Pearl Harbor Survivor and longtime Resident of AFRH-W.





***On land,
at sea and
by air...***

**FRANCIS
SYMANS**
(USN, USA &
USAF; AFRH-G)

This phrase describes Francis Symans, one of the few Residents who has served in three branches of the military. In 1953 Mr. Symans enrolled at the University of Alabama to major in “girls” and minor in engineering. After two years he decided college wasn't right for him so he returned to Dunkirk, New York to work for his father, who owned an excavating business. While working, he got “itchy” and decided to join the Navy as a Seabee heavy equipment operator, but after 3 1/2 years he left the Navy to work for his father again. Fate intervened, and Francis met his darling wife, Marilyn. Wanting to provide security for his wife, he joined the U.S. Army Combat Engineers as a heavy equipment operator stationed in Germany. After 3 1/2 years he was discharged as a Staff Sergeant, but two months later he joined the Air Force.

Francis looked around and quickly determined “everybody who was wearing wings had more stripes,” so he became an in-flight refueling technician. In 1969 Francis was grounded due to his hearing loss from the loud airplane noise. He headed to Flagstaff, Arizona and became an Air Force recruiter. He retired from the Air Force in 1972 with a total of 27 years of combined service.

Francis enjoyed his time in military service. As a Vietnam Veteran he recounts many interesting experiences, including serving as a boom operator which required him to fly on his stomach training in-flight refueling technicians for fighters and bombers headed to missions in Vietnam. He recounts, “We received a distress call from an F-105 fighter bomber that was low on fuel over North Vietnam. Our crew flew out and met the distressed bomber over North Vietnam, carefully completed a ‘hookup,’ towed the bomber back to South Vietnam and dropped it off at the Da Nang Airport where it coasted to a safe landing and was just fine”.



After retirement Francis became an industrial electrician in Flagstaff for 22 years. Francis said his favorite branch of the military was the Air Force because he could be home with his wife and children each night. He was married to his wife Marilyn for 52 years and they had three children. Francis moved into AFRH-G in August 2014 and likes the combination of the AFRH campus and the people. “The building is so well put together, and the people are just so nice.”



***“I absolutely love living here.
This place is magnificent!”***

I N T R O D U C T I O N

INTRODUCTION

OVERVIEW

This PAR covers events from October 1, 2014 – September 30, 2015 and has four parts outlining how AFRH is succeeding in our efforts to benefit those who served America. Their dedicated sacrifices, combined with their payroll contributions to AFRH, have earned them a special place to call “home.” Despite tight budget constraints, AFRH is providing our Nation’s Veterans with a superior retirement home.

Part 1—Management’s Discussion & Analysis (MD&A): a summary of our performance and financial status, as well as accomplishments and challenges. It includes our compliance with essential legal requirements.



In honor of Nurses’ Week, AFRH-G nurses wore traditional white uniforms to honor distinguished nurses from years past.

Part 2—Performance: a detailed outline of AFRH Goals and Objectives. It showcases our achievements and our shortfalls.

Part 3—Financial: the audit opinion, financial statements, disclosures and notes regarding AFRH fiduciary activities over the past fiscal year.

Part 4—Other Information: a summary of the Financial Audit, the Inspector General Statement, management challenges, improper payments, freeze the footprint, deferred maintenance and acronyms.



CHIEF OPERATING OFFICER MESSAGE



**ARMED FORCES RETIREMENT HOME
OFFICE OF THE CHIEF OPERATING OFFICER
3700 NORTH CAPITOL STREET, N.W.
WASHINGTON, D.C. 20011**

The Armed Forces Retirement Home duly submits the Fiscal Year 2015 Performance and Accountability Report (PAR); this annual report presents a comprehensive view of AFRH performance, programs and financial status. This letter reflects my assessment of our progress in 2015.

AFRH is proud of our modern facilities and the application of Person-centered Care (PCC) philosophy in caring for our Residents. AFRH fulfills PCC philosophy by meeting individual Resident needs within budget constraints in a home-like environment. Our most recent employee surveys attest that our employees share a deep, abiding commitment to our Residents and mission.



Steven G. McManus, COO

A 2015 comprehensive accounting of AFRH Trust Funds has yielded steady results by continuing our commitment to improve our business operations while containing costs. AFRH continues to excel in financial reporting as we earned our 11th consecutive ‘unmodified’ audit opinion. The financial and performance data in this report are reliable and complete in accordance with the Office of Management and Budget’s guidance and provide an unqualified statement of assurance regarding the agency’s internal controls as required by the Federal Managers’ Financial Integrity Act.

This fiscal year we continued to concentrate on our greatest challenge—Trust Fund solvency, while continuing efficient and effective internal operations and cost containment initiatives. Our largest cost drivers continue to be healthcare, facilities and dining services.

Although AFRH still faces substantial challenges, we are proud of our FY 2015 Key Accomplishments and continue to work towards resolving our challenges.

KEY 2015 ACCOMPLISHMENTS

High Resident Satisfaction: The 2015 Resident satisfaction survey shows AFRH is meeting, and in many areas exceeding Resident expectations; over 90% of our Residents rated AFRH excellent or above average. We are particularly proud that our dining and facilities programs received superior Resident ratings.

Increased Resident Fees: Working with our Department of Defense leadership, AFRH successfully implemented a Resident fee increase which is a critical first step to support out-year expenses.

Leasing of Underutilized Buildings: An additional revenue source was secured with the signing of a lease with Creative Minds International (CMI) Charter School for the North and Annex sections of the AFRH-W Sherman Building. Not only does this lease provide a welcomed revenue generator but also adds an additional community dimension for Resident interaction.

Electronic Health Record System (EHRS): AFRH continued transitioning to an EHRS for Resident records; managers worked throughout FY 2015 with clinical staff to refine processes and create a single set of healthcare procedures which fully utilize system capabilities. The system creates / maintains a comprehensive record which includes healthcare, Resident admissions, billing information and essential population census data.

Nurse Staffing Software: AFRH procured nurse staffing software, designed to facilitate electronic scheduling, as well as, self-scheduling. Training is ongoing and the increased capabilities have been well received.

OPPORTUNITIES AND CHALLENGES

Trust Fund Solvency: Our greatest challenge continues to be the solvency of the Trust Fund. The Trust Fund's largest revenue source, fines & forfeitures—an uncontrollable revenue source, has reduced well outside historical norms from \$41M in FY 2009 to only \$23M in FY 2015. Before this reduction occurred, AFRH experienced two large outlays; \$80M to replace the outdated AFRH-W Scott building to meet current accreditation and ADA requirements and \$20M towards the replacement of the AFRH-G facility (damaged beyond repair by Hurricane Katrina). These two large construction outlays coupled with the unanticipated reduction in fines and forfeitures have resulted in a sharp reduction in our Trust Fund Balance. This issue became critical in FY 2015 as fines & forfeitures experienced another significant reduction. We continue to work closely with DoD leadership to overcome this challenge.

The AFRH Inspector General (IG) Challenges: In 2015, the AFRH continued to focus on IG challenges to identify and mitigate risks. Our team strengthened internal controls in several areas identified by the IG while also tackling our business and organizational challenges.

Information Technology (IT): The Department of Defense Inspector General identified flaws in the AFRH IT function; we continue to work with the Department of Interior to strengthen our program.

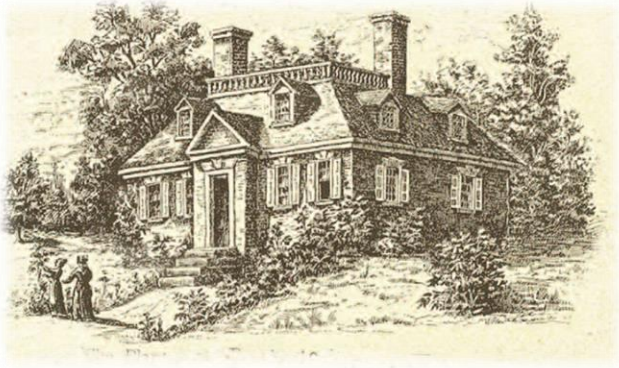
The AFRH mission is to fulfill our Nation's commitment to its Veterans by providing a retirement community with exceptional residential care and extensive support services. We continue to meet and exceed these mission requirements.

Sincerely,



STEVEN G. MCMANUS
Chief Operating Officer
 November 13, 2015

OUR LEGACY



The first U.S. Naval Asylum was established in the charming mansion of the prominent Pemberton family of Philadelphia in 1834. This home rests on the picturesque shores of the Schuylkill River.

Originally conceived in 1811 and established in 1834, the U.S. Naval Asylum became the first shelter of its kind for enlisted men who had served their country. In 1851 the Military Asylum (later named the U.S. Soldiers' and Airmen's Home) was created for Army Veterans. Since the 19th century both Homes have cared for thousands of eligible aging military Veterans.

The Naval Home in Philadelphia and the Old Soldiers' Home in Washington were self-sufficient in the 1800s.

Through the 1900s and after World War II, the asylums evolved into retirement homes. Today, the Homes are model retirement facilities offering top-notch programs and services comparable with services in the private sector.



Paul Hamilton was the 3rd U.S. Secretary of the Navy. A proponent of military preparedness, he was responsible for the Naval Hospitals Act of 1811 which established the Naval Asylum.



The original Soldiers' Home was founded in the former country cottage of the renowned Riggs Family in 1851. Situated high up on a hill, this home was surrounded by farmland and wilderness.

Although the Home has changed from its early days as an asylum, one constant remains—all Residents have served in the military for our country and share the common experiences of defending our freedoms, land and military heritage. Each Campus has a Hall of Honors celebrating our legacy, preserving our military history and honoring those who served.

AFRH delivers "Person-centered Care" (PCC) to our Residents. PCC is the careful manner in which Resident needs are considered while developing proactive plans of care and delivering meaningful services in a home-like environment. AFRH Residents are active participants in guiding and charting their own lives within AFRH budget constraints and capabilities.



"Old Fuss and Feathers", General Winfield Scott, was revered by Army troops back in the early 1800s. He implored Congress to build a sanctuary for old soldiers and that vision was realized in 1851.

OUR LOCATIONS

AFRH has two locations—Gulfport, MS (AFRH-G) and Washington, DC (AFRH-W). Both AFRH Homes have evolved from institutions to comfortable and accessible homes for today's retired Veterans. Each community has its own character reflecting the input of its Residents. Both facilities are modern, offer full services and have a small house concept in upper levels of care. The upper-level of care small house concept contributes to AFRH's person-centered vision by meeting individual Resident needs in a home-like setting.

GULFPORT, MS



The AFRH-G facility is located on approximately 40 acres of prime waterfront land on the Mississippi Sound. The resort towns of Gulfport and Biloxi as well as Keesler Air Force Base and other government facilities are in close proximity. The Gulfport community has been home

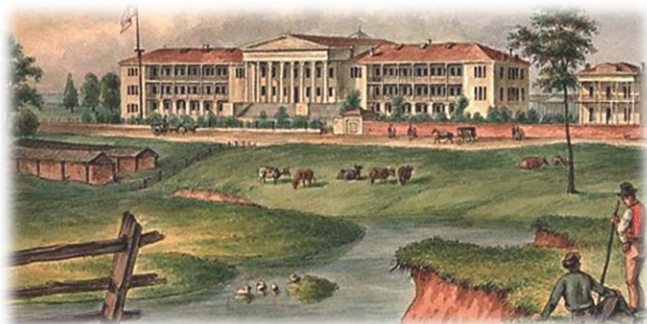
to former enlisted, limited duty and warrant officer service members since 1976 when the Naval Home relocated to Gulfport from Philadelphia, PA.

AFRH-G is an energy-efficient and modern facility opened in late 2010 after the original facility was severely damaged by Hurricane Katrina in 2005. The new building was designed to withstand Category 5 hurricane-force winds and was tested in August 2012 during Hurricane Isaac with damage being limited to some outside shades.

The new building features a multi-tower complex with all five levels of care under one roof. Full amenities include dining, social, recreational and therapeutic activities. The AFRH-G Campus amenities include a swimming pool, hobby shops, a wellness center with general medicine, basic dental and eye care, a bank, a barber / beauty shop, a putting green, bowling alley, a community room / movie theater, a computer room, a library and a private walkway to the beach.

The AFRH-G Residents enjoy their proximity to the Gulf Coast beaches, ability to participate in outdoor activities almost year-round and their close relationships with local military, government, civilian and business associates. Throughout 2015, AFRH-G Residents enhanced the facility's landscaping with several planting projects.

See more about AFRH-Gulfport online at <https://www.afrh.gov/locations/afrh-g-history>.



THEN

The Naval Asylum in Philadelphia, 1834, situated on the scenic Schuylkill River.



NOW

AFRH-G is a dynamic community on the Gulf Coast, close to many coastal activities.

WASHINGTON, D.C.



The AFRH-W facility is located atop a hill on 272 acres in the heart of our Nation’s capital. The Campus has been home to thousands of former enlisted, warrant officer and limited duty officer service members since 1851.

AFRH-W has many historic buildings, including President Lincoln’s Cottage, the Sherman Building (which served as one of the original dormitories), former military leaders’ quarters and the stately Grant Building.

In the 19th century, Residents wandered through cow pastures; today, those same fields are now a golf course. Residents have a breathtaking view of the U.S. Capitol and the Washington Monument.

AFRH-W has two Resident buildings which are connected by an underground tunnel. Full amenities include an indoor swimming pool, hobby shops, a wellness center with general medical and dental care, a credit union, barber / beauty shop, a bowling center, a community room / movie theater, computer rooms, a library and a 9-hole golf course / driving range.

The AFRH-W Residents enjoy their proximity to our Nation’s capital and the many activities, museums and galleries in their backyard. In April, AFRH-W continued to restore its tree canopy with a second planting of Yoshino Cherry Trees. The donated trees and volunteers who planted them are part of a continuing partnership with the Washington National Cherry Blossom Festival.

See more about AFRH-Washington online at <https://www.afrh.gov/locations/afrh-w-history>.

Maj. Robert Anderson, “the soldiers’ friend”, was also a key founder of the Soldiers’ Home. He commanded the Union Army at Fort Sumter South Carolina, where the Civil War’s first shots were fired. Along with Gen. Winfield Scott and Jefferson Davis, Anderson fought for 25 years to establish the Home.



THEN *The Old Soldiers’ Home, 1854, situated high on a hill in the countryside of Washington.*



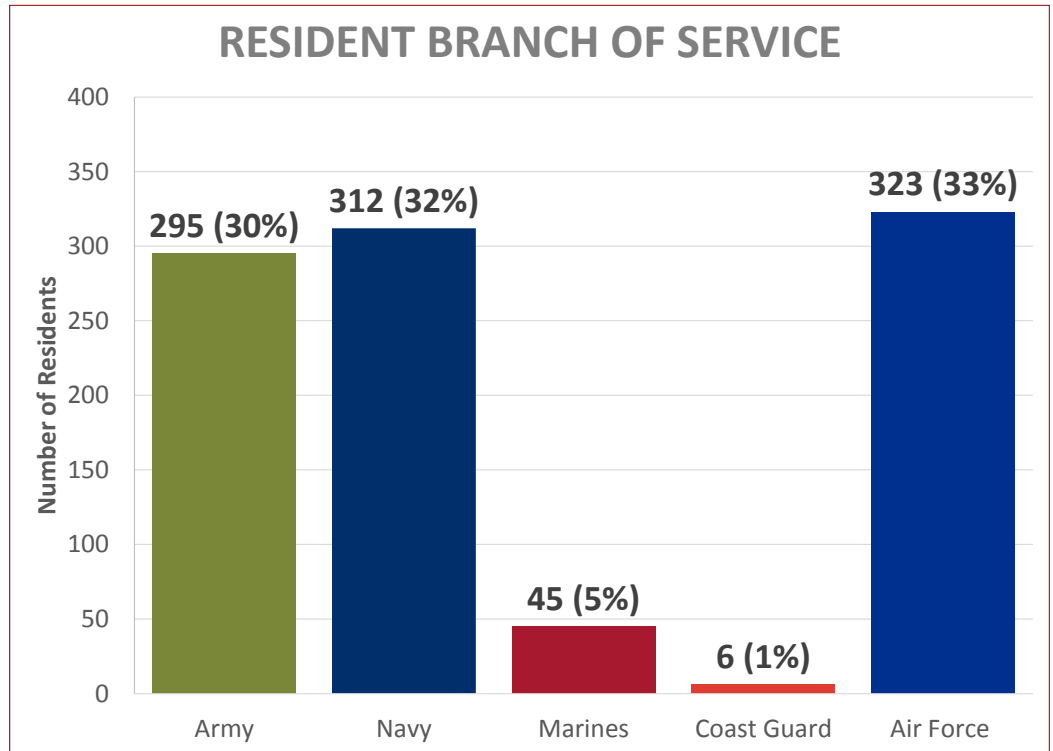
NOW *AFRH-W is a vibrant community featuring modern amenities, healthcare and activities.*

RESIDENT PROFILE

AFRH Residents hail from across the U.S., share common military experiences and are returning to a military community for the first time since leaving service. Each Campus has an Ombudsman who works closely with Residents to ease their transition and a Resident Advisory Committee (RAC) provides ideas and feedback from the Residents to the Administrator.

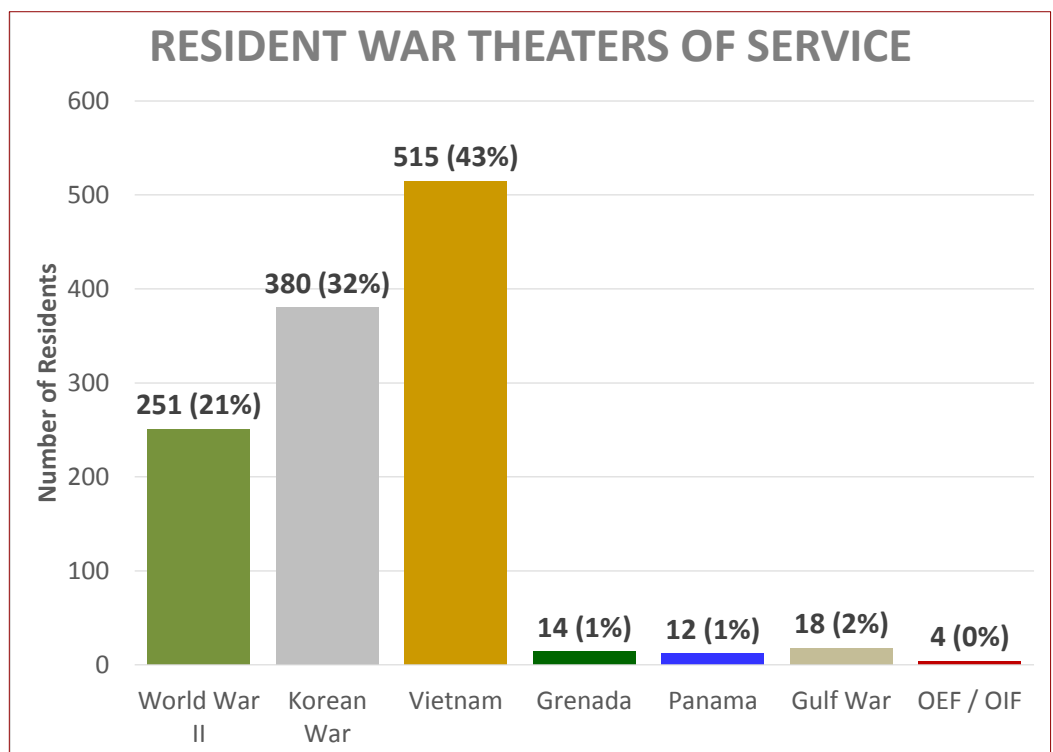
BRANCH OF SERVICE

AFRH is home to service members from all branches of the military. All services are represented at both Campuses.



RESIDENT WAR THEATERS OF SERVICE

AFRH Residents have served in all U.S. military campaigns since World War II. In FY 2015, AFRH welcomed its first Operation Enduring Freedom (OEF) / Operation Iraqi Freedom (OIF) Veterans. Since many Residents served in more than one conflict, where applicable, the chart shows Residents in multiple categories.



RESIDENT ELIGIBILITY

Persons are eligible to become AFRH Residents who served as members of the Armed Forces, at least one-half of whose service was not active commissioned service (other than as a warrant officer or limited-duty officer), and:

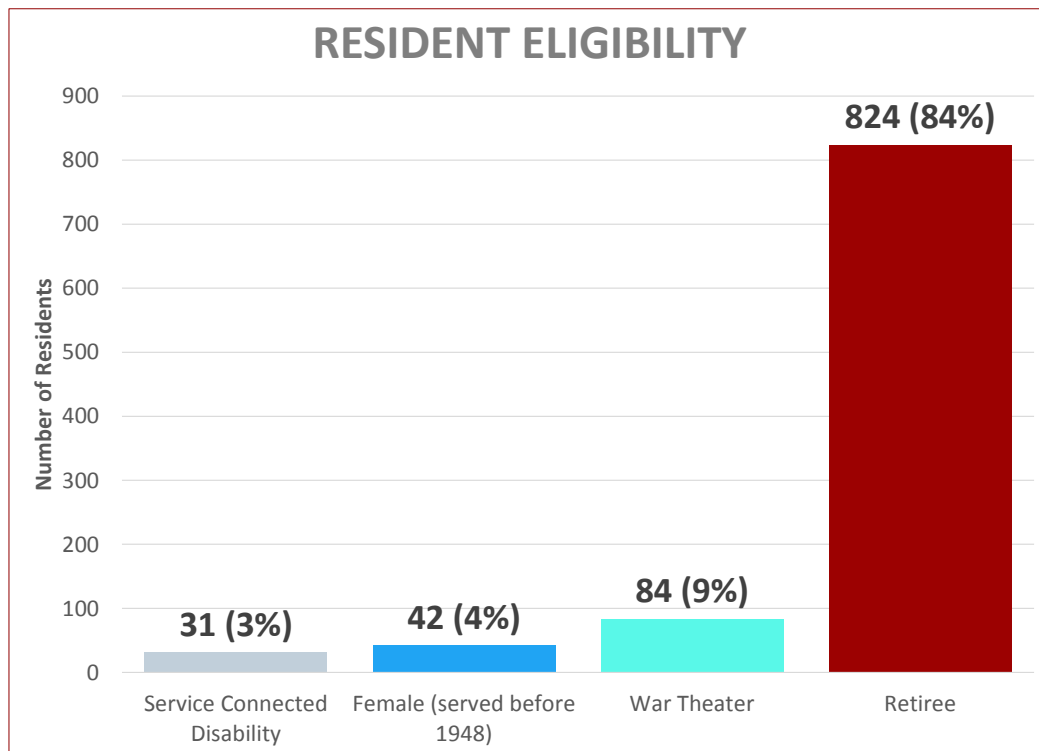
- Are 60 years of age or over; and were discharged or released from service in the Armed Forces under honorable conditions after 20 or more years of active service.
- Persons who are determined under rules prescribed by the COO to be incapable of earning a livelihood because of a service-connected disability incurred in the line of duty in the Armed Forces.
- Served in a war theater during a time of war declared by Congress or were eligible for hostile fire special pay and were discharged or released from service in the Armed Forces under honorable conditions; and are determined under rules prescribed by the COO to be incapable of earning a livelihood because of injuries, disease, or disability.

- Served in a women’s component of the Armed Forces before June 12, 1948; and are determined under rules prescribed by the Chief Operating Officer to be eligible for admission because of compelling personal circumstances.

Persons ineligible to be Residents: A person who has been convicted of a felony or is not free of drug, alcohol, or psychiatric problems shall be ineligible to become an AFRH resident.

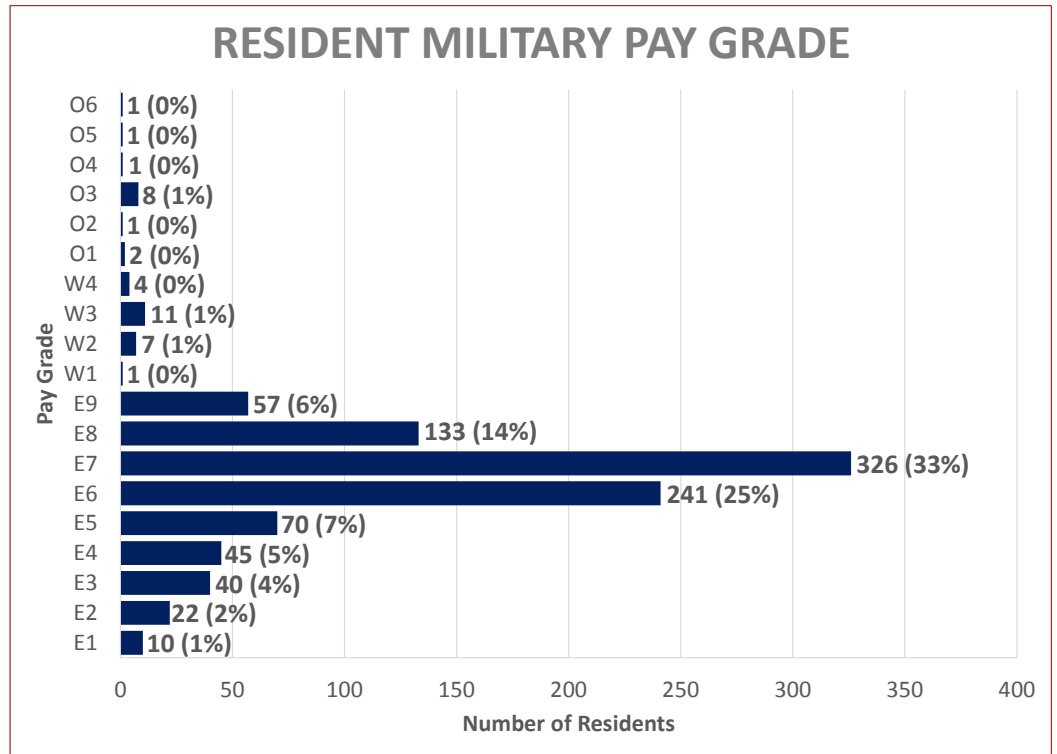


Staff Rebecca Perry (AFRH-W Admissions) and Rebecca Newton (AFRH Pre-Admissions) register incoming Residents in D.C.



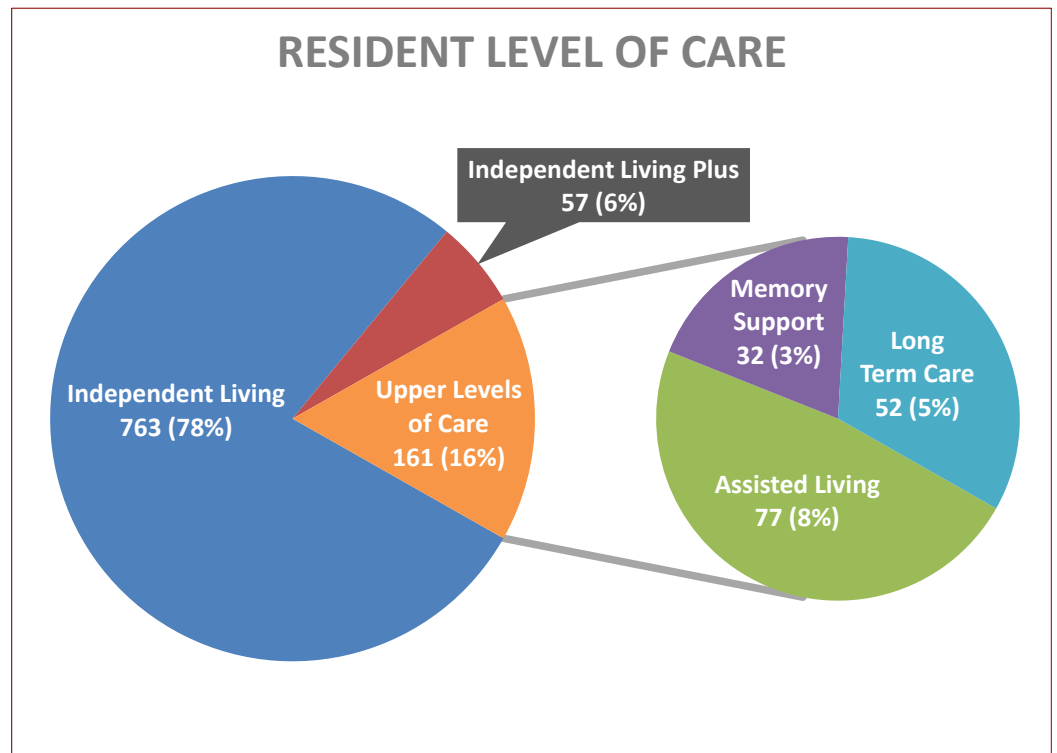
RESIDENT MILITARY PAY GRADE

To live at AFRH, Residents must have served at least half of their military service as either enlisted, warrant officer or limited duty officer.



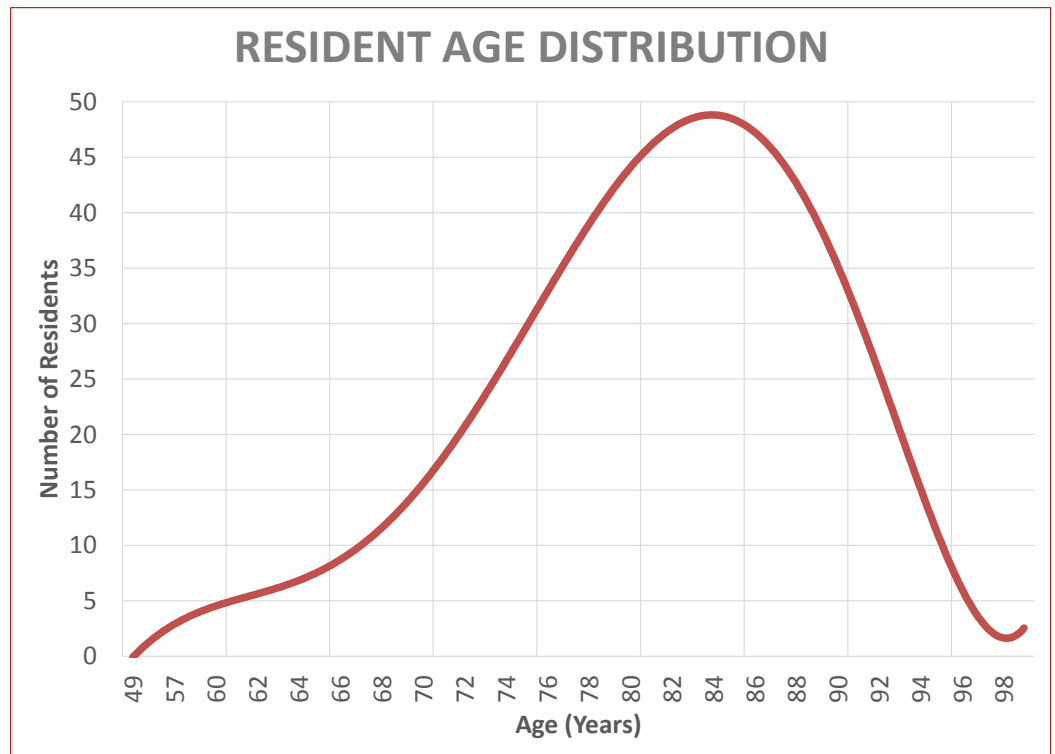
RESIDENT LEVEL OF CARE

The majority of AFRH Residents live in our independent living rooms with upper levels of care reserved for our current Residents when they need additional services. In FY 2015, AFRH sought and received approval to move our Independent Living Plus (ILP) pilot program to a permanent level of care.



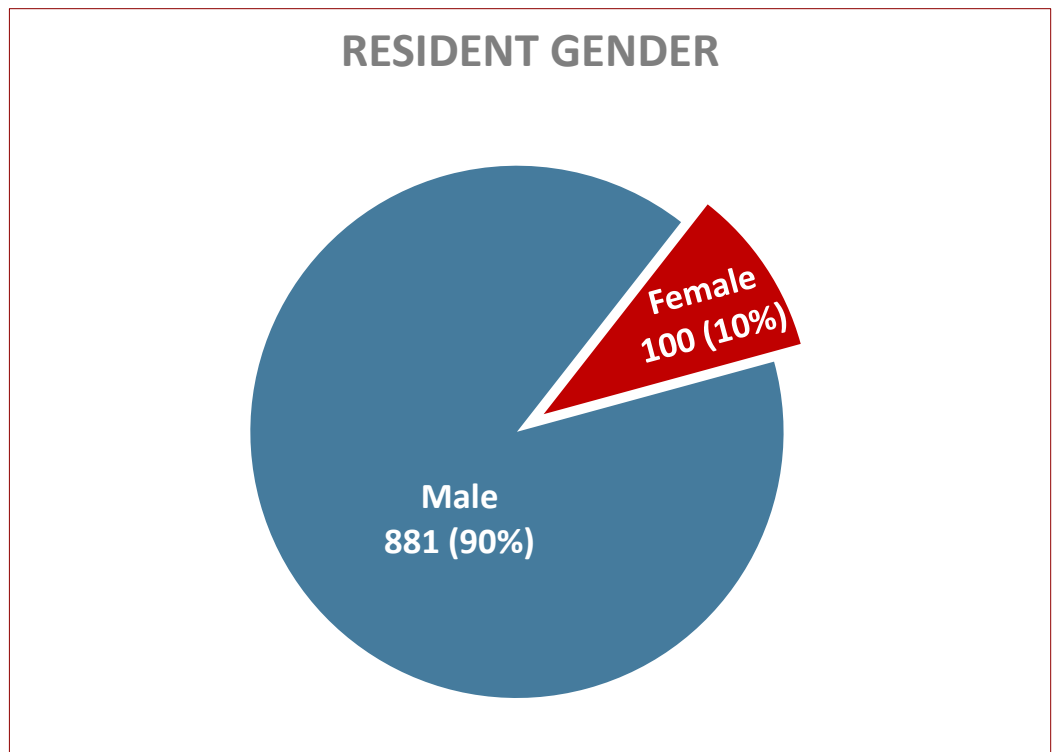
RESIDENT AGE DISTRIBUTION

Although most Residents must be more than 60 years old to be eligible to enter AFRH, AFRH's Residents range in age from 49 to 100 with an average age of 82.



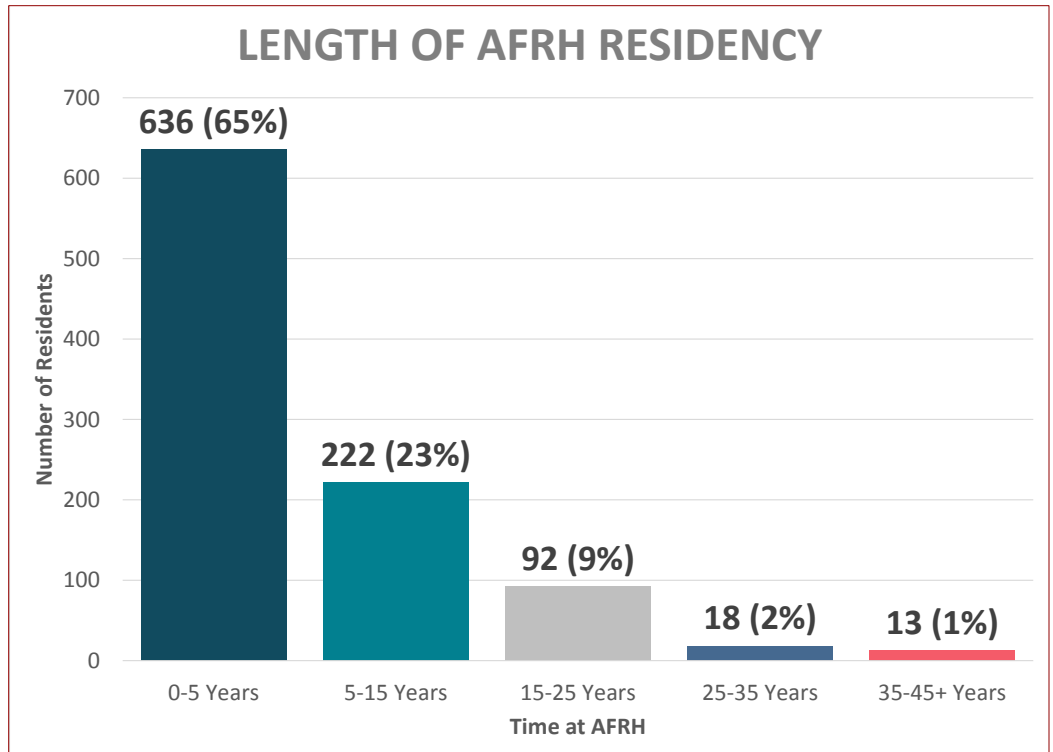
RESIDENT GENDER

Since the establishment of both Homes, the majority of Residents have been male; however, the percentage of female Residents is slowly growing.



LENGTH OF AFRH RESIDENCY

AFRH average residency is 6.8 years with one Resident who has resided at AFRH for more than 45 years.



At the Victory in Europe celebration, World War II Veteran Philip Burge (USA, AFRH-W) is interviewed by the media as he arrives at the National Mall.

2015 HIGHLIGHTS

CORPORATE HIGHLIGHTS

FY 2015 Agency initiatives focused on greater efficiency and effectiveness including:

Level of Care Expansion—AFRH’s Independent Living Plus (ILP) pilot program moved to a permanent level of care providing Residents the ability to remain in their independent living room longer while receiving assistance with some daily activities of living. In FY 2015, this program allowed more than 100 Residents to safely remain independent longer. Prior to the introduction of this program, Residents who required assistance with activities of daily living were relocated to Assisted Living (AL) with higher costs for both the Resident and AFRH.

To secure accreditation for this level of care and have all AFRH levels of care accredited, AFRH began preparing for The Joint Commission (TJC) Home Care Accreditation with both Campuses undergoing an operational assessment in FY 2015. Both Campuses will complete a TJC Home Care accreditation survey in early 2016.



Leslie Boggus (Dietician) answers a few questions from Donald Freer (USAF, AFRH-W) and Lillian Miller (USA, AFRH-W) at the annual Health Fair.

Resident Healthcare Focus—During FY 2015, the AFRH Medical Director focused on several areas to assist in maintaining a healthy Resident population. Annual Health Assessments were offered to 99% of IL Residents and completed for 100% of upper levels of care Residents, twenty (20) Evidence-Based Clinical Practice Guidelines (CPG) were written and posted on the AFRH website, several Agency Medical Directives were updated, a newly created PEER review forum for the professional staff was implemented and more emphasis was placed on Resident flu immunizations by communicating the advantages of getting immunized.



The Washington Wizards kick off National Basketball Association FIT week at AFRH-W with the Wizards Girls and mascot G-Wiz leading aerobics.

Leasing Underutilized Space—As a source of increasing Trust Fund Revenue and reducing maintenance costs, a 10-year lease was signed with the Creative Minds International Public Charter School (CMIPCS). CMIPCS, as a tenant of AFRH, will operate a charter school in underutilized areas of the AFRH-W Sherman Building. Once the lease is fully executed, AFRH will receive approximately \$1.5 million annually. The lease also fulfills our responsibilities under the National Historic Preservation Act of 1966 which requires federal agencies, to the extent practical, to establish and implement alternatives for historic properties.

Increased Revenue—With the continued reduction of AFRH’s largest revenue stream, Fines & Forfeitures, AFRH, working with our Department of Defense (DoD) leadership, successfully implemented a key initiative to increase revenue. In September 2015, a reasonable and equitable Resident Fee increase was implemented.

Key Positions Filled—This year AFRH filled several key positions including the AFRH Inspector General (IG), AFRH-W Ombudsman and several critical healthcare positions. These Agency and Campus leaders enhanced the existing AFRH staff and strengthened key programmatic areas. In a continued effort to attract quality healthcare applicants, AFRH began using Title 38, Market Pay for Physicians and Dentists in FY 2014 and expanded the use of this authority to include Nurse Practitioners in FY 2015.



Ombudsman Robb Webb wishes Ralph Wyatt (USN, AFRH-W) good luck on AFRH-W Casino night.

Staff Engagement—AFRH’s employee efforts included additional supervisory training, leadership training for key managers, annual training available online to better meet staff schedules and continuing emphasis to increase staff understanding of linking individual performance to AFRH strategic goals.

Information Technology Advances—AFRH continued to improve its communications and capabilities. Key IT initiatives included upgrading to the Microsoft Windows platform compatible mobile devices, providing seamless integration with desktop applications, enhancing our Internet Service Provider (ISP) infrastructure by adding dual T-1 connections to improve performance / redundancy and improving compliance with National Institute and Standards Technology (NIST), the Federal Information Security Management Act (FISMA) and the Office of Management and Budget (OMB) information technology standards.



Stan Whitehead (IT Manager) and Antar Ali (IT Specialist) check one of the AFRH technology systems.

Electronic Health Records System (EHRS)—During FY 2015, AFRH began a comprehensive review of the processes, forms and reports used by healthcare staff to create a single set of procedures / processes in the EHRS that provides a consolidated health record with accompanying care plans. Bi-weekly meetings were held with the key healthcare personnel, management staff and the vendor to understand the system’s capabilities and streamline current processes to better utilize the system’s functionality.

Credentialing Verification Organization—In FY 2015 AFRH transferred its paper-based process of credentialing and privileging independently licensed medical practitioners to an electronic credentialing service which collects and verifies data. Electronic credentialing facilitates accuracy, keeps information more current and improves the validation process.



Employee of the Year—AFRH recognized top-performing employees quarterly and selected our first Employee of the Year. Each quarter both Campuses selected an Employee of the Quarter, and these eight employees were the pool of candidates for selection of AFRH Employee of the Year. In December 2014, AFRH-W's Greg Wilson, Food Service Contract Surveillance Representative, was selected. Greg has worked in his position for seven years and has proven to be an exceptional leader. Runner-up AFRH-G's Monica Fragello was recognized for her key role in preparing for The Joint Commission accreditation survey.



COO Steven McManus congratulates AFRH Employee of the Year Gregory Wilson, AFRH-W Food Service Contract Surveillance Representative.

CAMPUS HIGHLIGHTS

Both AFRH Campuses are vibrant hubs of energy. Residents engage in many activities, volunteers offer assistance and programs, and the staff ensures that operations run smoothly. Throughout FY 2015, our Campuses accomplished many goals, hosted distinguished visitors and held numerous Resident and community events—many of which were supported and attended by AFRH partners and volunteers. Some of our FY 2015 noteworthy highlights are:



The Joint Commission (TJC) Accreditation in Ambulatory and Nursing Care—Throughout FY 2014, both Campuses received accreditation in 1st quarter FY 2015, meeting one of our major performance metrics. TJC is an independent, not-for-profit organization that accredits and certifies more than 20,500 healthcare organizations and programs in the United States. It is recognized nationwide as a symbol of quality reflecting an organization’s commitment to meeting certain performance standards.

GULFPORT



Mississippi Governor Phil Bryant and First Lady Deborah Bryant visit AFRH-G—Mississippi’s Governor and the First Lady toured the AFRH-G facility, visiting and interacting

with Residents who were participating in various recreational activities.



Mississippi Governor Phil Bryant and First Lady Deborah Bryant greet Ron Persing (USAF, AFRH-G) during their visit.



Senator Cochran & Congressman Palazzo staffers tour

AFRH-G—Residents and staff welcomed Congressional staffers from Senator Thad Cochran’s and U.S. Congressman Steven Palazzo’s

offices. The staffers received a mission brief, toured the facilities and held meetings with Resident representatives.



Congressional Staffers conclude their facility tour with Col. Dwayne Wilhite (Acting Administrator) and Resident Advisory Chair Henri Gibson (USA, AFRH-G).



AFRH-G welcomes Ride 2 Recovery (R2R) Bikers—AFRH-G Residents welcomed bikers participating in the 470 mile Atlanta to New Orleans challenge. The R2R bikers took a break from the 60.1-mile daily ride to visit with Residents and enjoy refreshments. R2R is a partnership between the Department of Defense and Veterans Affairs to provide mental and physical rehabilitation programs for healing our Nation’s wounded heroes and raises money to help Veterans overcome obstacles by participating in a R2R event regardless of their disability.



Rider Jim Bourque and Resident OJ Ferrington (USA, AFRH-G) chat after the Ride 2 Recovery bicycle event.



AFRH-G Spring Open House— Each year AFRH-G hosts a May Open House to celebrate spring and showcase the Resident-inspired landscaping and environmentally conscious design on the Campus. With the Campus open to the public, visitors took self-guided garden tours, enjoyed refreshments and browsed through the displays of Resident artists.



Visitors enjoy the Resident art sale.

Veterans Day Open House—To honor Veterans who have served, and who are now serving, AFRH-G hosted a wreath-laying ceremony and open house. Enhancing this event were the Patriot Guard Motorcycles, Harley® Owners Group (H.O.G.), Pensacola Motorcycles, Harrison County Sheriff’s Helicopter Crew (who landed a helicopter on the front lawn of AFRH), Gulfport High School Band, U.S. Coast Guard, Gulfport Police & Fire Department, Biloxi Police Department, Army National Guard, Air National Guard and many others. The guest speaker was LtGen Clark Griffith, USAF (Ret).



The Veterans Day Open House revs up with the Harley Owners Group sharing their day with Charlie Jenkins (USN, AFRH-G).



Cruisin' The Coast—This festival which began in 1996 to celebrate antique, classic and hot rod vehicles, showcased over 8,000 classic cars on the coast in October. Car enthusiasts from 41 states, plus Canada and Sweden, drive to the Mississippi Gulf Coast once a year to showcase their rides and to cruise the beautiful 30-mile stretch of beachside highway. AFRH-G was one of the scheduled stops to allow Residents to participate in this wonderful event.



Cruisin' the Coast classic vehicles delight our Residents and bring back memories of their youth.



Residents Honored at First Shuckers Tailgate Party—AFRH-G Residents were honored to be included in the opening of the new Biloxi Baseball Stadium. These Residents enjoyed the ultimate game day experience, sponsored by the Beau Rivage Resort and Casino, when they arrived in style, attended a VIP tailgate and were recognized for their service during WWII.



AFRH-G Residents William Allen (USN), John McCoy (USA), John Oyster (USAF) and Charlie Jenkins (USN) depart for a tailgate party at the 1st Biloxi Shuckers game where they were recognized for their service.



Mardi Gras King Vernon Bourdette (USA, AFRH-G) distributes beads as he rides on the beautiful float decorated by Keesler Air Force Base volunteers.

AFRH-G Mardi Gras Parade and Ball—The annual Mardi Gras celebration is always a high point for Gulfport Residents. “Laissez les bons temps rouler” is a Cajun expression meaning "Let the good times roll!" It strongly conveys the "joie de vivre" ("joy of living") attitude at AFRH-G. After celebrating “Fat Tuesday” the 2015 King and Queen were crowned. This year’s King is Vernon Bourdette (USA) and Queen is Mildred Knoble (USAF). A Mardi Gras Parade, with traditional tossing of the beads, was held. The Mardi Gras Ball followed the parade where Residents celebrated and danced the night away.



Mildred Knoble (USAF, AFRH-G) is crowned Queen.



***100 years young
and still not
slowing down.***

**STEPHEN J. LUCAS
(USN, USMC,
AFRH-G)**

On Sunday, January 11, 2015, AFRH-G celebrated the 100th birthday of Resident Stephen J. Lucas. Mr. Lucas was born on January 11, 1915 in Bronx, New York. He proudly served in both the Marine Corps and the Navy until his retirement from the Navy on September 1, 1955 after serving 22 years. Mr. Lucas served in both WWII and Korea.

When asked which service he preferred, the Marines or the Navy, he'll quickly tell you the Navy where he spent 17 of his 22 years of service and was able to visit many interesting locations and participate in numerous operations. During his naval career, he was an Engineman working on gas and diesel engines and served in China, Quantico & Norfolk, Virginia and Cuba.

After his retirement, Stephen moved to New Orleans where he loved to go swimming at Pontchartrain Beach. Most days you'll find him in the AFRH fitness center or swimming pool getting his daily exercise. According to Mr. Lucas, he's still going strong: "I'm making the most of being 100, that's why I work out."



Stephen Lucas (USN, AFRH-G) blows out the candles on his cake during his 100th birthday celebration.



John Kofoed (USA) visits Stanley Sagara (USA, AFRH-G) at AFRH-G where they met again 68 years after serving together at Bad Nauheim, Germany in 1947.

WASHINGTON

Senator Cory Booker Visits AFRH-W

Residents—AFRH-W Residents were honored with a special visit from New Jersey Senator Cory Booker. Senator Booker expressed his heartfelt gratitude for their service to our country and his dedication to helping Veterans.



Senator Booker answers Resident questions during his AFRH-W visit.

Senator Robert “Bob” Dole Visit—AFRH-W had the honor of hosting Senator Bob Dole who had previously visited AFRH-W in 2005. Senator Dole chatted with Residents, answered questions, joked about his 1996 bid for the Presidency and discussed growing older. At 92 years old, Senator Dole is still very active and was surprised to find he wasn’t the oldest person in the room. A decorated World War II Veteran, Senator Dole revealed he visits the WWII Memorial in DC every Saturday.



Bob Dole, former U.S. Senator from Kansas and decorated WWII Veteran, greets fellow disabled Veteran Edward Davis (USA, AFRH-W).



Camilla, Duchess of Cornwall, and Resident Patricia Kirchner (USN, AFRH-W) watch Prince Charles bowl during his royal visit to AFRH-W.

**British Royalty Visits AFRH-W—**

In March 2015, AFRH-W hosted Charles, Prince of Wales, and Camilla, the Duchess of Cornwall. The Royal Couple toured the Scott and Sheridan buildings and spoke with Residents and staff along the way. In the Hall of Honors the Royal Couple greeted AFRH-W Residents, some of whom had traveled to England to visit the Royal Hospital Chelsea and wanted to welcome the Royal Couple to their Home personally. To everyone’s delight, when Resident Patricia Kirchner asked the Prince if he would like to try his hand at bowling, the Prince accepted the challenge.



South Korea Delegation—The South Korean Ruling Party Leader Kim Moo-sung, escorted by Major General Kyoung Soo Shin (Republic of Korea Defense Attaché to the U.S.), other distinguished visitors and Korean journalists, toured the AFRH-W facility and addressed Residents in the Hall of Honors. The South Korean delegation presented a crystal Korean War memento and cash donation to AFRH-W Korean War Veterans. During Party Leader Kim Moo-sung’s heartfelt speech, he thanked AFRH-W Korean War Veterans for their service and sacrifice in defense of the Korean people and freedom.



MG Shin Kyoung Soo (Republic of Korea) looks at Charles Daniels’ (USA, AFRH-W) photo album of his military service in Korea.



Warren Barber (USAF, AFRH-W) greets Elinor Otta, the last original Rosie the Riveter, during her visit to AFRH-W.

Last Rosie the Riveter visits AFRH-W—The last original World War II “Rosie the Riveter”, Elinor Otta, visited with AFRH-W Residents. Ms. Otta was one of the original brigades of working women who kept American factories, critical to the war effort, operating when most men left to join the military. Ms. Otta surprised Residents when she told them she is still working on the line at the Boeing Plant in Long Beach, California, inserting rivets into C-17 cargo planes and has no plans to retire.

AFRH-W Cherry Tree Planting—For the second consecutive year, a group of volunteers planted cherry trees as part of the National Cherry Blossom Festival. Over 100 volunteers from Casey Trees planted 25 Yoshino Cherry Trees and 31 native shade trees to assist AFRH in restoring the AFRH-W tree canopy. Japanese representatives recited poetry and created traditional calligraphy for AFRH-W Residents.



Volunteers planted trees and Japan representatives entertained Residents.



A young AFRH-W visitor takes advantage of a little rest in the Pumpkin Patch at the annual AFRH-W Fall Fest.

AFRH-W Antique Car Show and Fall Fest—AFRH-W held its 56th Annual Antique Car Show and enhanced this established tradition with its first annual Fall Fest. In October 2014, AFRH-W partnered with the community and the military to provide tours of the grounds, art displays, a petting zoo and much more to entertain both Residents and our neighbors. The highlight of this year’s event was a medical van from WRNMMC which provided a close-up look at the most advanced mobile emergency medical technology used in the military today.

Best Seat in D.C. for July 4th

Fireworks—AFRH-W opened its Campus to neighbors, employees and their families and friends who gathered to celebrate Independence Day. The celebration included food, music, activities, dancing and, most importantly, a perfect view to watch the fireworks. The event was co-hosted by our partner, The Friends of the Soldiers Home (FOSH), to encourage Resident and neighbor interaction.



AFRH-W Residents enjoyed a spectacular view of the Washington Monument, U.S. Capitol and D.C. cityscape on July 4th.

Ruppert Landscape Gift—One day can make a huge difference as AFRH-W recently found out. Ruppert Landscape, a D.C. area company, annually donates 5% of their profits by selecting a local organization to “improve through community service”. This Ruppert team event mobilizes over 500 volunteers from 15 branches who compete against each other in different landscaping projects donated to the selected organization. In FY 2015, AFRH-W was selected as Ruppert’s “Community Service Organization” to host their annual team event and benefit from the completion of several projects to enhance the Campus.

AFRH-W and Ruppert management selected projects that would not only provide “team competition” for Ruppert employees but also make a difference for our Residents by making vital Campus upgrades. Projects included planting new trees along North Capitol Street to provide a better noise buffer, planting shrubs, mulching and flower beds, installing new benches, adding a handicap ramp to our Scott Building lower terrace and building new raised planters for Resident gardening. Ruppert’s generous donation of skills, employees and materials was greatly appreciated, and AFRH-W Residents were certainly the grand prize winner of this event.



THEN *The gazebo on the AFRH-W Mall had dead grass and no flowers or plants.*



NOW *It looks lovely with flowers, greenery and new mulch.*



THEN *The horseshoe pit, a key recreation area, needed a facelift.*



NOW *A more beautiful setting for relaxation and enjoyable leisure.*

AFRH PARTNERS

To enhance and diversify services for Residents, AFRH partners with military groups, Veteran organizations, local businesses, government officials, volunteers, neighbors and civic leaders. These liaisons strengthen and enhance the entire AFRH community by providing healthcare, additional recreational activities and visits with Residents. Volunteers provided more than 58,000 hours in FY 2015 assisting, enlivening,



Chief Hospital Corpsman Christopher Grimm makes a presentation to Charles Felder (USA, AFRH-W) and Resident Advisory Chair Phil Ford (USN, AFRH-W) during the Defense Threat Reduction Agency (DTRA) / AFRH holiday party.

entertaining and supporting our Residents and facilities. Active duty military members as well as members of churches, schools, local community groups, military organizations, Veteran Service Organizations, retail businesses, scouts and government organizations contribute to the vast number of AFRH volunteer hours and bring an extensive array of talents and skills.



THE MILITARY SERVICES

AFRH benefits from and enjoys military active duty participation and their vast talents. Military service members enhance our Resident programs, provide individual Resident assistance, tackle special projects and support operations. Both AFRH Campuses are blessed to be near our partner military bases. At the Department of Defense level, Sergeant Major Bryan Battaglia, Joint Chiefs of Staff Senior Enlisted Advisor, is active on the AFRH Advisory Council and has visited both Campuses. AFRH-W has also benefited from joint command volunteers from Defense Information School, Defense Intelligence Agency and Defense Threat Reduction Agency as they often lend their support to AFRH.

At AFRH-W, a major supporter is Walter Reed National Military Medical Center (WRNMMC). In FY 2015, WRNMMC provided interns, pharmacy services and specialized care to supplement AFRH healthcare services.

In addition, AFRH-W Army Support included Army Birthday Ceremony guest speaker SGM James Wells (Executive SGM to 12th CSM of the United States Army Reserve), U.S. Army Band performances, Ft. Meade U.S. Army Signal School Detachment games and social events and The Wounded Warrior Command recreational bowling events.



ARMY

AFRH appreciates the U.S. Army volunteers who actively participate at both facilities to support the Residents. At AFRH-G, Army units participated in their service birthday activities.



The U.S. Army Blues Band delighted Residents and guests during AFRH-W's holiday party.



NAVY

The U.S. Navy is active at both Campuses and has a long history of providing support. The U.S. Navy service members regularly volunteer at both Homes.

The Naval Construction Battalion Center-Gulfport SEABEES regularly assist with move-ins, provide individual Resident assistance, assist Campus Operations with projects, attend special events and interact with Residents. The Gulfport SEABEES activities included Senior Prom dance decorations, emergency management support and Humvee convoy simulator-training experience. They also invited AFRH-G Residents as honored guests and speakers to the Naval Mobile Construction Battalion (NMCB) 1 Heritage Ceremony in recognition of Pearl Harbor Day to pay homage to its Naval and Seabee history.



More than 300 SEABEES join AFRH-G Residents to hear WWII stories during the AFRH-G Memorial Day event.

At AFRH-W, U.S. Navy service members regularly support special functions including The U.S. Navy Drill Team Fall Fest performance, intergenerational monthly social events hosted by The Naval District of Washington and the Naval Sea Cadets, Mooberry Division, Resident Easter meals served by the Bureau of Medicine and Surgery (BUMED), bowling socials hosted by Navy Cyber Warfare Development Group, Chief Petty Officer 365, a holiday party hosted by the Navy Information Operation Command, Maryland and a Memorial Day wreath-laying ceremony by the USS Abraham Lincoln Junior Enlisted Association.



The U.S. Navy Drill Team performs as one of the AFRH-W Fall Fest highlights.



MARINE CORPS

Strong guardians of our Nation and staunch supporters of our Veterans, the U.S. Marine Corps also honors its military heritage through its AFRH support.

Annually, the Gulfport Molly Marines assist with several special events / dances and host a booth during the AFRH-G Open House. Our future Marines from Gulfport High School Marine Corps Junior ROTC served as the color guard and laid the memorial wreath for the AFRH-G Memorial Day Service.

At AFRH-W the Marine Barracks Washington helped celebrate their 239th Marine Corps Birthday, Joint Base Myer-Henderson Hall Single Marines volunteer annually to serve AFRH-W's Thanksgiving meal, and the U.S. Marine Corps Brass Quintet performed holiday music to kick off the season during our tree lighting ceremony. AFRH-W was honored to have a special performance from "The President's Own".



AFRH-W Residents were privileged to have the "8 & I" Marine Corps Barracks Color Guard, the "Oldest Post of the Corps", help celebrate the Marine Corps birthday.



AIR FORCE

The U.S. Air Force service members are active at both Campuses and are generous with their time, skills and resources. USAF organizations, as well as individual service members and their families, support AFRH activities.

Keesler Air Force Base (KAFB), AFRH-G’s closest Air Force neighbor, regularly supports activities and events at AFRH-G. They provided healthcare services, volunteered to enrich AFRH-G recreation programs, decorated for special events and implemented a Training Affiliation Agreement which provided Residents medical treatment at AFRH instead of traveling to Keesler Medical Center (KMC).



The Keesler Air Force Base 335th Training Squadron collects donations and makes gift baskets for Gulfport Residents.

At AFRH-W, Air Force active duty airmen from Andrews and Bolling joint bases participated in the Air Force birthday celebration, volunteered at various recreation and special events and assisted in enhancing programs with their talents. Much to everyone’s delight, the U.S. Air Force Band performed a special concert just for AFRH-W Residents, staff and guests.



COAST GUARD

Members of the U.S. Coast Guard are active at both Campuses providing a wide variety of support.

At AFRH-G, Coast Guard volunteers assist with decorating the Mardi Gras tree and hosting a St. Patrick’s Day “Luck of the Irish” cookout for our upper levels of care Residents.

The U.S. Coast Guard Port Security Unit (PSU) 308 volunteers regularly host Resident recreation and exercise activities. Coast Guard PSU 308 is an all-reserve unit designed to deploy anywhere in the world within 96 hours of receiving the call.

The USCG – AFRH-W partnership has been strong for many years. In February 2015, Deputy Master Chief Petty Officer of the Coast Guard Leilani Cale Jones toured the AFRH-W facility and served Residents at an ice cream social.



For the 11th consecutive year, the USCG Warrant Officer Association volunteers completed an annual pond area clean up removing debris, skimming the ponds and repainting the rails and sheds. Over 30 Coasties worked tirelessly to ensure our Residents could safely enjoy fishing and the serenity of the area.



U.S. Coast Guard volunteers weathered the cold to complete their annual AFRH-W fishponds cleanup on National Military Family Day.

AFRH FRIENDS

GULFPORT

Many churches, schools and scouting organizations regularly volunteer at AFRH-G providing visits with pets, sharing their musical and artistic talents, supporting special events and enriching programs and recreational opportunities. Longtime community organization supporters include:



Beau Rivage Hotel—regularly provides volunteers for recreational activities and donates special event tickets for Residents to attend Gulf Coast entertainment events.



Gulf Coast Wind Ensemble—a community musicians group who provides free concerts for Residents and their guests. The Gulf Coast Wind Ensemble has been performing since 1952.



Hooters—Hooters girls regularly visit AFRH-G bringing refreshments, their bright smiles and energy for our Residents.



Ingalls Ship Building—invites Residents to ship christening commissions and provides flower arrangements from these events to be placed through AFRH-G for all to enjoy.



Project Healing Waters Fly Fishing, Inc.— provides therapeutic release through teaching the art of making flies for fly fishing.



United Service Organization, Inc. (USO)—for the 2nd year, the USO Victory Belles performed at AFRH-G and spent time visiting with our Residents. The USO Victory Belles July 4th show is one of the Residents’ favorite events and a great way to celebrate our Nation’s birthday.

AFRH-G continues to forge new partnerships with local groups. In FY 2015, new partnerships included:

- Bon Worth and Levi Strauss; Gulfport Outlet Mall: fashion show support
- Gulfport High School Color Guard: military ceremonies and honor support
- Gulfport National Honor Society: Valentine’s Day visits
- Harrison County Senior Center, American Red Cross and Gulfport American Cancer Society: monthly volunteers to support recreation events and activities
- Mississippi University for Women: music therapy
- Onward and Upward Group of MGM Resorts International: intergenerational bowling events
- Quilts for Patriots and Gulfport Magnolia Quilters: quilts, smocks, lap throws, quilted bags for wheelchairs, walkers and / or powered mobile devices, holiday stocking stuffers and cards; the Quilts for Patriots organization is a family project with quilters from 11 to 75 years of age



Volunteers from Quilts for Patriots display their lovely homemade quilts donated to AFRH-G Residents.

WASHINGTON

AFRH-W has a long list of volunteers, partners and supporters who share their talents and time with our Residents. Volunteer activities include pet visits, musical events, special entertainment, military honor support and bingo callers. Long-term community organization supporters:



Friends of the Soldiers Home (FOSH)—a local neighborhood group formed solely to build a relationship between AFRH Residents and our local neighborhood. In 2015, FOSH co-hosted Fall Fest, continued their monthly saloon night, held a Vietnam War commemorative event and sponsored a 4th of July celebration event.



National Cherry Blossom Festival—for the 2nd consecutive year, donated cherry trees were planted in coordination with the National Cherry Blossom Festival. More than 50 trees

have been planted to enhance AFRH's main road. This year, local Japanese representatives entertained the Residents and presented Asian mementos to AFRH in conjunction with this event.



President Lincoln's Cottage (PLC)—an AFRH-W National landmark and operated by the

National Trust for Historic Preservation in the United States. PLC works in collaboration with AFRH-W hosting events and sharing its historic displays with our Residents. PLC co-hosted Fall Fest, hosted the annual Ladies Tea, co-sponsored a Black History Month celebration including Congressman G. K. Butterfield and members of the Congressional Black Caucus and conducted a Memorial Day wreath-laying ceremony at the U.S. Soldiers' and Airmen's Home National Cemetery. To commemorate the 150th anniversary of President Lincoln's assassination, PLC, Arlington National Cemetery Old Guard and local riders reenacted Lincoln's last ride from the White House to the Old Soldiers' Home which occurred on Monday, April 13, 1865—just one day before his assassination.



A soldier from the Arlington National Cemetery Old Guard poses after reenacting President Lincoln's last ride from the White House to the Old Soldiers' Home.



United Service Organization, Inc. (USO)—the USO FAB FIVE from their Show Troupe visited and entertained Residents with patriotic songs as well as old favorites from the 1940s. AFRH-W Residents were delighted to welcome the USO Show Troupe back after a long absence.



John Sheppard (USA, AFRH-W) matches smile for smile with one of the USO's FAB FIVE performers.

AFRH-W continued to expand its volunteer and community network with new FY 2015 partnerships:

- American Gold Star Mothers—exploring volunteer opportunities and Resident needs
- Costco Wholesale—holiday gifts and VIP shopping day at their newest D.C. location
- Miss District of Columbia—performed for Residents as part of their “Miss America Serves” initiative
- National Park Service—historic talks / trips to DC memorial sights



“Age is just a number.”

**RON
RODRIGUEZ**
(USMC,
AFRH-G)

Gulfport Resident Ron Rodriguez epitomizes the saying: “Age is just a number” because he is more active at 77 years young than most 20 year olds. He was a marathon runner and is now an active cyclist.

Ron retired from the Marine Corps as a First Sergeant (E-8) and ran his first marathon in 1981 after his retirement. He has completed eight marathons, including the Marine Corps Marathon and races in Alaska, Dallas, Washington, D.C. and Ft. Worth. His favorite marathon was the Mayor’s Midnight Sun Marathon in Alaska in 1996 which was his last one.

After receiving a titanium hip and giving up marathons, Ron bought a bicycle and has not stopped cycling. He began riding 10 miles per day and finished a century ride (100 miles in one day). Ron just finished his fifth ride for the MS Society in Orange Beach, Alabama where he cycled 150 miles in just two days.

When asked what he loves about cycling Ron said, “It’s a free feeling and keeps me in shape. I believe in it. It gives me quiet time, and I love the scenery. I have to keep moving because if you stop, you will lose it.” Ron averages about 2,000 miles per year and travels about 12 to 13 miles per hour. As soon as the sun comes up, he puts on his bicycle gear and heads out the gate of the AFRH-G for his daily ride which averages about 20 miles.

Ron is the oldest of eight children, was born in Taunton, Massachusetts, and has four daughters. Ron moved from North Carolina to AFRH-G in February 2015. He is living a very active lifestyle and truly appreciates those drivers who are careful and observant of the cyclists on the road.



“If you stop moving you will lose it.”

AFRH SNAPSHOT

FEDERAL AUTHORITY:

AFRH Act of 1991, Public Law 101-510
(as amended)

HEADQUARTERS:

AFRH Corporate Headquarters
Sherman Building, Washington, D.C.

RESIDENT CAMPUS LOCATIONS:

Beach Drive, Gulfport, MS;
(~40 acres)
N. Capitol Street NW, Washington, D.C.;
(~272 acres)

FUNDING SOURCES:

Congressional Appropriations from a Government
Held Trust Fund supported by Resident Fees, Active
Enlisted Military Withheld Pay, Fines and Forfeitures,
Investment Income and Gifts & Estates

BASIC SERVICES:

Private Rooms & Showers
Medical, Dental & Vision Care
Dining Facilities
Senior Activities & Programs
Recreational Activities
Shuttle & Public Transportation

AVERAGE RESIDENT AGE:

82 Years Old

RESIDENT CARE LEVELS:

Independent Living (IL)
Independent Living Plus (ILP)
Assisted Living (AL)
Memory Support (MS)
Long Term Care (LTC)

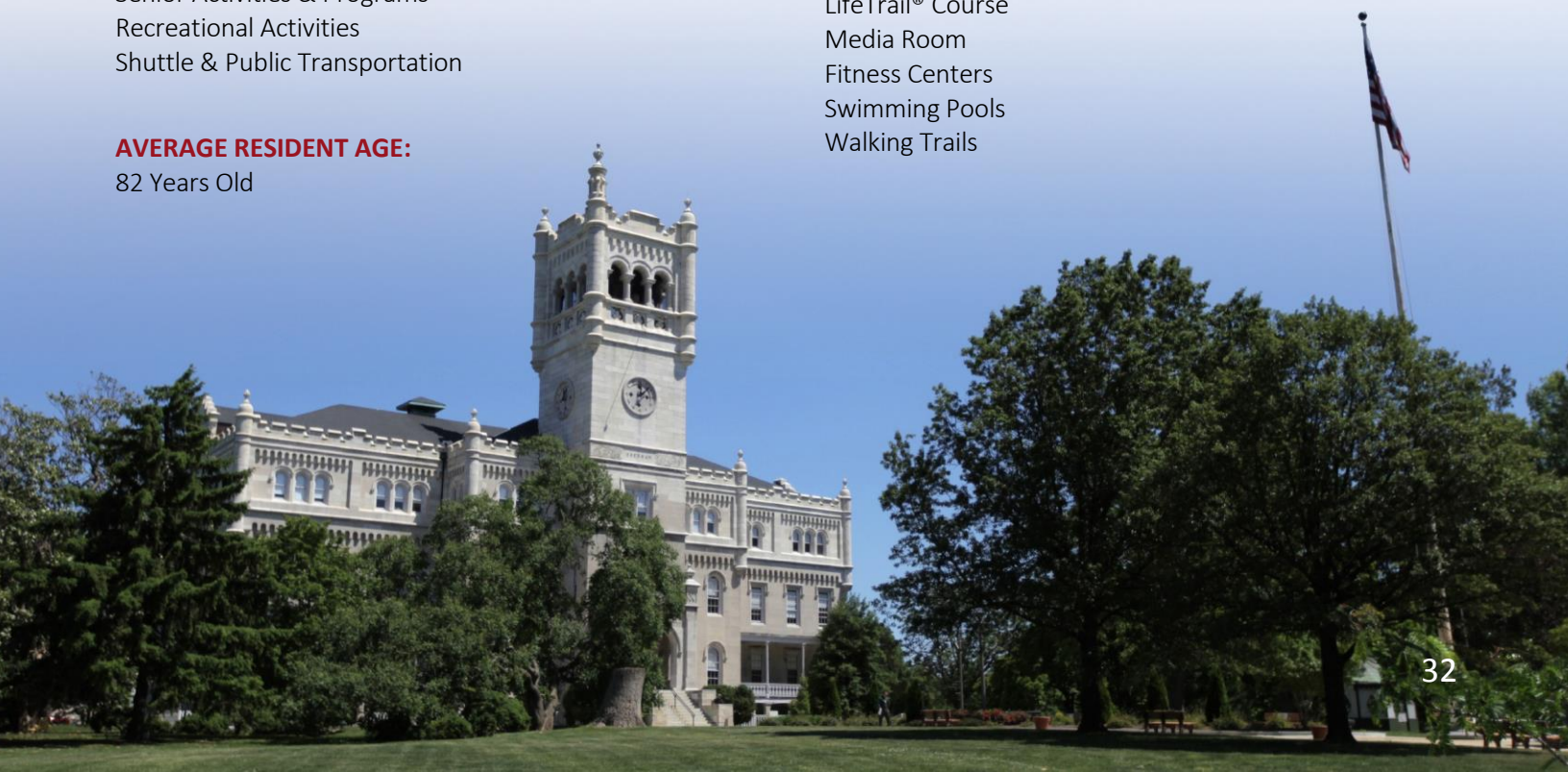
Resident Capacity			
	AFRH-G	AFRH-W	TOTAL
IL/ILP	516	448	964
AL	24	60	84
MS	24	24	48
LTC	24	36	60
TOTAL	588	568	1156

TRUST FUND BALANCE:

\$45.8M Million

CAMPUS AMENITIES:

6-lane Bowling Centers
9-hole Golf Course (AFRH-W)
Community Activity Rooms
Computer Centers
Fish Pond (AFRH-W)
Full-service Libraries
Beach access (AFRH-G)
Hobby Shops
LifeTrail® Course
Media Room
Fitness Centers
Swimming Pools
Walking Trails





PART 1 :



“My brother and I were in a foxhole when a shell hit eight feet from us.”

HERBERT SIMONDS
(USA, AFRH-W)

Herbert was awarded 10 Battle Credits during WWII for his participation in Algeria-French Morocco 1942, Tunisia 1943, Sicily 1943, Naples-Foggia 1943-44, Anzio 1944, Rome-Arno 1944, Southern France 1944, Rhine Land 1944-45, Ardennes-Alsace 1945 and Central Europe 1945.

If “third times a charm”, then Herbert might just be at AFRH-W to stay. He originally came to the “Soldiers’ Home” in 1991 but then moved to Florida to enjoy golfing. He came back in 2005 and then again in 2012. Herbert believes one of the best things about AFRH is the camaraderie with fellow Veterans.

Herbert Simonds was born in 1921 in Boston, Massachusetts and moved to California at an early age. In 1939 he was working in a Civilian Conservation Corps (CCC) Camp, a public work relief program operated from 1933 to 1942 as part of the “New Deal”, when he decided to join the U.S. Army at the age of 18. Herbert’s first assignment was at Fort Lewis, Washington in the 3rd Infantry Division, 39th Field Artillery Battalion. A short time later, his brother George also joined the Army and although they were in the same battalion they worked in separate batteries.

In only 2 1/2 years, the 3rd Infantry Division was involved in 10 major World War II battles including parts of Africa, Italy, France and Germany. Herbert’s job was to radio in the Artillery Forward Observer’s information to the Lieutenant-in-Charge. In 1944 at Anzio, Italy, Herbert and George were serving together when a shell hit about eight feet away from them—fortunately, it was a dud. The brothers lay in a foxhole and “sweated the rest of ‘em out.” A highlight of Herbert’s military service was personally observing the famous Audie Murphy in action.



Herbert proudly accepts a display for his Army medals and commendations in the Washington community’s Hall of Honors.

MANAGEMENT'S DISCUSSION & ANALYSIS

PART 1: MANAGEMENT'S DISCUSSION & ANALYSIS

OVERVIEW

The Management's Discussion and Analysis (MD&A) includes our mission and organizational structure; performance goals, objectives and results; and financial highlights, systems, controls and legal compliance. It includes a summary of AFRH's history and presents a concise view of AFRH's performance. In addition, as required, this part provides the AFRH COO management's assurance letter and information on other compliance activities. The MD&A supplements the detail data found in the following two sections: Performance Management and Financial.



Residents mingle at the annual Night of Heroes gala sponsored by the Pentagon Federal Credit Union.

Comradeship



AFRH ORGANIZATION

Today, two Homes form AFRH which is an independent agency in the Federal Executive Branch (established under 24 U.S.C. Chapter 10). AFRH facilities are classified as Continuing Care Retirement Communities (CCRC), offering increased levels of care as our Residents’ needs increase. Our facilities have residential amenities similar to many private retirement homes and also provide Resident medical care services (medical, dental, optometry and podiatry).

The AFRH mission is to fulfill our Nation’s commitment to its Veterans by providing a retirement community with exceptional residential care and extensive support services. Since its inception, AFRH’s hallmark has been to provide supportive care and shared camaraderie as well as an affordable, comfortable and secure retirement.

AFRH’s legacy is to provide a retirement home for Veterans who have honorably served regardless of their financial means. AFRH’s unique fee structure is

established by legislation and based on a sliding fee schedule to ensure eligible Veterans can afford to live at the facility.

AFRH delivers services to our Residents using the Person-centered Care (PCC) philosophy. This philosophy comes from the cultural change movement in senior living promoted by CARF, one of our accrediting organizations. The basis of the concept is that everybody deserves decision-making, choice and participation in their lives. AFRH fosters a culture that supports autonomy, diversity and individual choices—within our budget constraints.

AFRH PCC is not about giving people everything they ask but delivering services while including Residents and staff in the decision-making process. The change in service delivery began in 2008 and is an ongoing conversation between Residents, staff, management and leadership.



Robert A Brown (USA, AFRH-W) takes advantage of our extended dining hours with made-to-order entrees as part of our Person-centered Care (PCC) philosophy.

AFRH is a Continuing Care Retirement Community (CCRC) that provides multi-level services and various living arrangements to meet Residents' changing needs. AFRH offers five levels of care to allow Residents to "age in place". Eligible Veterans must be capable of entering as an Independent Living Resident; upper levels of care are reserved for current Residents when they need additional services.

AFRH LEVELS OF CARE INCLUDE:

- Independent Living (IL):** Individuals live independently and are able to perform all activities of daily living without assistance. Residents are housed in private rooms equipped with full bathrooms, have meals in the community dining facility and enjoy numerous amenities at the Home. AFRH provides general healthcare and dental services in our Wellness Clinic and shuttle service to the local Veterans Affairs, military and civilian hospitals for outside medical appointments / pharmacy services. Residents enjoy a full range of amenities and recreational activities designed to meet Residents' varied interests and transportation is provided for local recreational opportunities / shopping. When Residents are no longer able to live independently, AFRH assesses their abilities, and when required, transitions the Resident to a higher level of care to meet their additional individual assistance requirements.
- Independent Living Plus (ILP):** Residents continue to live independently in their independent living rooms while receiving assistance with some activities of daily living (e.g., medication administration, personal hygiene and housekeeping). These Residents continue to dine in the community dining facility, enjoy the numerous amenities of the Home and participate in outside recreational activities.
- Assisted Living (AL):** Residents receive regular assistance with activities of daily living and are supported by 24 / 7 nursing coverage. Dining options are provided on the Assisted Living units and Residents may join recreational activities in the common areas or participate in recreational activities offered in the Assisted Living units. Most of the Resident healthcare needs are met at the AFRH Wellness Center, and Residents who need specialty care are provided an escort to outside medical appointments.
- Long Term Care (LTC):** Residents receive total support care for their activities of daily living due to chronic illnesses or disability. They are supported by 24 / 7 nursing coverage. Dining options and recreational activities are provided in the Long Term Care units. The majority of the Resident healthcare needs are met on their unit, and Residents who need specialty care are provided an escort to their outside medical appointments.
- Memory Support (MS):** Residents with a cognitive deficit who are unable to perform activities of daily living and need a trusted environment to keep them safe. They receive 24 / 7 nursing coverage. Dining options and recreational activities are provided in the Memory Support units. The majority of the Resident healthcare needs are met on their unit, and Residents who need specialty care are provided an escort to their outside medical appointments.



Our goal: keep Residents as healthy and independent as possible in order to defer the need for higher care levels.

CORPORATE

AFRH Corporate, headed by the Chief Operating Officer (COO), oversees the two facilities managed by Administrators. The COO and his experienced Corporate staff develop overarching policy / procedures and provide oversight of AFRH programs and services.



The Corporate staff implements strategic decisions that advance the organization as well as provide effective communications that keep Congress and constituents informed. The Administrators, following direction from the Agency, manage the operations of their facilities. The COO is subject to the authority, direction and control of the Secretary of Defense, delegated to the Assistant Secretary of Defense, Manpower and Reserve Affairs.



COO Steven McManus joins AFRH Residents for a “Town Hall” meeting to discuss vital Agency developments.

CAMPUSES

Each Administrator operates a full-service retirement community, making tactical operational decisions, managing the facility and satisfying local Resident requirements. Administrators report directly to the COO. Campus staff members provide programs, activities, services, healthcare and support for residential living.



GULFPORT

Gulfport High School Junior ROTC members pay respects at the annual Memorial Day wreath-laying ceremony.

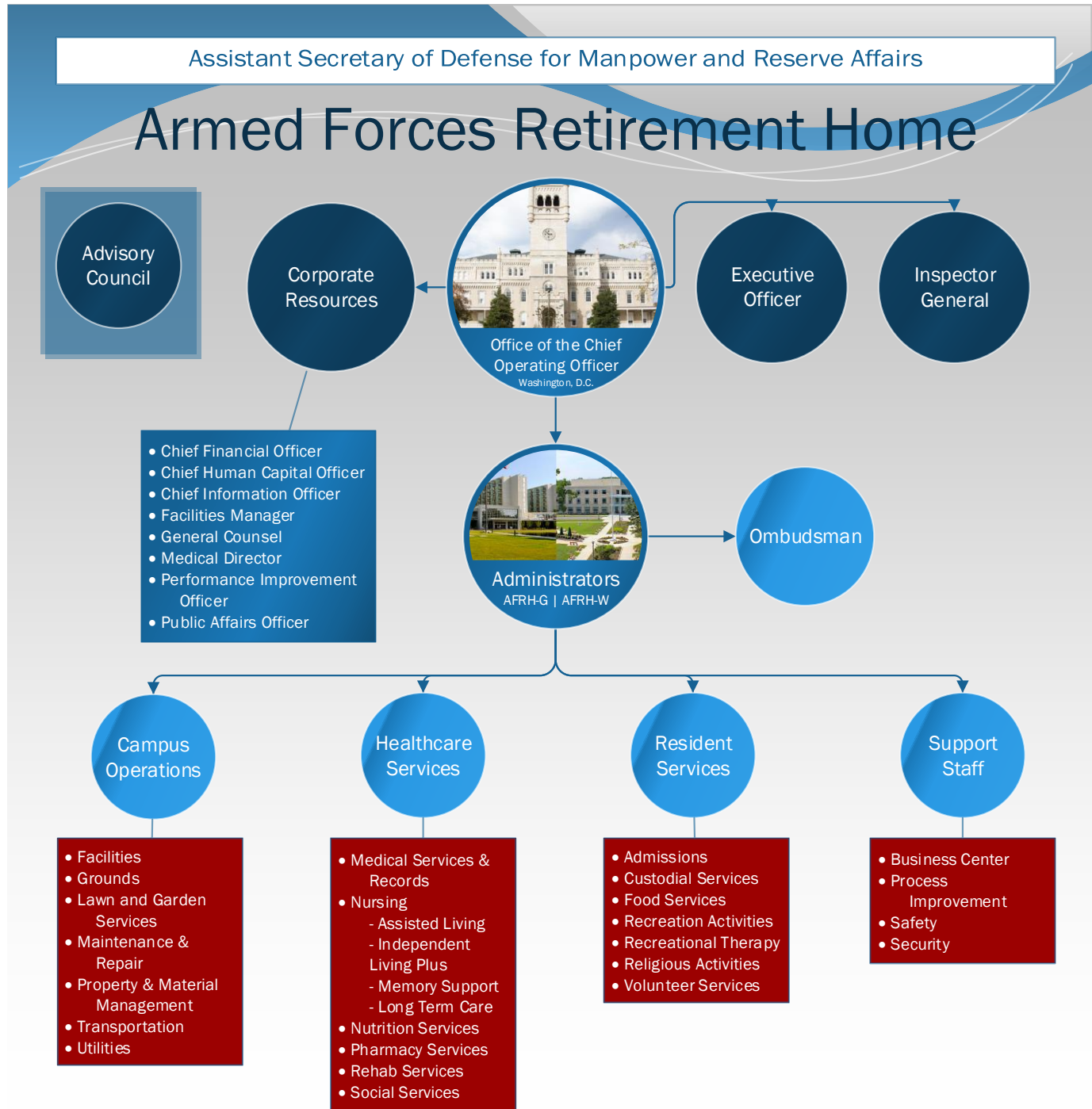


WASHINGTON

Residents John “Gunny” Smith (USMC, AFRH-W) and Rafael Lopez (USA, AFRH-W) lay the Veterans Day wreath.

ORGANIZATIONAL CHART

The AFRH Corporate level guides the entire Agency under an equivalent structure known as the “One Model”. The “One Model” translates to having the same staffing, policies, procedures and standards of care at each site. Both Campuses provide comparable state-of-the-art amenities and similar staff configuration. Each facility delivers the same high levels of care in two comparable environments while recognizing the unique needs of its Resident population.



EXTERNAL SUPPORT



AFRH Advisory Council—The AFRH Advisory Council provides guidance and recommendations to AFRH on the administration of the Home and the quality of care provided to Residents. Membership on the Advisory Council is stipulated per Federal legislation and includes AFRH staff, DoD leadership, local Veterans’ Affairs representatives and former military. Advisory Council members attend two annual meetings and the Board prepares and posts an annual report which is available at: <https://www.afrh.gov/aboutus/advisory-council>.



Defense Health Agency (DHA) AFRH Senior Medical Advisor (SMA)—The Deputy Director of Defense Health Agency (DHA) is the SMA for AFRH medical matters as required by 24 U.S.C. 10 and by Department of Defense Instruction (DoDI) 1000.28. The DHA SMA supports AFRH in many healthcare areas by ensuring timely availability of healthcare for Residents at local DoD medical treatment facilities, recommending best practices in compliance with accreditation standards, meeting applicable healthcare requirements, assisting with interviews in key healthcare vacancies and visiting both facilities to review the medical facilities, medical operations and records. The SMA reports findings and recommendations to the COO, the Advisory Council and the Under Secretary of Defense (USD) for Personnel and Readiness (P&R).



Gulfport’s very own Forget-me-not Lady

MARY NELSON
(USN, AFRH-G)

Mary Nelson may be retired, but she is still giving back to her sisters in arms. Mary joined the Navy when she was 20 years old and was stationed in Washington, D.C. where she, along with thousands of other women, worked breaking codes during World War II. She swears the women worked on codes in such small increments that they didn’t have any information to divulge but were heavily guarded by Marines on light duty after serving in the most intense battles of the war. Mary was discharged 2 1/2 years later in 1945 when the war was over. While in D.C. she met a Major in the Army Air Corps and they married, moved to Iowa and lived on a farm where she raised four children.

When Mary turned 90, she decided she needed to make a difference with the life she had left so she started the “Forget-me-not” campaign. Mary’s Forget-me-not campaign honors female Veterans who lost their lives in

service to our country. Mary plants Forget-me-nots throughout the community as well as provides packets of seeds to others to expand her campaign. Her goal is to increase awareness of the dedicated women who have served in our military and those who will serve in the future. To promote her project, she has met with the Biloxi Veterans Affairs and Gulfport Mayor Billy Hewes to garner support. She hopes that one day when someone finds a Forget-me-not on the side of the road or in a public place they will immediately think of the women who died in combat or served in the military.



This spring, with the help of some dedicated AFRH-G staff members, Forget-me-nots were planted in the AFRH-G gardens. “I want everyone to plant these flowers and to think about the women we have lost in combat every time you look at the garden. Forget-me-not flowers are perennials and will come back every year to remember all the brave women who fought for our country and lost their lives.” With the help of volunteers working with Mary, 600 packets of seeds have been assembled to enable Mary to continue spreading her message.



MISSION

To fulfill our Nation’s commitment to its Veterans by providing a retirement community with exceptional residential care and extensive support services.

VISION

A retirement community committed to excellence, fostering independence, vitality and wellness for Veterans, making it a vibrant place in which to live, work and thrive.

The Armed Forces Retirement Home (AFRH) is an independent agency in the Executive branch. AFRH provides residences and related services for certain retired and former members of the Armed Forces (24 U.S. Code 10, Subchapter 411).

The Chief Operating Officer (COO) is the head of the Home and is subject to the authority, direction and control of the Secretary of Defense.

Established in the 19th century separately by the Navy and then the Army as “asylums” for aging former military, AFRH has evolved to a retirement community offering the latest in retirement home services and amenities for our current generation of military Veterans. Today, AFRH has two locations in Gulfport, MS (AFRH-G) and Washington, D.C. (AFRH-W).

GUIDING PRINCIPLES

Person-centered

Person-centered Care is defined as the careful manner in which Resident needs are considered while developing responsive plans of care and delivering meaningful services.

Integrity

We will strongly uphold the mission of AFRH. We are honest and ethical and deliver on our commitments. We recognize that good ethical decisions require individual responsibility enriched by collaborative efforts.

Workforce growth

We strive to hire and retain the most qualified people. We maximize their success through training and development as well as maintaining and promoting open communication.

Inspire excellence

We continuously work to improve each process, service and its delivery, while striving for excellence in all we do. We expect excellence and reward it.

Accountability

We expect our workforce to achieve what we promise to Residents, staff and service partners. To ensure success, we measure progress and provide feedback to our customers.

One vision / one mission / one organization

Success depends on our devotion to an unwavering vision and mission. Working together in different locations, under various managers and leaders, we maintain a distinct focus to serve our Residents. We collaborate and respond in a unified and single voice.

Honor heritage

We honor the rich history of the U.S. Armed Forces—from our Veterans to our victories. As such, our campus reflects that military heritage with memorabilia and tributes.



STRATEGIC GOALS & OBJECTIVES

The AFRH Strategic Plan for FY 2013-2016 is aligned with the performance objectives of this Administration. Objectives have been set for all goals. These objectives promote serving and supporting an aging population, putting the needs of Residents first, exceptional stewardship of our resources and open dialogue with our external stakeholders.

See the AFRH Strategic Plan: https://www.afrh.gov/strategic_goals.

STRATEGIC GOALS	OBJECTIVES
<p>EMBRACE RESIDENT-CENTERED CARE:</p> <p>Each person will understand each Resident’s individual needs and take realistic action to fulfill them within AFRH resources and capabilities.</p>	<p>Enhance and increase communication with direct input from Residents and staff.</p> <p>Develop and offer comprehensive training for staff, and require parallel training for contractors and volunteers related to Resident-centered care – which is in turn tied to performance, competencies and accountability.</p> <p>Encourage activities for Residents’ Health and Wellness.</p>
<p>MAINTAIN EXCEPTIONAL STEWARDSHIP:</p> <p>Pursue and implement innovative ways to deflect, reduce and manage costs by maximizing assets, resources and programs to fulfill needs and wishes of current / future Residents.</p>	<p>Utilize outside resources to lower costs (Medicare, Tricare, Historic Preservation Society, grants and fundraising).</p> <p>Establish annual net revenue by 2013 and maintain “in the black” status.</p> <p>Establish metrics as a high priority to enhance financial objectives.</p> <p>Explore new revenue streams.</p> <p>Develop and deliver a Resident-centered vision for AFRH property and services.</p> <p>Optimize use of technology solutions.</p> <p>Maintain and improve operations.</p>
<p>PROMOTE STAFF-CENTERED ENVIRONMENT:</p> <p>Expand staff knowledge that directly impacts the accountability and efficiency of the Agency which will in turn empower all employees to be proactive.</p>	<p>Educate staff on accreditation, inspection and regulatory standards (annually).</p> <p>Encourage responsible displays of individual initiative to achieve organizational goals and staff accountability (daily).</p> <p>Link performance to results (semi-annually).</p> <p>Encourage activities that promote workforce growth beyond training.</p> <p>Demonstrate leadership in complying with federally mandated initiatives.</p>
<p>LEVERAGE EXTERNAL STAKEHOLDERS:</p> <p>Harness, cultivate and focus our external stakeholders to become increasingly active participants who are engaged in AFRH operations in each of the next five years.</p>	<p>Explore and recommend Advisory Council membership to ensure diversity, local campus representation and functional guidance based on membership’s expertise.</p> <p>Partner with High Profile Drivers (HPDs) to successfully effect recommended changes in law, policy, finance, healthcare and Resident initiatives that impact AFRH.</p> <p>Plus up opportunities to cross-flow information from our known and suspected silos.</p>

PERFORMANCE HIGHLIGHTS

AFRH is committed to creating an environment that fulfills the mission of the health and wellness philosophy of aging. Resident services and healthcare services are designed to promote aging-in-place. AFRH’s day-to-day operations and physical plant have been carefully designed according to Person-centered Care philosophy.

The Strategic Plan for FY 2013-2016, our vision and mission ensure the organization is a high performing, efficient and caring residential community to serve the Nation’s Veterans who call AFRH home. Part 2 of this report provides a detailed analysis of each goal and the performance results.

PERFORMANCE PROCESS

AFRH has established performance metrics for assessing program performance to achieve our strategic goals and objectives. These performance metrics assist in identifying areas where additional management effort is needed in the coming year and recognizes our successes. AFRH has 14 key performance metrics to assess our four strategic goals.

AFRH Strategic Goals	Strategic Objectives	Performance Metrics
Resident-centered Care	3	3
Stewardship	7	5
Staff-centered Environment	5	4
External Stakeholders	3	2
Total	18	14

PERFORMANCE METRICS

For each performance metric, AFRH established an annual performance target to measure our success. In FY 2015, AFRH met 93% of its performance metrics. Strategic Goal Leaders are responsible to collect data, measure success and, where necessary, implement corrective actions to address performance metrics not met.

AFRH Strategic Goals	Targets Met	Targets Unmet
Resident-centered Care	3	0
Stewardship	4	1
Staff-centered Environment	4	0
External Stakeholders	2	0
Total	13	1



Clinical Supervisory Nurse Melba Wardrip presents Stephen Jennison (USN, AFRH-W) a Health Fair prize.

PERFORMANCE RESULTS

FY 2013–2016 Performance Metrics	FY 2013-2016 Performance Targets	FY 2014 RESULTS	FY 2015 RESULTS
EMBRACE RESIDENT-CENTERED CARE			
Accreditation achieved	In good standing	CARF accreditation in good standing; TJC survey completed	CARF / TJC Accreditations in good standing
Percentage of Resident satisfaction	Average 70%	Averaged 91% in all areas	90% or better in all areas
Percentage of IL Resident Assessment Plans	95%	63%	99%
MAINTAIN EXCEPTIONAL STEWARDSHIP			
Trust Fund solvency	Even balance of resources versus obligations	Resources available to meet obligation	Resources available to meet obligation
Accuracy of Financial reporting	Unmodified audit opinion	Unmodified audit opinion; No material weaknesses	Unmodified audit opinion; No material weaknesses
Environmental Initiatives (New in 2014)	Annual Goals met	Met annual goals and on track to meet long-range goals	Met annual goals and on track to meet long-range goals
Trust Fund Growth	Positive result of Washington Master Plan	No growth	No growth
Cost avoidance	1 per year	AFRH-W Power Plant closed	AFRH-W grounds maintenance contract restructured & reduced reliance on contract nursing staff
PROMOTE STAFF-CENTERED ENVIRONMENT			
Evidence of measurable training goals	80% participation in 4 mandatory training classes for all staff	98%	97%
“Excellent” or “Very Good” Employee Climate Survey responses	70%	Low employee response	70%
Measureable evidence of growth beyond work activities	Development Plan	Development plans implemented	Numerous initiatives implemented
Achievable Person-centered Care	2 initiatives per year	2 initiatives	2 initiatives
LEVERAGE EXTERNAL STAKEHOLDERS			
Contributions Increase (New in 2014)	Positive Growth	Contributions increased slightly over previous year	Contributions increased over previous year
Annual community events	2 per community per year	> 2 community events at each Campus	> 2 community events at each Campus

CHIEF OPERATING OFFICER'S MANAGEMENT STATEMENT OF ASSURANCE



**ARMED FORCES RETIREMENT HOME
OFFICE OF THE CHIEF OPERATING OFFICER
3700 NORTH CAPITOL STREET, N.W.
WASHINGTON, D.C. 20011**

AFRH Management Statement of Assurance

The management team of the Armed Forces Retirement Home (AFRH) is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). AFRH fulfills its responsibility through its partnership with our shared service provider, the US Treasury Bureau of Fiscal Service. In accordance with Office of Management and the Budget (OMB) Circular A-123 – *Management's Responsibility for Internal Control* AFRH has conducted an annual review of the its compliance with the FMFIA.

Federal Managers' Financial Integrity Act of 1982 (FMFIA)

The FMFIA requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable laws; funds, property and other assets are safeguarded against waste, loss and unauthorized use; and revenues and expenditures are properly recorded and accounted for. This control is vital to effective agency management that provides reasonable assurance of: effective and efficient operations, reliability of financial reporting and compliance with laws and regulations pertaining to agency financial systems. The FMFIA requires agencies to evaluate and report on the controls that ensure the integrity of federal programs and whether their financial system complies with the Act's requirements.

Office of Management and Budget (OMB) Circular A-123—Management's Responsibility for Internal Control

OMB Circular A-123 establishes procedures to ensure federal agencies are in compliance with the FMFIA. In accordance with these policies AFRH conducted an assessment of the effectiveness of internal control of operations and compliance with applicable laws and regulations. Based on the results of the assessment, AFRH can provide reasonable assurance that its internal control is effective and efficient and compliant with applicable laws and regulations as of September 30, 2015 and met the objective of the FMFIA. Some areas of improvement were identified that are being addressed internally and are not material in nature. In addition, the AFRH conducted a review of internal control and financial reporting in accordance with Appendix A of OMB Circular A-123. Based on the results of the assessment AFRH can provide reasonable assurance that its internal control over financial reporting as of September 30, 2015 was operating efficiently and met the objective of the FMFIA; no material weaknesses or non-conformances were found in the design or operation of the internal controls.

Sincerely,

Steven G. McManus, COO

November 13, 2015

MANAGEMENT ASSURANCES & COMPLIANCES

ANALYSIS OF AFRH'S SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

AFRH is committed to integrity and accountability in all its programs and operations through its Strategic Goal: Maintain Exceptional Stewardship. This goal drives AFRH to pursue and implement innovative ways to deflect, reduce and manage costs by maximizing assets, resources and programs to fulfill the needs of current and future Residents. Since AFRH's budget is withdrawn from the AFRH Trust Fund, managers strive diligently to maintain a delicate balance between costs, revenues and resources. AFRH fulfills all requirements in OMB Circular A-136, Financial Reporting Requirements.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA)

OMB Circular A-123, Management's Responsibility for Internal Control implements The Federal Managers' Financial Integrity Act (FMFIA) and defines management's responsibility for internal control in federal agencies. FMFIA requires agencies to establish internal control over their programs, financial reporting and financial management systems. It establishes three objectives of internal control: 1) provide reasonable assurance of effective and efficient operations, 2) comply with applicable laws and regulations and 3) provide reliable financial reporting. Effective, efficient, economical and responsible use of the resources is not only good stewardship but also contributes to progress in reaching performance goals. Integrity and ethical values are emphasized throughout AFRH and communicated through training. AFRH managers and employees are accountable for performing their duties in compliance with applicable laws and regulations as well as implementing controls, assessing risks, conducting reviews and taking corrective actions as necessary.

AFRH is committed to a comprehensive internal control program which implements OMB Circular A-123 through AFRH Directive 1-11A, AFRH Internal Controls.

The AFRH Internal Control Board members provide oversight for their individual areas of responsibility and report issues and concerns through quarterly meetings. Key processes in the program include performing risk assessments, addressing any material weaknesses / significant deficiencies and implementing corrective actions. The Internal Control Board focuses on identifying and mitigating risks across the facilities, and in FY 2015 the emphasis was on healthcare risks.

To gain input on the effectiveness of the internal control process, the AFRH staff participates annually in an Internal Control Assessment Survey. The results of the self-assessment identify areas for potential improvements. In FY 2015, the surveys were offered online through a survey tool. To improve communications with employees so that they would have a better understanding of internal controls, AFRH offered training and question / answer sessions for employees. The results identified improvements needed in involving employees in developing and understanding internal controls and improved communication. AFRH is working to make progress in these areas.

AFRH also partners with the U.S. Treasury Bureau of Fiscal Service (BFS) and Department of Agriculture National Finance Center (NFC) through shared services for payroll (NFC) and human resources, procurement, finance and travel (BFS). These shared service systems and services provide additional internal controls to support AFRH financial reporting integrity.

AFRH sets a high standard for reliability of financial reporting. With internal controls firmly established, managers are held accountable for efficiently and effectively performing their duties in compliance with applicable laws and regulations and for maintaining the integrity of their activities through the use of internal controls. Throughout FY 2015, AFRH strengthened its financial management through watchful oversight, continual accountability and adherence to timelines.

FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires federal agency financial management systems provide financial data that complies with federal accounting standards, federal system requirements and the U.S. Standard General Ledger (USSGL) at the transaction level. OMB Circular A-123 Appendix D, Compliance with the Federal Financial Management Improvement Act of 1996, prescribes policies and standards to follow in developing, operating, evaluating and reporting on financial management systems. Substantial compliance is achieved when an agency's financial management systems routinely provide reliable and timely financial information for managing day-to-day operations as well as produce reliable financial statements.

Reliable financial reporting also includes maintaining internal control over financial reporting and financial system security. Effective and efficient operation objectives include maintaining cost-effective financial operations and ensuring resources are safeguarded against waste, loss and misuse. For FY 2015, AFRH and U.S. Treasury Bureau of the Fiscal Service (BFS), our financial shared service provider, are in compliance. AFRH's compliance has been validated by an independent auditor opinion.

The AFRH is FFMIA compliant at the Agency and auditor levels via:

- Overall substantial compliance
- System requirements
- Accounting standards
- USSGL at transaction level



AFRH-G Business Center Personnel Michelle Adebiji, Christina Hicks and Katie Lindsey discuss Resident fee assessments.

SUMMARY OF MATERIAL WEAKNESSES AND NONCONFORMANCE

Material Weaknesses Summary—A material weakness is defined as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. As noted in the COO's FMFIA Statement of Assurance, AFRH has no material weaknesses or nonconformance to report for FY 2015 nor were there any existing unresolved weaknesses requiring corrective action.

Deficiencies Summary—A significant deficiency is defined as a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. AFRH has no significant deficiencies to report for FY 2015 nor were there any existing unresolved deficiencies requiring corrective actions.

FEDERAL INFORMATION SECURITY MANAGEMENT ACT (FISMA)

The Federal Information Security Management Act (FISMA) of 2002 requires Certification and Accreditation (C&A). All systems and applications that reside on U.S. government networks must go through a formal SA&A before being put into production and must adopt and implement a robust Continuous Monitoring program. Security Assessment is the comprehensive evaluation of the technical and non-technical security features of an information system and other safeguards, made in support of the accreditation process, to establish the extent to which a particular design and implementation meet a set of specified security requirements. Authorization is a formal declaration by the Authorizing Official (AO) that an information system is approved to operate in a particular security mode using a prescribed set of safeguards at an acceptable level of risk to the agency.

NIST 800-37 establishes a standard security authorization and accreditation process to be used throughout the Federal Government. The NIST process is designed to be adaptable to any type of information system and any computing environment and mission within the government. AFRH embarked upon an aggressive effort to ensure that it is complying with the standards issued by NIST, FISMA and OMB for its information technology environment. The Department of Interior's (DOI) Office of the Chief Information Officer (OCIO) and the AFRH Inspector General (IG) are also working in conjunction with the AFRH OCIO to implement security controls and processes that meet the requirements.

Through an Interagency Agreement, AFRH continues to receive FISMA compliant desktop and hosting services in support of its Information Technology infrastructure from the DOI OCIO. AFRH's current Authority to Operate (ATO) is valid through December 2015. AFRH is scheduled to undergo a new Certification and Accreditation (C&A) in October 2015 and expects to have a new ATO in place on or before December 31, 2015 that will be effective through December 2018. As a precautionary measure, AFRH has been granted a "Conditional ATO" which extends the current ATO through March 28, 2016.

DEBT COLLECTION IMPROVEMENT ACT

The Debt Collection Improvement Act of 1996 prescribes standards for the administrative collection, compromise, suspension and termination of federal agency collection actions and referrals to the proper agency for litigation. AFRH monitors, administers and collects on debts. AFRH ensures Residents with debts more than 180 days delinquent are making payments to satisfy their outstanding debts and refers prior Resident debts that are more than 180 days delinquent to the U.S. Treasury for collection action as required by the Federal Debt Collection Improvement Act. AFRH had no (0) eligible, nonexempt debts delinquent more than 120 days old not referred to US Treasury for collection. In addition, recurring Resident Fees are collected by Electronic Fund Transfer (EFT) in accordance with the EFT provisions of the Debt Collection Act.

PROMPT PAYMENT ACT

The Prompt Payment Act requires federal agencies to make timely payments to vendors, including any interest penalties for late invoice payments, and to pay for services using electronic funds transfer (EFT).

In FY 2015, AFRH approved 1,930 invoices subject to the Prompt Payment Act totaling \$29.8 million. Of these invoices, 99.95% were paid on time. During FY 2015, AFRH paid a total of \$32 in interest, less <0.1% of the total dollar amount invoiced. In addition, AFRH paid 100% of their invoice payments and travel payments via EFT.

FINANCIAL MANAGEMENT SYSTEMS STRATEGY

Through the partnership with BFS and by their personnel, the AFRH financial management system is maintained using Oracle Federal Financials as well as the Procurement Information System for Management (PRISM) for procurement transactions. Oracle Federal Financials interfaces with other systems providing procurement, e-payroll, purchase card, e-travel, Federal investment and Intragovernmental Payment and Collection (IPAC) transactions. BFS is responsible for the financial integrity and security of Oracle Federal Financials.

The U.S. Department of Agriculture National Finance Center operates AFRH's personnel time keeping system, Web Time and Attendance (WebTA). AFRH supervisory personnel certify and submit payroll records via the WebTA system.

The Office of the Chief Financial Officer (OCFO), and BFS on behalf of AFRH, conducts random systematic transaction sampling to check operational compliance. The CFO requires the Business Center, Contract Officer Representative (COR) staff, Purchase Card Holders and Time and Attendance Administrators to validate that all billing, collections and payments are reported per guidance set by federal regulations.

AFRH expanded its electronic recordkeeping during FY 2015 by incorporating the Residents' financial data into the DrCloud EHR system which is the electronic medical record system, for all Residents. Now fully implemented, Resident billing is connected with all Resident information.

VERIFICATION

The financial highlights presented in this part are an analysis of the information that appears in AFRH’s FY 2015 financial statements as audited by an independent accounting firm. AFRH management is responsible for the fair presentation of information contained in these principal financial statements. In addition to the annual Trust Fund financial audit, AFRH undergoes a bi-annual review of its Non-Appropriated Funds Instrumentality (NAFI) and financial operations are also reviewed during our triennial DoD IG surveys.

TRUST FUND

The AFRH Trust Fund is held by the U.S. Treasury and is supported by several revenue sources:

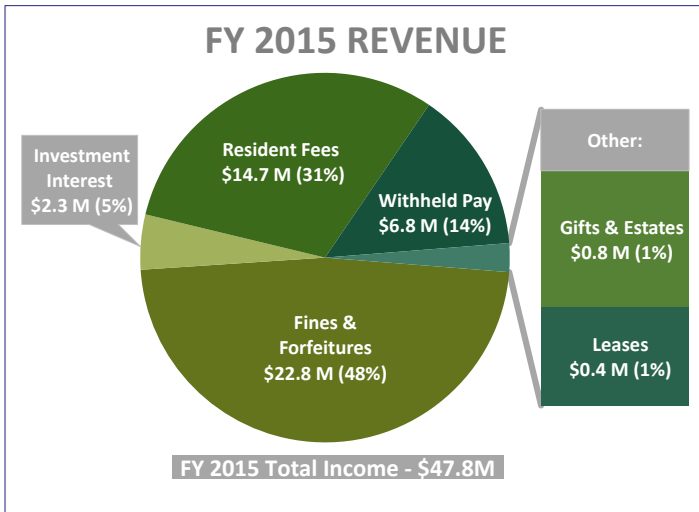
- Fines & Forfeitures charged to military personnel for misconduct (48%)
- Resident Fees (31%)
- Withheld Pay from active duty military (14%)
- Investment Interest on the AFRH Trust Fund (5%)
- Gifts & Estates (1%)
- Leases of property (1%)

The deficit is caused by the unanticipated reduction in Fines & Forfeitures which peaked in FY 2009 at \$41M and have steadily declined to \$23M in FY 2015.

Although AFRH carefully tracks and projects fluctuations in Fines & Forfeitures through the use of historical trends and plans for fluctuations in this revenue stream, AFRH has never experienced a reduction of this magnitude. Unfortunately, this reduction is anticipated to continue as the active-duty military force strength continues to decline.

AFRH is working with OMB and its DoD Leadership to develop the best strategy to rectify the situation and ensure long-term Trust Fund solvency. In FY 2016, once key revenue decisions are finalized, AFRH will update its Long Range Financial Plan to include the recent changes in Fines & Forfeitures revenue; this analysis is a high priority activity for FY 2016.

AFRH’s current Long Range Financial Plan, prepared in FY 2009, projected the Trust Fund balance would begin to recover in FY 2014 once the Scott Building capital improvement project outlays were disbursed; however, due to the significant decreases in Fines & Forfeitures no recovery has occurred and the balance has continued to fall. Without taking steps to increase revenue by identifying new revenue streams, the Trust Fund balance is not expected to recover.



While AFRH has successfully identified and implemented numerous cost saving initiatives, the AFRH Trust Fund balance is at an all-time low and current annual outlays outpace annual revenue by approximately \$11M.



History Honors Society members from University of Southern Mississippi assist AFRH-G Residents with decorating their holiday stockings.

FINANCIAL STATEMENTS

The independent accounting firm, Brown & Company CPAs, PLLC audited AFRH statements for FY 2015. Brown completed a comparative assessment of our FY 2015 and FY 2014 Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position and Statement of Budgetary Resources.

For the 11th straight year, the auditors have given AFRH an unmodified (clean) audit.

LIMITATIONS OF THE PRINCIPAL FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with generally accepted accounting principles (GAAP) for federal entities and the formats prescribed by Office of Management and Budget (OMB), the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Balance Sheet:

The Balance Sheet reflects AFRH’s Assets and Liabilities. AFRH’s assets include Trust Fund balance with Treasury, Accounts Receivable, Property, Equipment, Software and Investments. AFRH liabilities include accounts payable and federal employee benefits / payroll taxes.

Statement of Net Cost:

The net cost of operations at AFRH has been decreasing as efficiencies and cost savings measures continue to be implemented. Total costs for FY 2015 and FY 2014 respectively were \$52,073,664 and \$62,087,433. AFRH captures expenditures by Strategic Goals and consistently expends the majority of its funding on Strategic Goal 1—Resident-centered Care.

Statement of Changes in Net Position:

The cumulative results of operations for FY 2015 was \$379,761,067 and for FY 2014 was \$398,319,605 resulting in a change in net position of \$(18,558,538).

Statement of Budgetary Resources:

The Statement of Budgetary Resources provides information on budgetary resources made available to the agency and the status of these resources at the end of the fiscal year. New budgetary authority (total budgetary resources excluding unobligated balances brought forward and prior year recoveries) was \$63.4M in FY 2015, a decrease of \$4.4M (6%) below the FY 2014 budget authorization of \$67.8M.



AFRH-W Administrator Shaun Servais celebrates Garland Sanders’ (USAF, AFRH-W) 100th birthday.

ASSETS:			
FY 2015	FY 2014	Net changes:	% Change
395,864,312	\$414,565,769	(\$ 18,701,457)	-4.5%
LIABILITIES:			
FY 2015	FY 2014	Net changes:	% Change
16,103,245	\$16,246,164	(\$ 142,919)	-0.88%

HEALTHCARE ACCREDITATION

To fulfill its legislative requirements and our commitment to provide a quality retirement community, AFRH sought and attained national accreditation through two highly respected accrediting groups which provide accreditation for the different services offered at AFRH. Our Commission on Accreditation of Rehabilitation Facilities (CARF) / Continuing Care Accreditation Commission (CCAC) accreditations cover our largest Resident population, Independent Living. In FY 2015, AFRH sought and received the Gold Seal of Approval for its healthcare population in ambulatory and nursing care through The Joint Commission (TJC).



COMMISSION ON ACCREDITATION OF REHABILITATION FACILITIES (CARF) / CONTINUING CARE ACCREDITATION COMMISSION (CCAC)

CARF is one of the national accrediting bodies for Continuing Care Retirement Communities (CCRC). CARF reviews and evaluates the quality of residential care to seniors. AFRH has been CARF accredited since 2008 with accreditation valid until 2016. Throughout 2015, the performance and healthcare teams at both facilities began preparation for our upcoming CARF accreditation survey.

Since CARF's last inspections in 2011, CARF and AFRH maintain a Quality Improvement Plan implementing recommendations that emphasize Person-centered Care, improve safety, break down silos and streamline guidelines for Resident transitions. Recommendation milestones are updated and reviewed annually by CARF.



Virginia Sicotte (USMC, AFRH-W) joins her caretakers (Anita Jackson and Waveney Bathersfield).



THE JOINT COMMISSION (TJC) ACCREDITATION

The National Defense Authorization Act of FY 2009 prescribed mandatory accreditation by a nationally recognized civilian entity for each AFRH level of care. The CARF accreditation is specific to our Independent Living level of care and does not provide accreditation for Ambulatory Care or the upper levels of care (Assisted Living, Memory Support and Long Term Care).

In FY 2014, AFRH completed accreditation surveys receiving its TJC accreditations in both ambulatory and nursing care in FY 2015 Quarter 1. TJC's Gold Seal of Approval communicates that an organization continually improves the safety and quality of care and provides good risk management in delivery of services. Receiving these accreditations was a major milestone in elevating Resident-centered care, one of AFRH's four strategic goals.

During FY 2015 AFRH worked to expand its standards to meet TJC accreditation in our newest level of care, ILP. AFRH began preparations for Home Care accreditation by working with the Joint Commission Resource, Inc. (JCRINC) consultants. JCRINC performed an operational assessment in September 2015 in preparation for our

FY 2016 Home Care accreditation survey. Their advice and guidance assisted AFRH in identifying areas where improvements were needed, and TJC requirements also trained staff to better understanding accreditation requirements.

PART 2 :



“There’s nothing like seeing an aircraft you’ve maintained being launched...”

WAYMON LUCAS, JR.
(USN, AFRH-W)

Waymon Lucas, Jr. grew up in Maryland. In sixth grade, he and his classmates visited the Naval Academy and were given sailors’ hats. This small field trip gave him a profound feeling of pride about the military and his Nation. Wanting to serve his country, he joined the U.S. Navy at the age of 18. Since aircraft had always fascinated him, he became an Aviation Structural Mechanic. As Waymon likes to recall, “There’s nothing like seeing an aircraft you’ve maintained being launched off the end of a catapult. I’m proud to have been part of and served the best aviation team in the world, the U.S. Naval Aviation team!”

His naval career truly allowed him to see the world, including the Mediterranean and the Virgin Islands. Out of seven squadrons that Waymon served with, only two aircraft were ever lost. The most heart-wrenching incident happened when he was aboard the USS Kennedy. A young sailor was given a seat aboard an E2-C Hawkeye to fly home to attend his wife’s funeral, and the plane went down with all five aboard perishing. Another memorable incident had a happier ending: an F8 Crusader flamed out after takeoff. Luckily the pilot ejected safely and was rescued.

Waymon also enjoyed stateside stations, such as Norfolk, VA, Andrews AFB and Patuxent River, Maryland, where along with his military duties he became a volunteer firefighter, joined a gospel group and had three children. Waymon’s last duty station was San Diego, California where he started his civilian career in the same job he left, but this time he was in charge!

Waymon had heard about the “Old Soldiers’ Home” when he was young and had noticed it on his leave and earnings statement while in the military. In December 2014, he moved to AFRH-W where he enjoys music and playing his guitar and harmonica.



“I enjoy playing my guitar and creating joy for the Residents at social events.”

P E R F O R M A N C E

PART 2: PERFORMANCE

OVERVIEW

The Performance part presents, by goals and objectives, detailed information on the performance results of AFRH. This part also includes a discussion of strategies and factors affecting performance, a summary of methods used to verify and validate performance data, performance metrics and resource utilization data for AFRH Strategic Goals.



The Senior Enlisted Reserve Component visits AFRH-W and stops for a group photo in the Hall of Honors.



AFRH is committed, through its strategic vision, to create and maintain an environment that fulfills the mission of the health and wellness philosophy of aging with services and care designed to promote aging in place. AFRH’s day-to-day operations and physical plant are designed to support Residents as their needs increase. The Strategic Plan for FY 2013-2016 follows our Strategic Plan for FY 2011-2015 which focused on the annual performance goals (APG) that will ultimately fulfill our vision and mission. Our action plans for FY 2015 focused on sustaining the Trust Fund, increasing revenue and operating more efficiently. AFRH is committed to continuing our legacy of providing a retirement community for our Nation’s Veterans.

GOAL LEADERS

Key Agency personnel serve as Goal Leaders for each AFRH Strategic Goal developing employee performance plan standards, reporting requirements and tracking progress:

STRATEGIC GOALS	
Goal 1: Resident-centered Care	Lead—Performance Improvement Officer (PIO), <i>Medical Director (MD)</i>
Goal 2: Stewardship	Lead—Chief Financial Officer (CFO), <i>Chief Information Officer (CIO), Corporate Facilities Manager (CFM), Inspector General (IG)</i>
Goal 3: Staff-centered Environment	Lead—Chief Human Capital Officer (CHCO)
Goal 4: External Stakeholders	Lead—Public Affairs Officer (PAO), <i>Executive Support Services Officer (ESSO)</i>

PERFORMANCE METRICS

AFRH annually reviews its performance framework and focuses on tracking and reporting the most appropriate and meaningful outcome metrics to show effectiveness, efficiency and results. AFRH has developed performance metrics for our Strategic Goals.

VERIFICATION AND VALIDATION

AFRH performance indicators are a measure of our annual progress to meet our strategic goals successfully. To achieve maximum objectivity, performance targets are established at the beginning of each year, and success in meeting each target is measured throughout the year. AFRH manages its performance through key metrics, performance reviews to discuss progress toward priority performance goals and reviews of strategies and initiatives by senior leadership. The key metrics yield objective data as required by The Government Performance and Results Act (GPRA), Modernization Act of 2010 and OMB Circular A-136. AFRH’s performance verification and validation includes these processes:

- Monitor progress against our established long-term targets based on the AFRH Vision and our current five-year Strategic Plan;
- Maintain stewardship for the AFRH Trust Fund as well as for the facilities and grounds of the Homes as outlined in our current five-year Strategic Plan;
- Work with all managers to collaborate and develop agreed-upon annual performance targets at the Agency and facility level;
- Use standard techniques to identify and validate data to generate meaningful information;
- Review and discuss performance results at both Campus and Corporate meetings;
- Link individual performance to strategic initiatives to track progress and to meet challenges; and,
- Gather feedback on performance effectiveness from our measures, Residents, employees and surveys.

Validation of performance data is the responsibility of each program manager and is verified by Goal Leaders. To assess Agency progress, AFRH also gathers feedback from our oversight organizations including the AFRH Advisory Council, DoD, OPM and the AFRH IG. An external organization performs an annual audit on our financial status, and we receive audit letters verifying the accuracy of our reporting. Data and reports are presented to DoD, DHA and the Advisory Council via meetings, presentations and special information sessions.

In addition to both measuring our performance indicators annually and ensuring exceptional healthcare standards, AFRH continually strives to monitor and update processes and data collection in accordance with our healthcare accrediting organizations (CARF and TJC) standards. Currently, AFRH is accredited in all healthcare areas with the exception of the newly established ILP level of care. In FY 2015, AFRH completed an operational assessment for the ILP in preparation for a TJC accreditation survey with the goal of having our last level of care accredited by FY 2016.

STRATEGIC HUMAN CAPITAL MANAGEMENT

AFRH developed a Strategic Human Capital Plan (SHCP) in 2010 to address key human capital challenges. Those strategies are linked to the AFRH Strategic Goals and reflect the spirit of the AFRH Guiding Principles.

Goals of the AFRH Strategic Human Capital Plan:

- Maintaining a strategic human capital framework;
- Cultivating a leadership culture that fosters organizational excellence and mission accomplishment;
- Ensuring a culture of Person-centered Care excellence that also emphasizes employee accountability; and
- Recruiting, developing, and retaining a capable workforce.

HUMAN CAPITAL HIGHLIGHTS

The Chief Human Capital Officer (CHCO) has the responsibility to maintain a strategic focus on all matters pertaining to AFRH employees. Based on the 2010 goals, the CHCO identifies and implements tactics to focus on current employee challenges. In FY 2015, a new Office of Management and Budget (OMB) mandate required federal agencies to create and implement an action plan based on their Federal Employee Viewpoint Survey (FEVS) results.

The AFRH FEVS action plan identified employee concerns, and AFRH leadership engaged with program and support offices to focus on areas identified for improvement while building on best practices in areas of strength. As noted by the COO, AFRH employees scored highest in their belief that the AFRH mission has value. AFRH FEVS low-scoring areas included lack of promotion opportunities and scarcity of monetary / non-monetary performance awards.

AFRH leaders and managers conducted employee focus groups to discuss findings and gather ideas. The CHCO provided guidance and support to assist first-level managers in responding to their challenges. Employee recommendations included improving communications, expanding teambuilding and providing morale boosters.

In FY 2014, there was an initiative to link AFRH strategy more closely with individual employee performance standards in the Individual Performance Plan (IPP) critical elements. This initiative was implemented during the 2014 – 2015 Performance Cycle (July 2014 – June 2015) with a positive outcome. An overwhelming majority of IPPs provided clear linkage to the AFRH Strategic Goals. AFRH will continue to develop better ways to link individual performance to Strategic Goals by more clearly articulating performance targets for all employees.

AFRH has continued its Human Capital Initiatives that serve all employees including:

- Quarterly employee awards breakfasts
- Employee town halls with Administrators and the COO
- Employee of the Quarter and Year awards
- Quarterly newsletter
- Federal service, retirement and new employee recognition
- Expanded training opportunities
- Additional dining options
- Combined Resident / staff activities

FY 2015 PERFORMANCE RESULTS

STRATEGIC GOAL 1: EMBRACE RESIDENT-CENTERED CARE

Each person will understand each Resident’s individual needs and take realistic action to fulfill them within AFRH resources and capabilities.

FY 2015 RESIDENT-CENTERED CARE	
Net Cost (in millions)	\$41.0
Percentage of Total Cost	79%

AFRH’s mission is to provide exemplary care to its Residents by following the Person-centered Care (PCC) philosophy. The concept of PCC reflects a shift from “care and protection of the body” to “support of people in obtaining lives of personal satisfaction.” In a PCC setting, the individual is empowered to become an active participant in planning, selecting and evaluating services provided by the organization and the staff members are encouraged to become Resident advocates. This culture change results in individual choices that enable the person to feel as if he or she were at “home” no matter whether one lives independently or receives nursing support. In adopting the philosophy of PCC, AFRH honors Residents’ dignity, rights, self-respect and independence, within budget constraints, by giving them choices, respecting their wishes, meeting their needs, involving them in the decision-making process and keeping them as active and healthy as possible.



Our dining staff member lends a hand to Resident William “Mac” McLaughlin (USA, AFRH-W).

Annual Performance Metric: Accreditation

Performance Target: Accreditation in Good Standing

RESULTS: Commission on Accreditation of Rehabilitation Facilities (CARF) Accreditation Maintained / valid through FY 2016

The Joint Commission (TJC) accreditation in Ambulatory and Nursing Care awarded to both Campuses in first quarter FY 2015 / valid through FY 2017

FY 2015 Person-centered care initiatives included:

- In accordance with 24 U.S.C. 411 (2012), the AFRH COO is required to “secure and maintain accreditation by a nationally recognized civilian accrediting organization for each aspect of the Retirement Home, including medical and dental care, pharmacy, Independent Living (IL), Assisted Living (AL) and nursing care.” Since there is no single accrediting organization that covers AFRH’s multiple levels of care and services, AFRH utilizes two accreditation organizations to meet this requirement.

AFRH has maintained CARF accreditation since 2008 which accredits our Independent Living (IL) level of care. Our current CARF accreditation is valid through 2016, and both facilities are preparing for the FY 2016 accreditation survey.

In FY 2015, AFRH achieved TJC Ambulatory and Nursing Care accreditations for both facilities. This accreditation applies to our Wellness Center and three upper levels of care (AL, LTC and MS) and is valid through FY 2017. AFRH’s newest level of care, Independent Living Plus (ILP) which was established in FY 2015 as a permanent level of care, is the only remaining area requiring accreditation. AFRH is preparing for an FY 2016 TJC Home Care accreditation survey to cover this level of care.

Throughout 2015, Joint Commission Resources, Inc. (JCRINC) consultants worked with both facilities to remediate findings in our current TJC accreditation and prepare for the Home Care operational assessment. Staff members worked throughout the year to familiarize themselves with TJC Home Care requirements. In September 2015, both Campuses underwent an operational assessment which included Home Care compliance standards in addition to Ambulatory and Nursing Care with positive outcomes. Both facilities are implementing recommendations provided by the JCRINC consultants to ensure compliance with TJC accreditation standards.

- Strengthening PCC measurements to ensure evidence-based quality assessment and reporting. AFRH explored nationally acclaimed tools to access and collect data. AFRH selected the Center for Medicare Services (CMS) Artifacts of Cultural Change Tool (ACCT). The ACCT is a data collection instrument that measures a set of pre-defined concrete changes in service delivery and workplace practices, policies and schedules against results in other similar facilities using the tool. This tool works in collaboration with other means of support we have in place such as IDT (Interdisciplinary Team), NAT (Needs Assessment Team) and staff huddles. ACCT is also user friendly and scoring is straightforward.

Although AFRH is not a skilled nursing facility, AFRH-G tested the tool and scored above average in comparison with skilled nursing facilities in PCC practice, environment, family community and leadership areas. AFRH-G scored average in workplace practices and staffing outcomes / occupancy. This analysis provided insight on the need for AFRH-G to focus on staff-centered initiatives. During FY 2015, AFRH-W identified their evidence-based PCC measures which included: participation of key stakeholders (Residents, Certified Nursing Assistants [CNAs] and families) in the development of care plans, Resident participation in off-site activities to promote personal growth, nursing staff consistent care / absenteeism and Residents' advanced care directives for end of life. Due to AFRH-G's success in identifying areas for improvement using the ACCT, AFRH-W began using ACCT in July 2015.



Donald Freer (USAF, AFRH-W) checks his Body Mass Index (BMI) at the Health Fair as Ms. Alice Thompson, Community Outreach Specialist, D.C. Office of Aging, explains what the BMI means.

Annual

Performance Metric: Percentage of Resident satisfaction

Performance Target: 70% of Residents rate AFRH programs and services as “Excellent” or “Very Good” during the annual Resident survey

RESULT: 90% of Residents rated AFRH services as “Excellent” / “Very Good” in the FY 2015 survey

AFRH administers a comprehensive Resident Satisfaction Survey covering facilities, programs and customer satisfaction in key service areas, including recreation, housekeeping, healthcare, dining, facility maintenance, grounds, transportation, security, safety, community events and local military and Veterans Affairs (VA) medical facilities. Residents had the opportunity to complete the survey either electronically or on paper with the assistance of dedicated volunteers who entered paper surveys into the electronic system for timely, accurate results.

More than 60% of AFRH Residents at each facility completed the survey with the average satisfaction rate in all six customer-service areas exceeding our goal of 70%—all areas either met or approached 90%. In 2015, the most highly rated facility areas included the Bike / Walking Trail, Clothing and Thrift Shop, Community Center, Fitness Center, Library and Theater; top-rated recreational activities included social parties, recreational outings, fitness activities, movies and picnics. In addition to the annual survey, Residents actively provide feedback via focus groups, town halls, the AFRH Resident Advisory Committee (RAC), suggestion boxes and Resident interest groups.

Annual

Performance Metric: Percentage of IL Resident assessments

Performance Target: 95% of IL Residents offered Resident Assessments annually

RESULT: IL Resident Assessments were offered to 99% of IL Residents

An AFRH Healthcare Assessment is a comprehensive assessment which includes, but is not limited to, medical history, physical examination, psychosocial assessment, medication reconciliation, risk assessment in association with existing co-morbid conditions and lifestyle such as obesity, smoking, alcohol and drug abuse. All nursing care (AL, LTC & MS) Resident assessments (100%) are completed annually.

For Independent Living (IL) Residents, AFRH completes an initial healthcare assessment upon admission to the Home and offers an annual healthcare assessment to Residents who have chosen the AFRH Wellness Center as their Primary Care Provider (PCP). AFRH encourages Residents who choose other PCPs to have an annual assessment with their PCP. CARF, our IL accreditation organization, recommends that organizations determine what is appropriate for each facility. In following that guideline, AFRH’s metric is to track the percentage of assessments offered.

Since AFRH did not meet this performance target in FY 2014, a remediation plan was developed and followed to ensure IL Residents were offered annual physicals. The action plan identified the barriers, set monthly milestones and established monthly reporting requirements. With these efforts, the overall goal was reached.

**STRATEGIC GOAL 2:
MAINTAIN EXCEPTIONAL STEWARDSHIP**

Pursue and implement innovative ways to deflect, reduce and manage costs by maximizing assets, resources and programs to fulfill needs and wishes of current / future Residents.

FY 2015 STEWARDSHIP	
Net Cost (in millions)	\$8.2
Percentage of Total Cost	16%

Since AFRH operates from its Trust Fund to meet operational and capital expenditures, strong stewardship is necessary to ensure the solvency of the Trust Fund. Stewardship key performance measures address monitoring revenue streams and developing alternative revenue strategies, continuing emphasis on internal controls, improving the tracking of costs by level of care, expanding the use of the Electronic Health Record System (EHRS) and meeting federal environmental initiatives.



The AFRH Advisory Council meets twice a year.

A key means by which AFRH maintains exceptional stewardship is through leveraging our partnership with the U.S. Treasury Bureau of Fiscal Services (finance, human resources, procurement and travel services), Department of Agriculture National Finance Center (timekeeping), Department of Interior-Interior Business Center (IT services) and General Services Administration / U.S. Army Corps of Engineers (real estate and property management services).

Annual Performance Metric: Trust Fund Solvency

Performance Target: Even balance of resources versus obligations

RESULT: Revenues and Trust Fund balance adequate to support FY 2015 obligations / expenditures

AFRH operations and maintenance as well as capital improvements are supported by a Trust Fund and annual revenue streams. The FY 2015 budget authorization of \$63.4 million (\$62.4 million Operations & Maintenance and \$1 million Capital Improvement) is supported by the AFRH Trust Fund, not from the U.S. Treasury General Fund.

Expenditures above annual revenue are withdrawn from the available Trust Fund balance. Although annual budget authority outpaced annual revenue, sufficient funds were available to support AFRH annual budget authority. However, reducing annual withdrawals from the available Trust Fund balance remains our greatest challenge.

Annual Performance Metric: Accuracy of Financial Reporting

Performance Target: Unmodified Audit Opinion

RESULT: FY 2015 Clean (Unmodified) Audit Opinion

AFRH received its 11th unmodified audit opinion under the watchful direction of the CFO. Financial reporting is timely and accurate. A full discussion of the Financial Management strategy is found in the MD&A.



Warren Pospisil (USN, AFRH-W) and Roy Cogle (USN, AFRH-W) during a Softball game.

Annual Performance Metric: Environmental Initiatives

Performance Target: Annual goals met

RESULT: 100% completed milestones toward meeting FY 2015, FY 2017 and FY 2020 Energy and Water Requirements

In compliance with multiple environmental Executive Orders along with various Presidential Memoranda, AFRH initiated its environmental reporting in 2012 and created performance goals to emphasize the importance of environmental factors in efficient operations. In addition to the executive order requirements, maintaining proper environmental conditions for seniors has become critical for retaining our CARF and our TJC accreditations as required by law.

Key focus areas in FY 2015 included:

- improving and streamlining data collection;
- improving waste data tracking (generation and diversion);
- conducting an employee commuting survey;
- collecting sustainable contracts and procurement data;
- sub-metering and analyzing individual buildings data;
- promoting recycling and reducing waste; and,
- evaluating annual progress and revisiting goals.

FY 2015 environmental & sustainability results included:

- Accurate and timely annual reporting of Greenhouse Gas inventory / setting reduction targets, Strategic Sustainability Performance Plan, and Climate Change Adaptation Plan;
- Seeking energy conservation opportunities and exploring the viability of an Energy Savings Performance Contractor (ESPC);
- Maintaining a 20% reduction in our fleet below the 2008 baseline although our fleet is exempt from the federal petroleum reduction and alternative fuel requirements;

- Maintaining our 24% reduction in GHG emissions below the 2013 baseline;
- Remaining compliant with the *Guiding Principles for Leadership in High Performance and Sustainable Buildings* by meeting more than 50% of the principals for two of our three main Resident facilities;
- Continuing to reduce waste at both facilities and meeting our 50% target at the AFRH-W facility in FY 2015; and,
- Reducing our water use intensity by 62% since the FY 2007 baseline.



Facilities Manager Justin Seffens monitors energy use in the Boiler Room.



AFRH management discusses the AFRH-W Master Plan during an "Industry Day" Corporate Event.

AFRH successfully implemented two key initiatives to increase revenue:

- A fair and equitable Resident Fee increase which began on September 1, 2015 and will provide approximately \$1.5M additional revenue annually.
- Leasing a portion of the Sherman Building to a D.C. charter school starting August 1, 2015 and providing approximately \$1M annually beginning in FY 2018.

AFRH is working with our DoD Leadership to identify additional revenue sources for out years.

Annual Performance Metric:	Fund Growth
Performance Target:	Positive result of Washington, D.C. Master Plan
RESULT:	No growth has occurred since FY 2010

With the unexpected decline in our largest revenue source, Fines & Forfeitures, continuing and diminishing further in FY 2015, the Trust Fund balance is lower than forecasted in our AFRH Long Range Financial Plan. Fines and Forfeitures have decreased by 44% from \$40.7M in FY 2009 to \$22.8M in FY 2015. Initial analysis indicates this reduction is unlikely to recover. AFRH is diligently working with our DoD Leadership and Advisory Board to find new sources of revenue to replace the reduced level of Fines & Forfeitures.

Annual Performance Metric:	Cost Avoidance
Performance Target:	One (1) cost avoidance project implemented per year
RESULT:	Aggressively recruiting, interviewing and selecting nursing staff to reduce reliance on contract personnel and federal overtime to meet staffing requirements

Each year AFRH identifies and implements at least one cost avoidance initiative. For FY 2015, AFRH successfully identified and implemented two actions to reduce costs:

- AFRH-W ground maintenance for the 272-acre facility—Because of the complexity of the contract and diversity of the grounds, AFRH had an independent assessment completed that reviewed

the contractor performance work statement, recommended areas where changes could be implemented to reduce costs, identified potential risk factors and developed a new performance work statement. Implementing the recommended changes resulted in a savings of more than \$300K annually in FY 2015 and out years.

- Nurse Staff Scheduling—AFRH completed a comprehensive review of the scheduling practices of the nurse staff (RN, LPN, CNA) at both Campuses. The review resulted in a consistent approach in scheduling federal employees, using contract personnel and approving federal overtime. Through this process, Nurse Supervisors became aware of key cost drivers, and AFRH saw a 15% reduction in nursing contract costs and federal overtime in the last quarter of FY 2015.



AFRH CFO, Vicki Marrs, answers questions on the recent AFRH Resident Fee increase.

**STRATEGIC GOAL 3:
PROMOTE STAFF-CENTERED ENVIRONMENT**

Expand staff knowledge that directly impacts the accountability and efficiency of the Agency which will in turn empower all employees to be proactive.

FY 2015 STAFF-CENTERED	
Net Cost (in millions)	\$1.6
Percentage of Total Cost	3%

A staff-centered environment is part of the PCC approach that AFRH embodies for delivery of its services. Workforce dedication to providing PCC is essential for successful accomplishment of the AFRH mission. In FY 2015, the CHCO initiated specific organizational initiatives to address

employee recommendations to improve their work life. AFRH employees overwhelmingly showed that they understand and support the mission of AFRH to provide care to its Residents, a notable achievement.

Annual Performance Metric:	Evidence of Measurable Training Goals
Performance Target:	80% staff participation in four mandatory training classes
RESULT:	97% of staff participation in at least four mandatory training classes

Ongoing training is important for employees at all levels. In addition to offering mandatory training classes to meet individual employee responsibilities which included Ethics, HIPAA, Safety, IT Security Awareness, Equal Employment Opportunity Act, No Fear Act, Workers’ Compensation, Performance Management, Person-centered Care, Resident Rights, Suicide Prevention and Contract Officer Representative (COR), AFRH also implemented several key training initiatives in FY 2015:

- Training for all supervisors / raters on the updated individual performance assessment form as part of our initiative to link Individual Performance Plans (IPP) to our strategic goals;
- Reassessing employee training requirements and identifying areas of improvement including separation of PCC training from other classes. Specific PCC training further assisted employees on how to deliver services using the PCC philosophy;
- Developing classes to enhance employee skills on TJC requirements for the TJC Home Care accreditation survey; and,
- Launching web-based training opportunities for areas that lend themselves to these types of classes, including diversity, supervisory basics, training methods for adult learners and communication techniques to reach the intended audience. In FY 2016, AFRH plans to continue expanding on-line training opportunities.

Annual

Performance Metric: **Percentage of Employee Viewpoint Survey Responses of “Excellent” or “Very Good”**

Performance Target: **70% Employee Climate Survey responses of “Excellent” or “Very Good”**

RESULT: **70% responses of “Excellent” or “Very Good”**

Each year AFRH staff is offered the annual Office of Personnel Management (OPM) Federal Employee Viewpoint Survey (FEVS) to assess AFRH employee satisfaction. Additionally, the Defense Equal Opportunity Management Institute (DEOMI) Organizational Climate Survey (DEOCS) is administered a few months after the FEVS and addresses areas not covered in the FEVS. These surveys provide AFRH management with valuable information identifying areas for improvement and recognizing areas which have improved from last year’s survey.

As required by Office of Personnel & Management (OPM), the CHCO developed an action plan to emphasize the importance of the survey, increase employee response and address key areas identified for improvement from the FY 2014 survey. To encourage more participation and provide quicker results to resolve issues proactively, the survey was offered electronically.



The Corporate and Campus management staffs meet regularly.

In the first quarter of 2015, the DEOCS results showed improvement from the 2014 FEVS satisfaction levels in several areas. As part of the FEVS action plan, the CHCO conducted focus groups to gather employee input and recommendations. Employee meetings provided information to begin addressing several areas.

The results of the 2015 survey show the number of employees participating in the FEVS survey rose slightly and several areas showed improvements. Job satisfaction remained stable. Further analysis shows an overwhelming majority (98%) in both 2014 and 2015 support AFRH’s mission and deem it important. Such a high percentage in mission support is unique in the Federal Government. FY 2015 areas for improvement include training and promotion opportunities.

Annual Performance Metric: **Measureable Evidence of Growth Beyond Work Activities**

Performance Target: **Seek and implement employee recommendations**

RESULT: **Numerous employee recommendations locally implemented in FY 2015**

AFRH actively worked to garner employee recommendations in FY 2015 and explored various requests to determine the feasibility of implementing recommendations considering federal regulations and budget constants. Employee suggestions / outcomes included:

- Expansion of special observances to include cultural awareness in addition to military / professional-related observances. An annual observance schedule was established to cover a wide variety of observances important to AFRH employees in addition to Resident-related observances;
- Offering more opportunities to meet with managers to facilitate team communication and cohesiveness. Town halls were held quarterly to provide an opportunity for managers to address staff concerns;
- Training on how to achieve an outstanding performance evaluation. Additional training is being developed;
- Expanding on-site training opportunities, including key healthcare topics. Additional training has been scheduled; and,
- Researching authority to offer tuition assistance and budget constraints to support tuition assistance.

Annual Performance Metric: Achievable Person-centered Care

Performance Target: Implement two PCC initiatives per year

RESULT: Two (2) successful initiatives completed

PCC is staff centered as well as Resident centered. AFRH continues to enhance its PCC initiatives through various programs. In FY 2015, key PCC initiatives included:

- AFRH-G Labor Union Representation—As the number of federal employees has steadily risen since the reopening of the AFRH-G facility in FY 2010, AFRH management and staff supported the reestablishment of American Federation of Government Employees (AFGE) at AFRH-G in FY 2015. Union members have access to AFGE benefits that are backed by the collective strength of over 10 million members of AFL-CIO unions. This AFRH initiative for labor union representation is a boost for AFRH-G employees.
- Improved Communication—AFRH also initiated steps to improve communication between managers and staff to ensure bottom-to-top involvement in how decisions are made. Initially, open forums for employees were held to air their concerns to managers, and managers provided feedback on proactive measures where appropriate. Employees responded, and the flow of communication invigorated employees.



Resident Advisory Committee Chair Henri Gibson (USA, AFRH-G) with a food service staff member at the monthly birthday dinner.

**STRATEGIC GOAL 4:
LEVERAGE EXTERNAL STAKEHOLDERS**

Harness, cultivate and focus our external stakeholders to become increasingly active participants who are engaged in AFRH operations in each of the next five years.

FY 2015 EXTERNAL STAKEHOLDERS	
Net Cost (in millions)	\$1.3
Percentage of Total Cost	2%

FY 2015 organizational key performance indicators (measures) for our External Stakeholders strategic goal addressed expanding public awareness of AFRH to increase assistance and support to AFRH, seeking and maintaining AFRH partners, expanding communications with potential Residents, family members, military stakeholders and community groups to increase contributions to AFRH and establishing and implementing a marketing and communication strategy to maximize Resident admission.

Annual Performance Metric: Contributions Increase

Performance Target: Positive Growth

RESULT: Contributions Increased

Although legislation prohibits AFRH from soliciting, AFRH is improving our marketing to ensure Veterans and potential contributors are aware of AFRH and its services. AFRH’s team has stepped up to modernize communications with external partners and are using new technologies to convey a compelling message to prospective Residents and their families, reinforcing AFRH’s commitment to provide a high quality of life to all eligible Veterans.

Gifts / donations to the AFRH Trust Fund are tax exempt and used for the direct support of our Residents through medical care, physical therapy, recreation and fitness. In FY 2015, AFRH received \$0.8M in gifts / donations.

Key FY 2015 marketing initiatives included:

- Redesign of AFRH marketing material
- Consistent advertising in the many military-related online and print publications
- Redesign / update of AFRH website, logo and tagline to reflect our mission and military heritage better



Annual Performance Metric: Annual Community Events

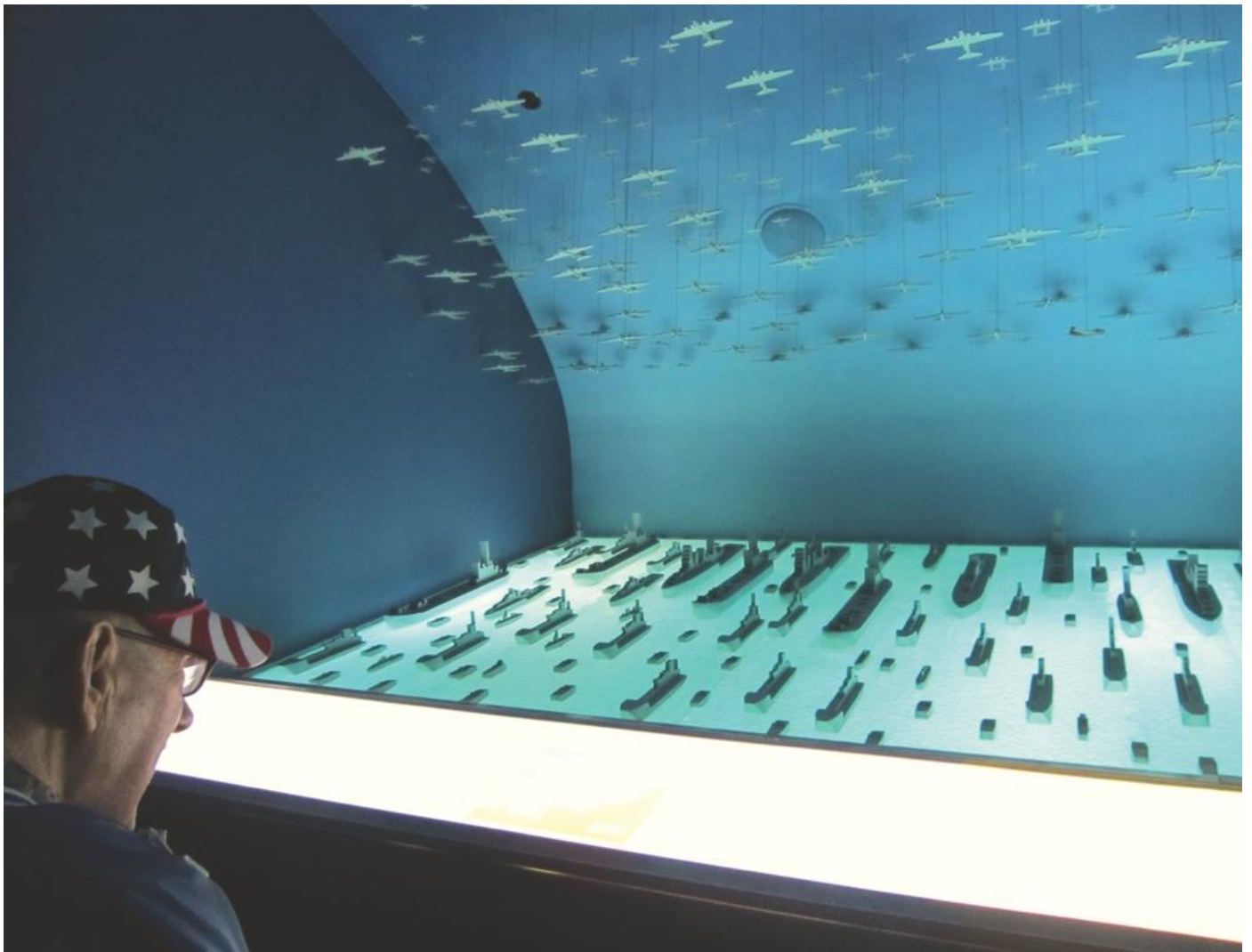
Performance Target: Two (2) community events held at each facility

RESULT: Two (2) community events held at each facility

AFRH created its annual community events requirement to support outreach to external stakeholders. Each facility tailors events to the local community, drawing supporters, families and friends to celebrate special events, military-themed celebrations and fun-filled activities.

Both facilities exceeded their target of two events and continued to seek ways to partner with their neighbors. AFRH-G community events included Cruisin’ the Coast, Veterans Day Open House & Community Day, Spring Garden Open House and Ride to Recovery. AFRH-W Community Events included the Antique Car Show and Fall Fest, Memorial Day Open House and Independence Day Community Event.





Marvin Haynes (USAF, AFRH-G) studies a display on an AFRH-G sponsored visit to The National World War II Museum in New Orleans.



PART 3 :



Never underestimate an AFRH Resident!

MICHELLE BUSCH
(USN, AFRH-W)

Michelle Busch was born in Kentucky as one of ten children. While working and going to college full time, Michelle stopped in at a recruiter’s office one day in Silver Spring, Maryland. That visit changed her life when she decided to join the U.S. Navy to see the world. Her first plane trip was heading to Orlando, Florida for Recruit Training and then on to San Diego, California for Dental Technician School. Fulfilling her desire to see the world, Michelle requested either an overseas or West Coast assignment, but as the military sometimes works, she ended up back where she had started—Washington, D.C. She was a bit luckier a few years later when she was stationed overseas in Okinawa, Japan, and loved living off base and getting to know the people there.

Separating from the Navy in 1983, Michelle joined the Naval Reserve and got married. In 1988, she reenlisted with the U.S. Army as a Combat Medic. While in the Army, she served at Fort Sam, Houston and Schofield Barracks, Hawaii. She earned the EFMB (Extra Field Medical Badge), was dispatched to help with the cleanup after Hurricane Andrew in 1992 and was on the first plane into Somalia for Operation Restore Hope.

In November 1994, Michelle was severely injured in a Humvee accident while deployed to Haiti with the 10th Mountain Division and wasn’t expected to survive her injuries. She was sent to Walter Reed where they told her it would be years before she might walk again much less return to duty. But the military may have underestimated Michelle’s determination. In February 1995, because of her remarkable recovery, she returned to her unit in Fort Drum, New York. Michelle returned to Walter Reed, not as a patient, but as a Non-Commissioned Officer in Charge of the Allergen Extract Lab where she served until she retired in 2001.

After leaving the service as an E-7 and living in Washington, D.C., fate again stepped in. Michelle met Christine Engle, a Resident at AFRH-W. Christine convinced her to move to AFRH-W. Michelle moved to AFRH in June 2014 and enjoys the swimming pool, helps other Residents by escorting them to medical appointments and is a volunteer for the on-campus shuttle, transporting Residents to the golf course, fishponds and gardens.



“After my Humvee accident I wasn’t expected to survive...or walk...or return to active duty. I did it all.”

FINANCIAL

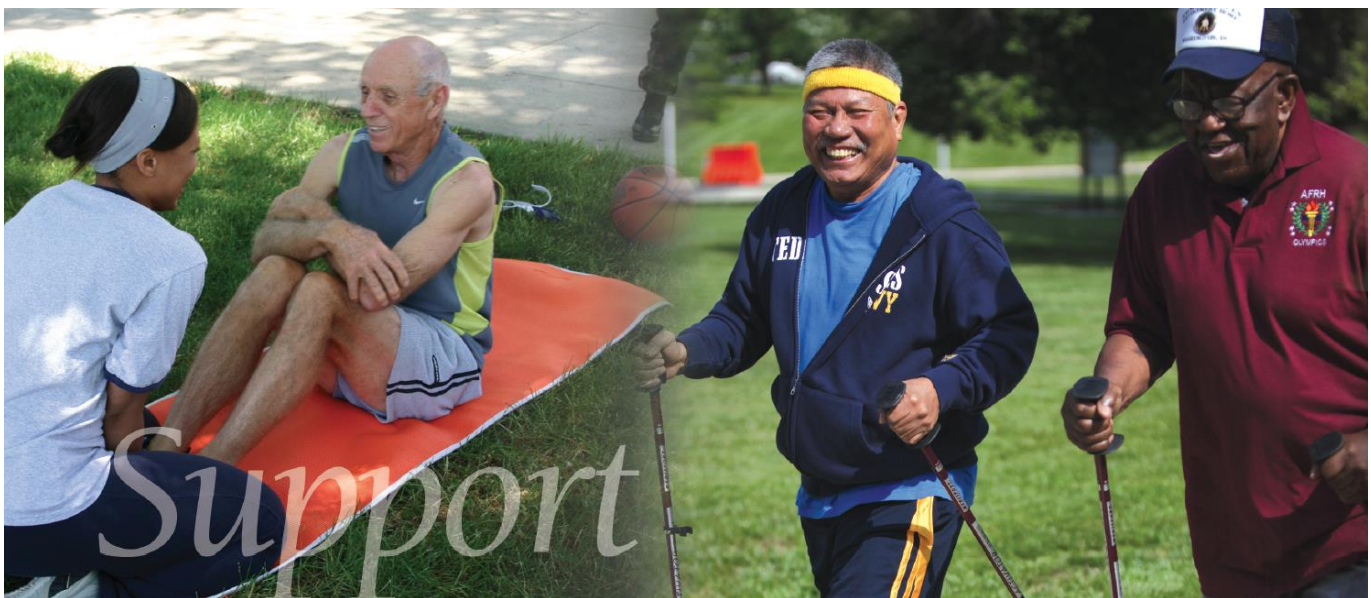
PART 3: FINANCIAL

OVERVIEW

While Part 2 of this Report provided performance data (required by GPRA), Part 3, Financial, provides financial information required by the Chief Financial Officers Act. The Financial part provides AFRH's financial statements for the current and preceding year as well as our audit opinion for the current year. Required notes are included to provide full disclosure and support the amounts presented in the financial statements. These formal financial records document AFRH's activities at the transaction level, where a "financial event" occurs. A financial event is any occurrence having financial consequences to the Federal Government related to receipts or other financial resources; acquisition of goods or services; payments or collections; recognition of guarantees, benefits to be provided and other potential liabilities; or other reportable financial activities.



AFRH-G Residents engage in water sports classes.



CHIEF FINANCIAL OFFICER MESSAGE



ARMED FORCES RETIREMENT HOME
3700 NORTH CAPITOL STREET, N.W.
WASHINGTON, D.C. 20011

I am honored to present the Fiscal Year (FY) 2015 financial statements for the Armed Forces Retirement Home (AFRH). AFRH is firmly committed to delivering the highest standard of financial accountability and reporting in support of the Agency’s mission to provide quality services for the Veterans who live at AFRH. The Performance and Accountability Report (PAR) is our principal report to the President, Congress, our Residents and the American people on our stewardship of the AFRH Trust Fund and the great work by our Agency to fulfill our mission.

In FY 2015, AFRH received an unmodified (clean) audit opinion on our financial statements for the 11th consecutive year. AFRH contracted with the independent certified public accounting firm of Brown & Company CPAs, PLLC to audit the AFRH financial statements as of September 30, 2015. The contract requires the audit be performed in accordance with U.S. Generally Accepted Government Auditing Standards and Office of Management and Budget Bulletin 15-02: *Audit Requirements for Federal Financial Statements*.



Vicki Marrs, CFO

Our commitment to sound financial management and to upholding high standards of accountability and transparency in FY 2015 included several key accomplishments:

- Continuing our record of no material weaknesses, significant control deficiencies or non-conformances with the Federal Managers’ Financial Integrity Act and other applicable laws and regulations.
- Continuing to implement key cost containment activities including a restructuring of the AFRH-W grounds maintenance contract as well as a reduced reliance on contract personnel and federal overtime for nurse staffing.
- Securing a long-term lease with Creative Minds International, a charter school which provides an additional revenue source to support the AFRH Trust Fund and reduces operations and maintenance of this underutilized space.
- Working diligently to meet the growing reporting, audit and compliance changes and requirements of OMB, Treasury and Congress.
- Implementing a fair and equitable Resident Fee increase to meet the challenge of supporting the increased costs of delivering quality services.

- Transitioning our Independent Living Plus Pilot level of care to a permanent level of care with a separate fee schedule recognizing the increased Resident services provided.
- Strengthening our internal controls to validate and collect Resident Fees through the use of a new billing system, better income validation and referral of delinquent debts to U.S. Treasury for collection actions.

AFRH's most serious challenges continue to be our Trust Fund balance and annual outlays which outpace our annual revenue resulting in additional withdrawals from the Trust Fund to support outlays. Although these challenges are not easy to solve within our current legislative authority, I am confident working with our DoD Leadership and Advisory Board we can address them and will continue working diligently towards resolution.

As AFRH enters FY 2016, my vision for the coming fiscal year is to preserve our Trust Fund and continue providing exemplary financial management by:

- 1) Ensuring full compliance with federal regulations;
- 2) Maintaining our stellar performance on key financial indicators with a focus on maintaining our successes in debt collection, improper payments, interest payments and compliance with requirements for EFT;
- 3) Ensuring funds are available to meet mission priorities and operating responsibly with our reduced Trust Fund balance; and
- 4) Identifying and implementing cost-saving initiatives while maintaining quality services.

Through the dedicated work of our staff, I am pleased with our successes in the current year and fully acknowledge that there is additional work to be done in the coming year. I am confident through our continued committed efforts and strong partnership with our shared service provider, U.S. Treasury Bureau of Fiscal Services, we will continue to build on our successes and continue our legacy of caring for our Nation's Veterans.

Sincerely,



VICKI MARRS
Chief Financial Officer

November 13, 2015

AUDIT LETTER



BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT

Armed Forces Retirement Home
Washington, DC

Report on the Financial Statements

We have audited the accompanying balance sheets of the Armed Forces Retirement Home (AFRH) as of September 30, 2015 and 2014, and the related statements of net cost, changes in net position, and budgetary resources, for the years then ended (collectively referred to as the financial statements), and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted government auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes test of compliance with provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosure in the financial statements. The purpose was not to provide an opinion on compliance with provisions of applicable laws, regulations, contracts and grant agreements and, therefore, we do not express such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AFRH as of September 30, 2015 and 2014, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with U.S. generally accepted accounting principle.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the *Management's Discussion and Analysis* (MD&A), and *Required Supplementary Information* (RSI) sections be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. *The Message From CFO, Message From The COO* and the Other Information sections are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the AFRH's internal control over financial reporting (internal control) to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of providing an opinion on internal control. Accordingly, we do not express such an opinion.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. During the audit of the financial statements no deficiencies in internal control were identified that were considered to be a material weakness. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AFRH’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations and contracts applicable to the AFRH. The objective was not to provide an opinion on compliance with provisions of laws, regulations, contracts and grant agreements and therefore, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 15-02.

Management’s Responsibility for Internal Control and Compliance

AFRH’s management is responsible for (1) evaluating effectiveness of internal control based on criteria established under the Federal Managers Financial Integrity Act (FMFIA), (2) providing a statement of assurance on the overall effectiveness of internal control, and (3) ensuring compliance with other applicable laws and regulations.

Auditor’s Responsibilities

We are responsible for (1) obtaining a sufficient understanding of internal control over financial reporting to plan the audit, (2) testing compliance with certain provisions of laws and regulations that have a direct and material effect on the financial statements and applicable laws for which OMB Bulletin No. 15-02 requires testing, and (3) applying certain limited procedures with respect to the MD&A and other RSI.

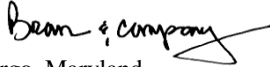
We did not evaluate all internal controls relevant to operating objectives as broadly established by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to testing control over financial reporting. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to AFRH. We limited our tests of compliance to certain provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB Bulletin No. 15-02 that we deemed applicable to AFRH’s financial statements for the fiscal year ended September 30, 2015. We caution that noncompliance with laws and regulations may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

Purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters

The purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters sections of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of AFRH's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AFRH's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

This report is intended solely for the information and use of the management of AFRH, OMB, and Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.



Largo, Maryland
November 13, 2015

PRINCIPAL FINANCIAL STATEMENTS

The AFRH management is responsible for the fair presentation of information contained in the principal financial statements. The independent accounting firm, Brown & Co. CPAs, PLLC, audited these FY 2015 financial statements.

These statements should be read with the understanding they are for a component of the U.S. Government, a sovereign entity. Our shared service providers, U.S. Treasury Bureau of Fiscal Services and U.S. Department of Agriculture National Financial Center, processed our payroll and financial transactions under Interagency Agreements, and AFRH relies on information received from these partners (along with audits and reviews) to execute management controls.

FINANCIAL STATEMENTS DESCRIPTIONS

AFRH is pleased to present the following four principal financial statements and notes:

Balance Sheet—presents combined amounts the agency had to use or distribute (assets) versus the amounts the agency owed (liabilities) and the difference between the two (net position).

Statement of Net Cost—provides the annual cost of agency operations; the gross cost less any offsetting revenue is used to determine the net cost.

Statement of Changes in Net Position—reports the accounting activities that caused the change in net position during the reporting period.

Statement of Budgetary Resources—a report of available budgetary resources and the state of those resources at fiscal year-end.

Accompanying Notes—the accompanying notes to the financial statements describe significant accounting policies as well as detailed information on select statement lines.



Rear Admiral Markham Rich, Commandant, Naval District Washington, presents Dorotha Hershey (USMC, AFRH-W) his “challenge” coin during National Military Family Volunteer Day.

**ARMED FORCES RETIREMENT HOME
BALANCE SHEET
AS OF SEPTEMBER 30, 2015 AND 2014
(In Dollars)**

	2015	2014
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 2,438,382	\$ 1,723,065
Investments (Note 3)	44,134,712	56,415,628
Accounts Receivable (Note 4)	982,277	-
Total Intragovernmental	47,555,371	58,138,693
Accounts Receivable, Net (Note 4)	149,739	132,311
Property, Equipment, and Software, Net (Note 5)	348,159,202	356,294,765
Total Assets	\$ 395,864,312	\$ 414,565,769
Liabilities:		
Intragovernmental		
Accounts Payable	\$ 214,645	\$ 333,135
Other (Note 8)	1,691,793	1,522,928
Total Intragovernmental	1,906,438	1,856,063
Accounts Payable	2,488,835	5,047,059
Federal Employee and Veterans' Benefits (Note 6)	7,461,312	7,520,542
Other (Note 8)	4,246,660	1,822,500
Total Liabilities (Note 6)	\$ 16,103,245	\$ 16,246,164
Net Position:		
Cumulative Results of Operations -		
Funds from Dedicated Collections (Note 10)	\$ 379,761,067	\$ 398,319,605
Total Net Position	\$ 379,761,067	\$ 398,319,605
Total Liabilities and Net Position	\$ 395,864,312	\$ 414,565,769

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

**ARMED FORCES RETIREMENT HOME
STATEMENT OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014
(In Dollars)**

	2015	2014
Program Costs:		
Program: Embrace Resident-Centered Care		
Gross Costs	\$ 54,213,521	\$ 61,139,630
Less: Earned Revenue	(13,169,060)	(12,202,308)
Net Program Costs	\$ 41,044,461	\$ 48,937,322
Program: Maintain Exceptional Stewardship		
Gross Costs	\$ 10,778,050	\$ 12,155,012
Less: Earned Revenue	(2,618,107)	(2,425,909)
Net Program Costs	\$ 8,159,943	\$ 9,729,103
Program: Promote Staff-Centered Stewardship		
Gross Costs	\$ 2,111,590	\$ 2,381,358
Less: Earned Revenue	(512,928)	(475,274)
Net Program Costs	\$ 1,598,662	\$ 1,906,084
Program: Leverage External Stakeholders		
Gross Costs	\$ 1,678,267	\$ 1,892,676
Less: Earned Revenue	(407,669)	(377,742)
Net Program Costs	\$ 1,270,598	\$ 1,514,934
Net Cost of Operations	\$ 52,073,664	\$ 62,087,443

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

**ARMED FORCES RETIREMENT HOME
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014
(In Dollars)**

	2015 Total	2014 Total
Cumulative Results of Operations:		
Beginning Balances	\$ 398,319,605	\$ 424,142,133
Budgetary Financing Sources:		
Nonexchange Revenue	31,286,850	34,329,973
Donations and Forfeitures of Cash and Cash Equivalents	845,159	307,836
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources	1,383,117	1,627,106
Total Financing Sources	33,515,126	36,264,915
Net Cost of Operations	(52,073,664)	(62,087,443)
Net Change	(18,558,538)	(25,822,528)
Cumulative Results of Operations	\$ 379,761,067	\$ 398,319,605
Net Position	\$ 379,761,067	\$ 398,319,605

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



Shaun Servais, Administrator (L), and Ron Kartz, Chief, Resident Services (R), acknowledge Roger C. Healy (USAF, AFRH-W) as an outstanding Resident volunteer.

**ARMED FORCES RETIREMENT HOME
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014
(In Dollars)**

	2015	2014
Budgetary Resources:		
Unobligated Balance Brought Forward, October 1	\$ 27,644,158	\$ 17,136,577
Recoveries of Prior Year Unpaid Obligations	2,555,879	4,418,593
Unobligated balance from prior year budget authority, net	30,200,037	21,555,170
Appropriations	53,667,832	65,575,726
Spending authority from offsetting collections	15,239	3,361
Total Budgetary Resources	\$ 83,883,108	\$ 87,134,257
Status of Budgetary Resources:		
Obligations Incurred	\$ 62,909,171	\$ 59,490,099
Unobligated balance, end of year:		
Apportioned (Note 2)	17,716,571	19,716,585
Unapportioned	3,257,366	7,927,573
Total unobligated balance, end of year	20,973,937	27,644,158
Total Budgetary Resources	\$ 83,883,108	\$ 87,134,257
Change in Obligated Balance		
Unpaid Obligations:		
Unpaid Obligations, Brought Forward, October 1	\$ 7,741,600	\$ 16,368,150
Obligations Incurred (Note 14)	62,909,171	59,490,099
Outlays (gross)	(59,296,079)	(63,698,056)
Recoveries of Prior Year Unpaid Obligations	(2,555,879)	(4,418,593)
Obligated Balance, Start of Year	\$ 7,741,600	\$ 16,368,150
Obligated Balance, End of Year (Note 2)	\$ 8,798,813	\$ 7,741,600
Budget Authority and Outlays, Net:		
Budget authority, gross	\$ 53,683,071	\$ 65,579,087
Actual offsetting collections	(15,239)	(3,361)
Budget Authority, net, (total)	\$ 53,667,832	\$ 65,575,726
Outlays, gross	\$ 59,296,079	\$ 63,698,056
Actual offsetting collections	(15,239)	(3,361)
Outlays, net, (total)	59,280,840	63,694,695
Distributed Offsetting Receipts	(15,927,034)	(14,561,775)
Agency outlays, net	\$ 43,353,806	\$ 49,132,920

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



ARMED FORCES RETIREMENT HOME NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Armed Forces Retirement Home (AFRH) was incorporated on November 1, 1991, by section 411(a) of 24 U.S.C. The AFRH is an independent agency in the executive branch of the Federal Government. The AFRH has two facilities. One is located in Gulfport, MS and the other is located in Washington, D.C.

The AFRH's mission is to fulfill our nation's promise to its veterans by providing a retirement community with exceptional residential care and extensive support services. We support our residents' independence, dignity, distinction, heritage and future of continued life-enriching experiences. Together, the AFRH family of residents and staff create a place of caring and continual learning. We are committed to providing the best housing and support services possible and creating a true community of accomplished, independent residents, who are free to explore their talents, pursue their interests and follow their dreams.

The 1991 Defense Authorization Act created an AFRH Trust Fund (Trust Fund). Governed by limitations determined annually by the U.S. Congress, the Trust Fund is used to finance operating expenses as well as capital expenditures of the AFRH on an annual and no year basis.

The AFRH has rights and ownership of all assets reported in these financial statements. AFRH does not possess any non-entity assets.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of AFRH. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, and the Government Management Reform Act of 1994. They have been prepared from, and are fully supported by, the books and records of AFRH in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, as amended, and AFRH accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control AFRH's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the AFRH’s funds with Treasury in expenditure, receipt, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The AFRH does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand.

E. Investment in U.S. Government Securities

AFRH has the authority to invest in U.S. Government securities. The securities include marketable Treasury securities and/or nonmarketable, market-based securities issued by the Bureau of the Fiscal Service. Market-based securities are Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. It is expected that investments will be held until maturity; therefore, they are classified as investment securities held to maturity and are carried at historical cost, adjusted for amortization of premiums and discounts. The amortization of premiums and discounts are recognized as adjustments to interest income using the level-yield, scientific method of effective interest amortization over the term of the respective issues. Interest on investments is accrued as it is earned.

F. Accounts Receivable

Accounts receivable consists of amounts owed to AFRH by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor’s ability to pay.

G. Property, Equipment, and Software

The AFRH owns the land and buildings in which both homes operate. The majority of the property, equipment and software is used to provide residential and health care to members and is valued at cost. Equipment purchased, transferred, or donated with an acquisition cost greater than or equal to \$50,000 per unit is capitalized. Routine maintenance is expensed when incurred. Construction costs are capitalized as construction-in-progress until the asset is completed then transferred to the appropriate property account. Depreciation expense is recognized on property, equipment and software with the exception of construction-in-progress. Depreciation is recognized using the straight-line method over the assets’ useful lives. Other equipment is expensed when purchased. Most AFRH heritage assets are multi-use facilities and are classified as general property, equipment and software. The useful lives used when recording depreciation on property, equipment and software are as follows:

Description	Useful Life (years)
Improvements to Land	10-20
Buildings and Improvements	20-50
Equipment	5-10

H. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

I. Liabilities

Liabilities represent the amount of funds likely to be paid by the AFRH as a result of transactions or events that have already occurred.

AFRH reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave and actuarial Federal Employees' Compensation Act benefits.

J. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued monthly, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 50% for the 1st quarter of FY 2014 and 100% thereafter.

K. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the AFRH employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the AFRH terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

L. Retirement Plans

AFRH employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of AFRH matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund. Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and AFRH matches any employee contribution up to an additional four percent of pay. For FERS participants, AFRH also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, AFRH remits the employer's share of the required contribution.

AFRH recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to AFRH for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. AFRH recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

AFRH does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

M. Other Post-Employment Benefits

AFRH employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGSIP) may continue to participate in these programs after their retirement. The OPM has provided the AFRH with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The AFRH recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the AFRH through the recognition of an imputed financing source.

N. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

O. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. AFRH recognized imputed costs and financing sources in fiscal years 2015 and 2014 to the extent directed by accounting standards.

P. Contingencies

Liabilities are deemed contingent when the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. AFRH recognizes contingent liabilities in the accompanying balance sheet and statement of net cost, when it is both probable and can be reasonably estimated. AFRH discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met or when a loss from the outcome of future events is more than remote.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2015 and 2014, were as follows:

	2015	2014
Fund Balances:		
Trust Funds	\$ 2,438,382	\$ 1,723,065
Investments	44,134,712	56,415,628
Less: Accrued Interest and Unamortized Premium	(777,724)	(867,867)
Total	\$ 45,795,370	\$ 57,270,826

Status of Fund Balance with Treasury:

Unobligated Balance		
Available	\$ 17,716,571	\$ 19,716,585
Unavailable	19,279,986	29,812,641
Obligated Balance Not Yet Disbursed	8,798,813	7,741,600
Total	\$ 45,795,370	\$ 57,270,826

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

NOTE 3. INVESTMENTS

Investments as of September 30, 2015 consist of the following:

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Securities:						
Marketable	\$ 43,362,748	Interest	\$ 22,262	\$ 749,702	\$ 44,134,712	\$ 44,557,395
Total	\$ 43,362,748		\$ 22,262	\$ 749,702	\$ 44,134,712	\$ 44,557,395

Investments as of September 30, 2014 consist of the following:

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Securities:						
Marketable	\$ 55,553,968	Interest	\$ 56,990	\$ 804,670	\$ 56,415,628	\$ 58,746,480
Total	\$ 55,553,968		\$ 56,990	\$ 804,670	\$ 56,415,628	\$ 58,746,480

Non-marketable, market-based securities are Treasury notes and bills issued to governmental accounts that are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms. The investment maturity date for fiscal year 2015 is May 15, 2016, with an interest rate of 5.125 percent.

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with dedicated collection funds. The cash receipts collected from the public for a dedicated collection fund are deposited in the U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to the Armed Forces Retirement Home as evidence of its receipts. Treasury securities are an asset to the Armed Forces Retirement Home and a liability to the U.S. Treasury. Because the Armed Forces Retirement Home and the U.S. Treasury are both parts of the Government, these assets and liabilities offset each other from the standpoint of the Government as a whole. For this reason, they do not represent an asset or a liability in the U.S. Government-wide financial statements.

Treasury securities provide the Armed Forces Retirement Home with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When the Armed Forces Retirement Home requires redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2015 and 2014, were as follows:

	2015	2014
Intragovernmental		
Accounts Receivable	\$ 982,277	\$ -
Total Intragovernmental Accounts Receivable	\$ 982,277	\$ -
With the Public		
Accounts Receivable	\$ 149,739	\$ 132,311
Total Public Accounts Receivable	\$ 149,739	\$ 132,311
Total Accounts Receivable	\$ 1,132,016	\$ 132,311

The Intragovernmental accounts receivable is primarily made up of fines and forfeitures from the Army, Air Force, Navy, Marine Corps and the Coast Guard. Accounts receivable from the public is primarily made up of resident fees due from residents of the home.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2015 and 2014.

NOTE 5. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2015:

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Building	\$ 503,810,375	\$ 170,142,927	\$ 333,667,448
Land and Improvements	14,923,986	11,850,972	3,073,014
Furniture & Equipment	12,285,644	7,514,554	4,771,090
Construction-in-Progress	6,647,650	-	6,647,650
Total	\$ 537,667,655	\$ 189,508,453	\$ 348,159,202

Schedule of Property, Equipment, and Software as of September 30, 2014:

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Building	\$ 500,816,567	\$ 160,005,068	\$ 340,811,499
Land and Improvements	14,987,999	11,411,633	3,576,366
Furniture & Equipment	12,232,524	6,518,389	5,714,135
Construction-in-Progress	6,192,765	-	6,192,765
Total	\$ 534,229,855	\$ 177,935,090	\$ 356,294,765

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for AFRH as of September 30, 2015 and 2014 include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2015	2014
Intragovernmental – FECA	\$ 1,524,395	\$ 1,371,325
Intragovernmental – Unemployment Insurance	2,907	15,122
Unfunded Leave	1,098,603	1,152,810
Actuarial FECA	7,461,312	7,520,542
Total Liabilities Not Covered by Budgetary Resources	\$ 10,087,217	\$ 10,059,799
Total Liabilities Covered by Budgetary Resources	6,016,028	6,186,365
Total Liabilities	\$ 16,103,245	\$ 16,246,164

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on AFRH behalf and payable to the DOL. AFRH also records an actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 7. ACTUARIAL FECA LIABILITY

FECA provides income and medical cost protection to covered federal civilian employees harmed on the job or who have contracted an occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under FECA for AFRH's employees are administered by the DOL and ultimately paid by AFRH when funding becomes available.

AFRH bases its estimate for FECA actuarial liability on the DOL's FECA model. The DOL method of determining the liability uses historical benefits payment patterns for a specific incurred period to predict the ultimate payments for the period. Based on the information provided by the DOL, AFRH's liability as of September 30, 2015 and 2014, was \$7.4 million and \$7.5 million, respectively.

NOTE 8. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2015 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 169,436	\$ 1,354,959	\$ 1,524,395
Unemployment Insurance Liability	2,907	-	2,907
Payroll Taxes Payable	164,491	-	164,491
Total Intragovernmental Other Liabilities	\$ 336,834	\$ 1,354,959	\$ 1,691,793

With the Public			
Payroll Taxes Payable	\$ 20,231	\$ -	\$ 20,231
Accrued Funded Payroll and Leave	705,703	-	705,703
Unfunded Leave	1,098,603	-	1,098,603
Deferred Revenue (See Note 9)	2,398,387	-	2,398,387
Other	23,736	-	23,736
Total Public Other Liabilities	\$ 4,246,660	\$ -	\$ 4,246,660

Other liabilities account balances as of September 30, 2014 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 168,709	\$ 1,202,616	\$ 1,371,325
Unemployment Insurance Liability	15,122	-	15,122
Payroll Taxes Payable	136,481	-	136,481
Total Intragovernmental Other Liabilities	\$ 320,312	\$ 1,202,616	\$ 1,522,928

With the Public			
Payroll Taxes Payable	\$ 18,099	\$ -	\$ 18,099
Accrued Funded Payroll and Leave	601,006	-	601,006
Unfunded Leave	1,152,810	-	1,152,810
Custodial Liability	50,585	-	50,585
Total Public Other Liabilities	\$ 1,822,500	\$ -	\$ 1,822,500

NOTE 9. DEFERRED REVENUE

In FY 2015 the Armed Forces Retirement Home entered into a Lease agreement with Creative Minds International Public Charter School as the Lessee with occupancy beginning on August 1, 2015. The Lessee will occupy the Sherman Building North and Annex sections with initial lease square feet of 32,050, and the square feet increasing over the next several years. The Lessee initially made \$2,470,413 in Capital improvements to the Sherman Building that they will use as in-kind consideration as part of future lease payments. AFRH will carry deferred revenue for the capital improvements, and recognize the revenue as it is earned based on the in-kind consideration applied to the lease payment. As of September 30, 2015, AFRH has received \$86,076 in in-kind consideration, reducing the amount of deferred revenue associated with the lease to \$2,384,337. The remainder of deferred revenue, \$14,050 is associated with a previous outstanding transaction.

NOTE 10. DEDICATED COLLECTIONS

AFRH has dedicated collections that fall into the following categories: Capital Fund, Hurricane Katrina Fund, Earthquake Fund and the Operations & Maintenance Fund. Governed by limitations determined annually by the U.S. Congress, the Trust Fund is used to finance operating expenses as well as capital expenditures of the AFRH on an annual and no year basis, while the Hurricane Katrina and Earthquake monies were appropriated on an emergency basis to cover necessary expenses related to the consequences of these two events until expended.

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting measures the appropriations and consumption of budget authority and other budgetary resources and facilitates compliance with legal constraints and controls over use of Federal funds.

Schedule of Dedicated Collections as of September 30, 2015:

	Capital Fund	Earthquake Fund	Hurricane Katrina Fund	Operations & Maintenance Fund	Total Dedicated Collections
Balance Sheet					
ASSETS					
Fund Balance with					
Treasury	\$ (5,045,723)	\$ 1	\$ 70,740	\$ 7,413,364	\$ 2,438,382
Investments	-	-	-	44,134,712	44,134,712
Accounts Receivable	-	-	-	1,132,016	1,132,016
Property, Equipment and Software	129,677,178	14,057,620	204,424,404	-	348,159,202
Total Assets	\$ 124,631,455	\$ 14,057,621	\$ 204,495,144	\$ 52,680,092	\$ 395,864,312
LIABILITIES AND NET POSITION					
Accounts Payable	\$ 235,789	\$ -	\$ -	\$ 2,467,691	\$ 2,703,480
Other	-	-	-	5,938,453	5,938,453
Employee and Veteran Benefits	-	-	-	7,461,312	7,461,312
Cumulative Results of Operations	124,395,666	14,057,621	204,495,144	36,812,636	379,761,067
Total Liabilities and Net Position	\$ 124,631,455	\$ 14,057,621	\$ 204,495,144	\$ 52,680,092	\$ 395,864,312
Statement of Net Cost					
Program Costs	\$ 5,787,404	\$ 293,940	\$ 5,492,019	\$ 57,208,065	\$ 68,781,428
Less: Earned Revenues	-	-	-	(16,707,764)	(16,707,764)
Net Program Costs	5,787,404	293,940	5,492,019	40,500,301	52,073,664
Less: Earned Revenues Not Attributable to Programs	-	-	-	-	-
Net Cost of Operations	\$ 5,787,404	\$ 293,940	\$ 5,492,019	\$ 40,500,301	\$ 52,073,664
Statement of Changes in Net Position					
Net Position Beginning of Period	\$ 127,712,657	\$ 14,351,561	\$ 209,987,163	\$ 46,268,224	\$ 398,319,605
Transfer	2,470,413	-	-	(2,470,413)	-
Net Cost of Operations Taxes and Other	(5,787,404)	(293,940)	(5,492,019)	(40,500,301)	(52,073,664)
Nonexchange Revenue	-	-	-	32,132,009	32,132,009
Other Revenue	-	-	-	1,383,117	1,383,117
Change in Net Position	(3,316,991)	(293,940)	(5,492,019)	(9,455,588)	(18,558,538)
Net Position End of Period	\$ 124,395,666	\$ 14,057,621	\$ 204,495,144	\$ 36,812,636	\$ 379,761,067

Schedule of Dedicated Collections as of September 30, 2014:

	Capital Fund	Earthquake Fund	Hurricane Katrina Fund	Operations & Maintenance Fund	Total Dedicated Collections
Balance Sheet					
ASSETS					
Fund Balance with					
Treasury	\$ (4,210,246)	\$ 1	\$ 70,740	\$ 5,862,570	\$ 1,723,065
Investments	-	-	-	56,415,628	56,415,628
Accounts Receivable	-	-	-	132,311	132,311
Property, Equipment and Software	132,026,782	14,351,560	209,916,423	-	356,294,765
Total Assets	\$ 127,816,536	\$ 14,351,561	\$ 209,987,163	\$ 62,410,509	\$ 414,565,769
LIABILITIES AND NET POSITION					
Accounts Payable	\$ 103,879	\$ -	\$ -	\$ 5,276,315	\$ 5,380,194
Other	-	-	-	3,345,428	3,345,428
Employee and Veteran Benefits	-	-	-	7,520,542	7,520,542
Cumulative Results of Operations	127,712,657	14,351,561	209,987,163	46,268,224	398,319,605
Total Liabilities and Net Position	\$ 127,816,536	\$ 14,351,561	\$ 209,987,163	\$ 62,410,509	\$ 414,565,769
Statement of Net Cost					
Program Costs	\$ 7,122,950	\$ 282,604	\$ 5,492,018	\$ 64,671,104	\$ 77,568,676
Less: Earned Revenues	-	-	-	(15,481,233)	(15,481,233)
Net Program Costs	7,122,950	282,604	5,492,018	49,189,871	62,087,443
Less: Earned Revenues Not Attributable to Programs	-	-	-	-	-
Net Cost of Operations	\$ 7,122,950	\$ 282,604	\$ 5,492,018	\$ 49,189,871	\$ 62,087,443
Statement of Changes in Net Position					
Net Position Beginning of Period	\$ 100,439,388	\$ 14,565,820	\$ 215,479,181	\$ 93,657,744	\$ 424,142,133
Transfer	31,925,806	68,345	-	(31,994,151)	-
Net Cost of Operations	(7,122,950)	(282,604)	(5,492,018)	(49,189,871)	(62,087,443)
Taxes and Other Nonexchange Revenue	-	-	-	34,637,809	34,637,809
Other Revenue	-	-	-	1,627,106	1,627,106
Change in Net Position	(7,122,950)	(282,604)	(5,492,018)	(12,924,956)	(25,822,528)
Net Position End of Period	\$ 127,712,657	\$ 14,351,561	\$ 209,987,163	\$ 46,268,224	\$ 398,319,605

NOTE 11. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and revenue represent exchange transactions between AFRH and other Federal Government entities, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

	2015	2014
Program: Embrace Resident-Centered Care		
Intragovernmental Costs	\$ 8,415,085	\$ 8,258,810
Public Costs	45,798,436	52,880,820
Total Program Costs	54,213,521	61,139,630
Intragovernmental Earned Revenue	(1,732,509)	(1,691,446)
Public Earned Revenue	(11,436,551)	(10,510,862)
Net Program Costs	\$ 41,044,461	\$ 48,937,322
Program: Maintain Exceptional Stewardship		
Intragovernmental Costs	\$ 1,672,981	\$ 1,641,913
Public Costs	9,105,069	10,513,099
Total Program Costs	10,778,050	12,155,012
Intragovernmental Earned Revenue	(344,436)	(336,272)
Public Earned Revenue	(2,273,671)	(2,089,637)
Net Program Costs	\$ 8,159,943	\$ 9,729,103
Program: Promote Staff-Centered Stewardship		
Intragovernmental Costs	\$ 327,764	\$ 321,676
Public Costs	1,783,826	2,059,682
Total Program Costs	2,111,590	2,381,358
Intragovernmental Earned Revenue	(67,480)	(65,881)
Public Earned Revenue	(445,448)	(409,393)
Net Program Costs	\$ 1,598,662	\$ 1,906,084
Program: Leverage External Stakeholders		
Intragovernmental Costs	\$ 260,503	\$ 255,665
Public Costs	1,417,764	1,637,011
Total Program Costs	1,678,267	1,892,676
Intragovernmental Earned Revenue	(53,632)	(52,361)
Public Earned Revenue	(354,037)	(325,381)
Net Program Costs	\$ 1,270,598	\$ 1,514,934
Total Intragovernmental costs	\$ 10,676,333	\$ 10,478,064
Total Public costs	58,105,095	67,090,611
Total Costs	68,781,428	77,568,675
Total Intragovernmental Earned Revenue	(2,198,057)	(2,145,960)
Total Public Earned Revenue	(14,509,707)	(13,335,273)
Total Net Cost	\$ 52,073,664	\$ 62,087,443

NOTE 12. IMPUTED FINANCING SOURCES

AFRH recognizes as imputed financing the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the years ended September 30, 2015 and 2014 respectively, imputed financing was as follows:

	2015	2014
Office of Personnel Management	\$ 1,383,117	\$ 1,627,106
Total Imputed Financing Sources	\$ 1,383,117	\$ 1,627,106

NOTE 13. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President’s Budget that will include 2015 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in February 2016 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2016 Budget of the United States Government, with the "Actual" column completed for 2014, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 14. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2015 and 2014 consisted of the following:

	2015	2014
Direct Obligations, Category A	\$ 62,238,349	\$ 58,784,422
Direct Obligations, Category B	670,822	705,677
Total Obligations Incurred	\$ 62,909,171	\$ 59,490,099

Category A apportionments distribute budgetary resources by fiscal quarters.

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.

NOTE 15. UNDELIVERED ORDERS AT THE END OF THE PERIOD

For the years ended September 30, 2015 and 2014, budgetary resources obligated for undelivered orders amounted to \$5,204,768 and \$1,605,820 respectively.

NOTE 16. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

AFRH has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

**ARMED FORCES RETIREMENT HOME
RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014
(In Dollars)**

	2015	2014
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 62,909,171	\$ 59,490,099
Spending Authority From Offsetting Collections and Recoveries	(2,571,118)	(4,421,955)
Offsetting Receipts	(15,927,034)	(14,561,775)
Net Obligations	44,411,019	40,506,369
Other Resources		
Imputed Financing From Costs Absorbed By Others	1,383,117	1,627,106
Other Resources	-	-
Net Other Resources Used to Finance Activities	1,383,117	1,627,106
Total Resources Used to Finance Activities	45,794,136	42,133,475
Resources Used to Finance Items Not Part of the Net Cost of Operations	(5,192,108)	5,375,995
Total Resources Used to Finance the Net Cost of Operations	40,602,028	47,509,470
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:		
	11,471,636	14,577,973
Net Cost of Operations	\$ 52,073,664	\$ 62,087,443



“I was single, so I saw the world and enjoyed all the ports.”

HERBERT OUTLAW
(USN, AFRH-W)

Herbert Outlaw was born in 1918 in Aulander, North Carolina. He tried to join the Navy in 1939, but they wouldn't let him enlist so he went to live with his sister in Norfolk, Virginia, and got a job making 25 cents an hour. In February 1940 the Navy had a change of heart, and Herbert enlisted receiving pay of \$21.00 a month (plus room and board). It worked out this was a pay raise!

Herbert's first assignment was five months aboard a WWI Destroyer DD-93. He then went to the Brooklyn Navy Yard where he served on a supply ship until after December 7, 1941. Since his records showed that he had been on a Destroyer, Herbert was assigned to this type of vessel. In the summer of 1942 he was on a shakedown cruise to Guantanamo Bay, Cuba and on the way back, a German submarine wolf pack torpedoed them. Fortunately, the lookout saw the wake of the torpedo, and they were able to avoid the hit. Other assignments included being an Army convoy escort to North Africa and taking supplies through the Panama Canal.

In January 1943 aboard the USS Chevalier (DD-451), a convoy left for Guadalcanal, and two days out of port one of the convoys fell victim to a night torpedo plane attack.



Thankfully, many onboard were

picked up by the other ships in the convoy. In May 1943 the USS Chevalier was used to protect three minelayers as they set mines in the Blackett Strait, and the mission was a complete success.

Herbert's ship was based only 30 miles below the Japanese lines and every third night it would go to the islands and bombard the shore installations. On October 5, 1943 the USS Chevalier, USS Selfridge and USS O'Bannon were sent to intercept a Japanese evacuation of the island of Kolombangara. Three other Destroyers were supposed to meet them but had not arrived. There were five enemy ships protecting the evacuation effort, including the Japanese ship, Yugumo. The Yugumo managed to fire her torpedoes before being hit and disabled by an American torpedo and one of the torpedoes hit the port bow of the USS Chevalier, tearing the bow off up to the bridge and throwing the ship out of control. Fortunately, Herbert was at the other end of the ship and was rescued by the USS O'Bannon. Luckily, the other three Destroyers arrived and provided much needed support and cover.

Due to the war, it only took Herbert 4 1/2 years to make Chief Petty Officer E-7, and he had a great Navy career. Being single, he saw the world and enjoyed all the ports. His favorite place was Long Beach, California where Herbert retired after 19 1/2 years of service. He became a furniture salesman with Sears for another 18 years until he "really" retired. Herbert came to AFRH-W in 2004 although he still maintains his home in Virginia. This year, at the age of 95, Herbert needed a new driver's license and passed with flying colors. His new driver's license expires when he's 103. To celebrate he bought himself a new car—a Cadillac.



Herbert also enjoys cruising around the AFRH-W dining hall to find a variety of healthy choices.



“Submarine sailors are the tightest family in the Navy”

KELSEY FARRELL (U.S. Navy; AFRH-G)

KEN HENRY (U.S. Navy; AFRH-G)

Gulfport Residents Ken Henry and Kelsey Farrell have been friends since 1959 when they met at the Golden Nugget Bar in Key West, Florida. Kelsey was sitting at the bar minding his own business when Ken almost knocked him over as he approached the bar to order a beer. When Ken went to pay, he realized he had a hole in his pocket and didn’t have any money. The pretty bartender offered to sew his pocket, so Ken took his pants off and handed them to her. Kelsey and Ken started talking and soon realized that they were both enginemen on the same submarine, the USS Archerfish (SS-311). They lived and worked together for the next 29 months.

For more than two years Ken and Kelsey traveled the world together and had a great time. The USS Archerfish’s all single crew period was named Operation Sea Scan and ended in 1968 when the boat was decommissioned. Ken transferred from the submarine in February 1962 and was sent to Antarctica where he spent a year at an outlying station supporting scientists studying the upper atmosphere. Kelsey stayed aboard the USS Archerfish until April 1962 when he went to nuclear power school.

They next met up in 1969 at St. Thomas, Virgin Islands for Operation Springboard. Kelsey says, “The submarine sailors are the tightest family in the Navy. The worst memories of Archerfish are better than the best memories I’ve had anywhere else.” Ken agrees, “You keep in touch with your shipmates like you do with the rest of your family, probably more. I don’t have any bad memories of Archerfish. I enjoyed every minute of it.”

In 1993 Ken decided he wanted to find everyone that had served aboard Archerfish so he started a newsletter, and that same year Archerfish held its first reunion. Kelsey, Ken and their wives were there. Ken has written a book, along with Don Keith, titled *Gallant Lady*, a biography about the USS Archerfish submariners published in 2004. It is a true story of one of history’s most fabled submarines, its extraordinary real-life odyssey and a vivid, unforgettable portrait of life aboard a submarine. Because of her stellar reputation, USS Archerfish actually had a waiting list of enlisted men wanting to join its crew despite the year-long deployments.

Onboard the Archerfish both men had nicknames: Ken was called “Pig Pen” because he reminded folks of the cartoon character by that name, was a diesel mechanic and had tattoos on his elbows and wrists so you couldn’t see the grease. Kelsey’s nickname was “Chain Fall” because he was the only engineman who could get his head below his belt in the mornings without getting sick when something needed lifting.

Both Ken and Kelsey retired from the Navy and are best buddies again at AFRH. After his wife passed away, Ken moved to AFRH-G. Kelsey joined him because he didn’t want his kids to worry about taking care of him. Ken spends a lot of his free time accounting for submarine Veterans from WWII for U.S. Submarine Veterans Inc. website. So far he has accounted for more than 17,000 of these great men to make sure they are never forgotten.



Two longtime friends from a 1959 submarine tour reunited at AFRH-G.

PART 4: ACCOMPANYING INFORMATION

OVERVIEW

This final part of the PAR, Accompanying Information, satisfies additional federal reporting requirements. Here we provide required data on our Improper Payments, Freeze the Footprint, the Summary of our Financial Statement Audit and Management Assurances and the AFRH Inspector General (IG) Assessment.



Riders on all types of bicycles and with various physical challenges visited AFRH-G during their Ride 2 Recovery.



INSPECTOR GENERAL LETTER



**ARMED FORCES RETIREMENT HOME
3700 NORTH CAPITOL STREET, N.W.
WASHINGTON, D.C. 20011**

DATE: November 13, 2014
TO: Steven G. McManus, COO
SUBJECT: Statement on FY 2016 Management Challenges



Robert L. DuFour, IG

In accordance with the Reports Consolidation Act of 2000, I have assessed and am providing a statement outlining what this Inspector General has observed to be the most serious challenges facing the AFRH organization. My analysis is based on observations I have made going back to the start of my tenure as the AFRH Inspector General in November 2014.

The listing that follows is an assessment of the AFRH programs and / or activities that appear to be facing significant challenges in the coming year. The listing outlines specific challenges as well as what actions AFRH is engaged in, and / or will engage in, to mitigate the risks inherent to that particular challenge. The challenges are not presented in order of priority since all are crucial management or performance issues.

The listed IG challenges include Financial, Information Technology, Medical Records Management and Personnel issues.

My responsibility is to provide objective oversight, advice and monitoring as AFRH moves forward providing world-class Person-centered Care for its Residents.

In my capacity as the AFRH IG, I will carefully observe, recommend and support our Residents and staff with an eye on fostering growth and success.

Sincerely,

**ROBERT L. DUFOUR
Inspector General**

FY 2016 IG MANAGEMENT & PERFORMANCE CHALLENGES

INSPECTOR GENERAL ASSESSMENT

The AFRH Inspector General (IG) Robert L. DuFour considers the most serious management and performance challenges for AFRH to be in the following areas:

1) ELECTRONIC RESIDENT INFORMATION SYSTEM CHALLENGES

AFRH provides records management and healthcare support through its Electronic Health Record System (EHRS) for all Residents in Independent Living and at all levels of care. AFRH implemented its EHRS during the fourth quarter of FY 2013. The system has provided an array of tools for the staff and affords the Agency a comprehensive repository for information on all Residents at AFRH-G and AFRH-W. The EHRS also contains Resident admissions, billing information and essential population census data.

The AFRH Wellness Centers provide primary and specialty medical services in consultation with neighboring hospitals. The following services are offered by AFRH and its neighboring partners to all Residents: geriatric medicine, gastroenterology, dermatology, geriatric optometry and audiology, psychiatry, orthopedics, urology, pain management, internal medicine, social service, nutrition counseling, podiatry, laboratory services, dental services, rehabilitation services and radiology services.

The current system requires additional enhancements to ensure that it supports the AFRH medical providers and nursing staff. Additional modifications are required to support the medication administration for Residents. Reports and forms must be streamlined, and any duplicative / erroneously assigned documentations must be removed or corrected. Staff training and system administration must be enhanced for better use and security. Enhancements to the billing module identified by the AFRH CFO still must be completed.

Mobile devices, kiosks and tablets for accessing EHRS internally must be identified and secured. To implement secured wireless access to EHRS, funding must be available to implement a secured wireless infrastructure to allow staff to use government-owned mobile devices, kiosks and tablets to access EHRS. This is critical.

The IG is monitoring AFRH's progress regarding this challenge. To mitigate this management challenge, AFRH will continue to work through issues with staff at both Campuses and the vendor's technical team during weekly meetings to identify issues / concerns while developing solutions. AFRH will arrange for additional training of medical providers and nursing staff to ensure that they are proficient with the tools available in EHRS. AFRH has identified and will expand the number of Super Users at each Campus to assist others with EHRS. AFRH will develop a plan to train new hires and contract staff on EHRS at each Campus. AFRH will work with the software vendor to complete any outstanding enhancements to the billing module as identified by the AFRH CFO. AFRH will continue working with the Department of Interior's Information Technology Team and Verizon to implement a secured wireless infrastructure at AFRH-G and AFRH-W.



The Wounded Warrior Command visits AFRH-W and bowls with the Residents.

2) TRUST FUND CHALLENGES: DWINDLING INPUT & INCREASING OUTPUT

AFRH outlays continue to exceed revenue. This has occurred because our largest revenue stream, Fines & Forfeitures, has been reduced by 44% since FY 2009. Initial review of Fines & Forfeitures indicates this reduction is unlikely to recover.

AFRH’s COO and CFO are working closely with our DoD Leadership to identify and explore new revenue streams to replace the reduced Fines & Forfeitures revenue, consider additional cost saving initiatives and return our Trust Fund to solvency by revenue equaling / exceeding outlays. New revenue streams will require a change in our current legislation which limits the type of revenues available to support the Trust Fund.

The IG will continue monitoring AFRH progress regarding this challenge. To mitigate this management challenge, the AFRH CFO will closely monitor monthly revenue receipts and ensure that further reductions in revenues and available Trust Fund balance are communicated to the COO and DoD leadership.

3) ADDRESSING PERSONNEL AND HUMAN CAPITAL CHALLENGES

Downward Trend in Employee Viewpoint Surveys:

AFRH employees annually have the opportunity to complete the OPM Federal Employee Viewpoint Survey (FEVS). The latest data comparison to Federal scores overall puts AFRH slightly under national average which was a change from prior years of continual employee satisfaction. Another employee survey called the DEOMI Organizational Climate Survey (DEOCS) is administered a few months after the FEVS and has an additional 10 local questions. Six of the DEOCS questions relate to FEVS questions. The DEOCS results from November 2014 showed improvement in employees’ satisfaction levels.

The AFRH Chief Human Capital Officer (CHCO) opines that ongoing events partially explain the decrease in survey numbers. In the summer during the FEVS, preparations were underway for The Joint Commission survey and employees felt a great deal of pressure and uncertainty. Then, in the fall, employees felt accomplished and relieved after achieving TJC accreditation and that the employees were not as dissatisfied as it appeared in the FEVS.

Scattered participation in the surveys was also a contributing factor to low employee engagement. AFRH managers at all levels are fully engaged, but the challenge to keep employee morale up and turnover low is constant according to the AFRH CHCO.

The AFRH CHCO highlighted that the results of the 2015 FEVS showed overwhelmingly that employees support AFRH’s mission and deem it important. The highest scores range between 90% and 99% favorable and relate to the feeling of doing fulfilling and important work. The lowest scores range between 25% and 37% favorable and relate to pay, performance and opportunities for advancement.

The IG is monitoring AFRH’s progress regarding this challenge. To mitigate these management challenges, the AFRH CHCO developed and implemented an action plan for improvements at each Campus (as initially mandated by OMB in 2015). The CHCO conducted focus groups to listen to employees and to elicit employee solutions and strategies for improvement. Campus administrators have been charged with improving communications and team building to implement employees’ ideas. Continued attention to employee concerns, more frequent employee meetings and increased communications are part of the tactics directed at improving employee opinions. Full analysis of 2015 results indicates AFRH is on target and has met its performance measures. The CHCO is confident that increasing attention on employees’ concerns seems to be turning the tide as AFRH heads into 2016.



District of Columbia Mayor Muriel Bowser, with Russell Smith (USAF, AFRH-W), during AFRH-W’s annual Veterans Day wreath-laying ceremony.

Leadership Concerns at AFRH-G:

In addition to the disappointing results of the employee surveys, AFRH-G showed a particular level of dissonance. Increased communication breakdowns between Gulfport management and employees were apparent in the 2014-15 timeframe, and the AFRH COO took action to re-organize AFRH-G.

The IG is monitoring AFRH's progress regarding this challenge. To mitigate this management challenge, the AFRH COO, in partnership with DoD, determined a new approach to running Gulfport was needed. Key members of AFRH-G leadership were moved to federal positions outside of AFRH and interim managers (including active duty officers) have been assigned to AFRH-G pending the hiring of new permanent leadership. The interim AFRH-G management team is moving forward with a mandate to listen, learn, be transparent and hear all employee / Resident concerns. Particular attention is being given to staffing models to ensure resources are adequate and scheduling can be appropriately filled. The new management is focused on clarifying standards, answering questions and providing clear direction for mission accomplishment. Accountability, dignity and respectful interactions are being emphasized to increase a feeling of team effort in taking care of our Residents. The COO will closely monitor the results of these efforts throughout the coming year.

AFRH-G Nurse Staffing Concerns:

Residents, when surveyed, are overwhelmingly satisfied with their healthcare. Unfilled vacancies combined with turnover have contributed to an unsettling environment at AFRH-G. However, finding the appropriate nursing skill sets in the Gulfport area is a human capital challenge. Fortunately, AFRH-W has a history of long-term retention of healthcare employees. On both Campuses, healthcare continues to be outstanding and is in compliance with standards. AFRH human capital management acknowledges that improvements are always possible, and the AFRH staff is working continually to upgrade and exceed standards required for excellent healthcare.

The IG is monitoring AFRH's progress regarding this challenge. In order to mitigate this challenge, the CHCO will increase emphasis on working with recruiters and the training / mentoring of new employees as part of the nurse staffing solution moving forward.

4) ADDRESSING INFORMATION SECURITY CHALLENGES

The Federal Information Security Management Act (FISMA) of 2002 requires Security Assessment and Authorization (SA&A). All systems and applications that reside on U.S. government networks must go through a formal SA&A before being put into production and must adopt and implement a robust continual monitoring program.

Security Assessment is the comprehensive evaluation of the technical and non-technical security features of an information system and other safeguards, made in support of the accreditation process, to establish the extent to which a particular design and implementation meet a set of specified security requirements. Authorization is a formal declaration by the Authorizing Official (AO) that an information system is approved to operate in a particular security mode using a prescribed set of safeguards at an acceptable level of risk to the Agency. National Institute of Standards and Technology (NIST) Special Publication 800-37 establishes a standard security authorization and accreditation process to be used throughout the Federal Government. The NIST process is designed to be adaptable to any type of information system and any computing environment and mission within the government.

FISMA (section 3541, title 44, United States Code (44 U.S.C. § 3541 [2002])) was enacted as Title III of the "E-Government Act of 2002" (Public Law 107-347). FISMA recognized the importance of information security to the economic and national security interests of the United States. Prudently, FISMA required each Federal Agency to develop, document and implement an Agency-wide program to provide security for information and information systems that supports the operations and assets of the Agency, including those provided or managed by other Agencies, contracts or sources.

Since FY 2010, the Department of Interior (DOI), through an Interagency Agreement, has provided FISMA-compliant desktop support and hosting services consolidation for AFRH's Information Technology (IT). As hardware is replaced and software is added / upgraded, AFRH assesses and maintains FISMA compliance. AFRH's Authority to Operate (ATO) will expire as of December 31, 2015. AFRH is currently undergoing a new Certification and Accreditation and expects the process to be completed on or before December 31, 2015. As a precautionary measure, AFRH has been granted a "Conditional ATO" which extends the current ATO through March 28, 2016.

The AFRH Chief Information Officer (CIO) is responsible for managing the IT programs and implementing the IT Strategic Plan. This activity includes gathering requirements with AFRH managers and staff, selecting equipment, hardware, software and services, installing equipment and services and training of end users. The CIO has responsibilities for day-to-day IT operations as well as for strategic initiatives. To ensure smooth operations, the CIO must plan and implement technology solutions that fit with current and future internal and external technologies.

During the 2012 inspection of AFRH by the DoD Office of the Inspector General (DoD OIG), some issues were discovered within various areas of security in the AFRH IT infrastructure. These areas did not meet the standards found in NIST Special Publication 800-53 and required AFRH to improve these areas to meet the standards:

- Access Control
- System Access and Authorization
- Audit and Accountability
- Configuration Management
- Contingency Planning
- Identification and Authentication
- Physical and Environmental Protection
- Maintenance
- Program Management
- Risk Assessment
- System Services and Acquisition
- System and Communications Protection
- System and Information Integrity

The AFRH IG is monitoring progress regarding this challenge. To mitigate this management challenge, AFRH established an agreement with the DOI Office of the Chief Information Officer (OCIO) in the first quarter of FY 2015 to commence the immediate remediation of all of the IT-related recommendations and related information security concerns. The AFRH IG has been involved in oversight of this effort. The intent of these efforts is to remediate not only the DoD OIG recommendations but NIST requirements as well. AFRH is poised to complete all of the DoD OIG remediation efforts and to receive a new Certification and Accreditation with an ATO by the close of calendar year 2015. The AFRH CIO and the DOI OCIO in concert with the AFRH IG will continually monitor the various NIST controls and track any outstanding issues found through the use of a Plan of Action and Milestone (POA&M) to ensure that the remediation is timely.



Doris Jones (USA, AFRH-G) scrutinizes a colorful display at Gulfport's Combined Federal Campaign (CFC) event.

5) PROPERTY MANAGEMENT CHALLENGES

Property management continues to be a challenge for AFRH due to the current financial position of the AFRH Trust Fund. Several maintenance and most sustainability requirements per Executive Order (EO) 13693 - Planning for Federal Sustainability in the Next Decade (March 2015) are being deferred due to lack of available funds for such efforts. While AFRH-G is a relatively new facility with minor maintenance

requirements, the new EO has established new mechanical and electrical criteria that are unobtainable for AFRH-G within the current budget. An example of new criteria that would be difficult to implement is installing renewable energy-generating equipment such as solar panels or windmills to provide energy for the facility. AFRH-W not only has the task of implementing the new EO requirements, but it also has a more daunting task due to the historic nature and the significant age of the 165-year-old facility. The historic preservation regulations and maintenance upkeep requirements for the aging infrastructure continue to be a significant burden on the maintenance budget preventing any facility maintenance resources from being utilized to meet the new EO and facility modernization.

In an attempt to address deferred elements, AFRH established a 15-year Capital Improvement Plan instead of the standard 10-year plan. In addition, AFRH is working on creative methods to implement modernization updates, to address maintenance upkeep and EO requirements. An example is to buying LED bulbs to replace bulbs as they burn out instead of replacing all the fixtures at once with energy star fixtures. Small steps similar to this meet the historic preservation requirements while providing maintenance upkeep and EO compliance. They require very little additional funding even though they will take some time to implement. While such steps may help to meet AFRH needs and criteria, they are unlikely to fulfill all requirements such as the renewable energy requirement.

Allocating sufficient funds for adequate property management and upkeep of the large open space on the south side of the AFRH-W Campus continues to be a challenge due to the shortfall in the AFRH Trust Fund. Basic grounds upkeep, historic preservation requirements and underground infrastructure repairs of the south part of the campus quickly take a sizable portion of the facilities maintenance budget.

The IG is monitoring AFRH progress regarding this challenge. To mitigate this management challenge and to help address the property management of the AFRH-W Campus and the shortfall in the AFRH Trust Fund, AFRH is attempting to utilize its ground lease authority

under U.S.C Title 24. However, due to the language of the law, AFRH is required to utilize outside DoD entities such as the United States Army Corps of Engineers (USACE). USACE, however, does not have standard procedures or policies for developing and implementing the type of commercial leases that are required to contract with a private developer who could meet all of the construction requirements and provide fair market rental revenue. Due to the length of time it would take USACE or other DoD entities to develop standards and policies to govern AFRH’s ground leases, AFRH is in discussions with DoD to implement new laws that would allow General Services Administration (GSA) which has all of the legal tools and resources available, to execute the lease needed to obtain a private developer.



Carol Mitchell (Recreation Therapy) guides Residents through a story telling game as Dallas Lamb (USA, AFRH-W) tries to guess the next clue.

IMPROPER PAYMENTS

The Improper Payments Information Act (IPIA) of 2002 (PL 107-300), as amended by the Improper Payments Elimination & Recovery Act (IPERA) of 2010, was enacted to elicit estimates and reports of improper payments by federal agencies. The Act requires that federal agencies estimate improper payments and report on actions to reduce them. An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

Each month our financial shared service provider, U.S. Treasury BFS, reviews AFRH business program for improper and erroneous payments. During FY 2015, AFRH had 0 improper payments and continues to emphasize the importance of careful review when authorizing payments.

AFRH's excellent record for the past 3 years:

FY 2015: 0
 FY 2014: 1
 FY 2013: 0



Resident Billy White (USN, AFRH-W) with Congressman GK Butterfield, speaker for AFRH-W's Black History Month program.

FREEZE THE FOOTPRINT

Starting in 2014, OMB Circular A-136, Section II.5.10 requires CFO Act agencies to report square footage and costs for the initiative Freeze the Footprint initiative. Consistent with Section 3 of the OMB Memorandum-12-12, Promoting Efficient Spending to Support Agency Operations and OMB Management Procedures Memorandum 13-02, the "Freeze the Footprint" policy implementing guidance, all agencies shall not increase the total square footage of their domestic office and warehouse inventory compared to the FY 2012 baseline.

Although AFRH is not a CFO Act agency and required to report per OMB Circular A-136, AFRH recognizes the importance of reducing our footprint to support cost containment and generate revenue. AFRH has been reducing its footprint for over a decade by mothballing underutilized buildings and centrally locating program operations to one area of our sprawling AFRH-W grounds (272 acres).

In addition to our previous reduction of 183,080 square feet, in FY 2015 AFRH reduced its footprint by an additional 32,050 square feet with the leasing of underutilized portions of the historic AFRH-W Sherman Building to Creative Minds International, a DC Charter School. With the additional FY 2015 footprint reduction, AFRH has reduced its overall footprint by 9%. The FY 2015 reduction not only provided additional cost avoidance but also generates revenue to support AFRH operations.

FREEZE THE FOOTPRINT		
FY 2012 Baseline ¹	2,384,188	sq. ft.
FY 2015	2,169,058	sq. ft.
REDUCTION	(215,130)	-9%

¹ Square footage reported includes office, warehouse, Resident housing, recreation, medical and recreation

DEFERRED MAINTENANCE

Starting in FY 2015 OMB required agencies to disclose their deferred maintenance procedures to identify, categorize and prioritize maintenance and repairs. AFRH manages its capital improvement budget through an Investment Review Board (IRB). The AFRH IRB manages capital improvement projects, reviews requests, prioritizes projects and approves funding for AFRH's capital investments and major acquisitions. The IRB utilizes a 15-year capital improvement plan which identifies all projects for the next 10 years and adjusts the 15-year plan as necessary to address safety, health and accreditation needs.

AFRH Capital Investments include capital assets such as land, structures, equipment and intellectual property (e.g., software) that have an estimated dollar value or cost of at least \$50,000 and a useful life of at least two years. The cost of a capital asset includes both its purchase price and all other costs incurred to prepare it for its intended use and location.

Maintenance and repairs are performed in accordance with manufacturers recommended life cycle or in accordance with American National Standards Institute (ANSI) standards. AFRH-W has a significant number of historical buildings and areas with specific types of maintenance to comply with applicable law. This year's deferred maintenance increased due to several assets reaching the end of their service life and new building codes requiring building modifications for fire prevention, health and life safety. The deferred maintenance detailed in the chart below is related to capitalized general property, plant and equipment (PP&E).

Since AFRH is operated from a Trust Fund, and that Trust Fund has experienced an unprecedented reduction in income, AFRH does not have adequate funding to support deferred maintenance projects.

DEFERRED MAINTENANCE				
BUILDING TYPE	COST	TYPE OF REPAIR / MAINTENANCE	DEFERRED SINCE	SCHEDULED
Resident	\$ 38.4M	Building Code	2006 - 2009	2016 – 2020
		Energy Efficiency	2006 - 2015	2020 -2031
		Infrastructure Repair	2006 - 2009	2020 - 2031
		Safety	2006 - 2009	2016 - 2030
Infrastructure	\$25.4M	Building Code	2006 - 2015	2016 - 2020
		Energy Efficiency	2015	N/A
		Infrastructure Repair	2006 - 2014	2019 – 2031
		Safety	2006 - 2009	2017 – 2020
Non-Resident	\$0.4M	Building Code	2006 - 2015	2016 - 2020
		Energy Efficiency	2006	N/A
		Infrastructure Repair	2006 - 2009	N/A
		Safety	2006 - 2009	N/A

ACRONYMS

ACCT	Artifacts of Culture Change Tool	DEOCS	DEOMI Organizational Climate Survey
ADA	American’s with Disability Act	DEOMI	Defense Equal Opportunity Management Institute
AFB	Air Force Base	DHA	Defense Health Agency
AFGE	American Federation of Government Employees	DoD	Department of Defense
AFL-CIO	American Federation of Labor & Congress of Industrial Organizations	DODI	Department of Defense Instruction
AFRH	Armed Forces Retirement Home	DOE	Department of Energy
AFRH-G	Armed Forces Retirement Home-Gulfport	DOI	Department of Interior
AFRH-W	Armed Forces Retirement Home-Washington	DOL	Department of Labor
AL	Assisted Living	EFMB	Extra Field Medical Badge
ANSI	American National Standards Institute	EFT	Electronic Funds Transfer
AO	Authorizing Official	EHR	Electronic Health Record
APG	Annual Performance Goal	EHRIS	Electronic Health Record System
ATO	Authority to Operate	EO	Executive Order
BFS	U.S. Treasury Bureau of Fiscal Services	EODMU	Explosive Ordnance Disposal Mobile Unit
BMI	Body Mass Index	ESPC	Energy Savings Performance Contractor
C&A	Certification and Accreditation	ESSO	Executive Support Services Officer
CARF	Commission on Accreditation of Rehabilitation Facilities	FASAB	Federal Accounting Standards Advisory Board
CCAC	Continuing Care Accreditation Commission	FECA	Federal Employees' Compensation Act
CCC	Civilian Conservation Corps	FEGLIP	Federal Employees' Group Life Insurance Program
CCRC	Continuing Care Retirement Communities	FEHBP	Federal Employees Health Benefits
CFC	Combined Federal Campaign	FERS	Federal Employees' Retirement System
CFM	Corporate Facilities Manager	FEVS	Federal Employee Viewpoint Survey
CFO	Chief Financial Officer	FFMIA	Federal Financial Management Improvement Act
CHCO	Chief Human Capital Officer	FMFIA	Federal Managers' Financial Integrity Act
CIO	Chief Information Officer	FOSH	Friends of the Soldiers Home
CMI	Creative Minds International	FY	Fiscal Year
CMIPCS	Creative Minds International Public Charter School	GHG	Greenhouse Gas
CMS	Centers for Medicare and Medicaid Services	GAAP	Generally Accepted Accounting Principals
CNA	Certified Nursing Assistant	GPRA	Government Performance and Results Act
COO	Chief Operations Officer	GSA	General Services Administration
CPG	Clinical Practice Guidelines	HIPAA	Health Insurance Portability and Accountability Act
CSM	Command Sergeant Major	H.O.G.	Harley Owners Group
CSRS	Civil Service Retirement System	HPD	High Profile Drivers
DD	Destroyer		

IDT	Interdisciplinary Team	PAO	Public Affairs Officer
IG	Inspector General	PAR	Performance and Accountability Report
IL	Independent Living	PCC	Person-centered Care
ILP	Independent Living Plus	PCP	Primary Care Provider
IPAC	Intra-Governmental Payment and Collection	PIO	Performance Improvement Officer
IPP	Individual Performance Plan	PLC	President Lincoln's Cottage
IPERA	Improper Payment Elimination & Recovery Act	POA&M	Plan of Action & Milestone
IPIA	Improper Payment Information Act	PPE	Property, Plant & Equipment
IRB	Investment Review Board	PRISM	Procurement Information System for Management
ISP	Internet Service Provider	PSU	Port Security Unit
IT	Information Technology	R2R	Ride to Recovery
JCRINC	Joint Commission Resource, Inc.	RAC	Resident Advisory Committee
KAFB	Keesler Air Force Base	RN	Registered Nurse
KMC	Keesler Medical Center	ROTC	Reserve Officers' Training Corps
LBP	Liability to Benefits Paid	SA&A	Security Assessment & Authorization
LPN	Licensed Practical Nurse	SEABEES	United States Naval Construction Forces
LST	Landing Ship, Tank	SGM	Sergeant Major
LTC	Long Term Care	SHCP	Strategic Human Capital Plan
MCPON	Master Chief Petty Officer of the Navy	SMA	Senior Medical Advisor
MD	Medical Director	SOCLANT	Special Operations Command, Atlantic
MD&A	Management Discussion & Analysis	SS	Attack Submarine
MG	Major General	TJC	The Joint Commission
MS	Memory Support	TSP	Thrift Savings Plan
NAFI	Non-Appropriated Funds Instrumentality	USD	Under Secretary of Defense
NAT	Needs Assessment Team	USA	United States Army
NFC	Department of Agriculture National Finance	USACE	United States Army Corps of Engineers
NIST	National Institute and Standards Technology	USAF	United States Air Force
NMCB	Naval Mobile Construction Battalion	USCG	United States Coast Guard
OCFO	Office of the Chief Financial Officer	USMC	United States Marine Corps
OCIO	Office of the Chief Information Officer	USN	United States Navy
OIG	Office of Inspector General	USO	United Service Organizations, Inc.
OEF	Operation Enduring Freedom	USSGL	United States Standard General Ledger
OIF	Operation Iraqi Freedom	VA	Department of Veterans Affairs
OMB	Office of Management and Budget	WRNMMC	Walter Reed National Military Medical Center
OPM	Office of Personnel Management	WEBTA	Web Time & Attendance System
ORB	Other Retirement Benefits		



“I had a great career.”

PATRICIA KIRCHNER
(USN, AFRH-W)

Patricia Kirchner was born and raised in Milwaukee, Wisconsin, where she enlisted in the U.S. Navy to change her way of life and do something different from her job at McDonalds. She started out at boot camp in Orlando, Florida and was trained as a Yeoman serving at VP-30 Training Command in Jacksonville, Florida, Ocean Venture 88 at Fort Bragg, NC, Hurlburt Field AFB, FL, a joint command operation, SOCLANT (Special Operations Command, Atlantic), Naval Reserve Forces Command in New Orleans, Louisiana, billeting newly promoted E-6s and Naval Warfare Group One in Imperial Beach, California. Her tours included training reservists to take on the responsibilities of active duty sailors. One of Patricia’s most career enhancing tours was with the Navy and Marine Corps in Omaha, Nebraska, where she left knowing every job that a Yeoman did on active duty.

Patricia also served aboard the USS Frederick (LST1184) in Honolulu, Hawaii, where she saw lots of sights and became a “Shellback” when she crossed the equator. At the end of the deployment, the USS Frederick was decommissioned. Her favorite tour was with EODMU SEVEN in San Diego, California where she learned to drive rib boats and other equipment. During a four-day training evaluation, Patricia got the chance to give a Master Chief an IV without blowing out the vein.

Unfortunately Patricia’s dream of being the first female MCPON was not realized when she was forced to retire as an E-8 due to illness. But she proudly proclaims, “I had a great career as it was” and she enjoys living at AFRH with her fellow Veterans.



Patricia enjoyed seeing the world while serving in the U.S. Navy.

ACKNOWLEDGMENTS

Thank you for your interest in AFRH. The FY 2015 Performance and Accountability Report was produced with the energies and talents of the AFRH staff. To our dedicated staff, we offer our sincere thanks.

To achieve its mission, AFRH relies on dedicated partners who donate their time, talents, goods and services as well as materials for construction and repairs. Management is grateful to so many people for their support: the AFRH staff, America’s active duty service members and military retirees, area school children, local churches, associations, clubs, commercial retailers, major corporations and military service organizations. These fine organizations provide vital support, invest numerous hours with us and always lend a hand. You are all a wonderful part of the AFRH community.

A PDF of this report is available on our Website:
<https://www.afrh.gov/PAR/2015PAR>.

SUBMIT PAR SUGGESTIONS & COMMENTS TO:

AFRH CFO

Sherman Building, Room 114
3700 N. Capitol Street, NW
Washington D.C. 20011

LEARN HOW TO SUPPORT AFRH PROGRAMS:

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