



Fiscal Year 2014
ARMED FORCES RETIREMENT HOME
Summary of Performance & Financial Information



INTRODUCTION

The Armed Forces Retirement Home (AFRH) is proud to present its FY 2014 Summary of Performance & Financial Information (SPFI). Our SPFI provides an overview of the detailed FY 2014 Performance and Accountability Report (PAR) which is also available on the AFRH.gov website. This SPFI features the same information in our FY 2014 PAR in a condensed format so readers can easily assess how the AFRH is fulfilling its mission.

2014 Summary Overview

AFRH had an outstanding year and continued serving our Nation's veterans who selflessly served in every military campaign since World War II. For many of our Residents joining our AFRH community is the first time they have been part of a military community for many years. AFRH is proud to welcome them Home to live with their fellow veterans who share their military experiences.

In FY 2013 AFRH has achieved our vision of modern, energy efficient, enhanced facilities at both locations to meet the needs of current and future generations of veterans. With our major construction projects behind us, our focus in FY 2014 and forward turned to streamlining our operations, Trust Fund solvency, The Joint Commission (TJC) accreditation, our AFRH-W Master Plan implementation, our partnerships and further energy saving opportunities.



MESSAGE FROM THE COO



**Armed Forces Retirement Home
Chief Operating Officer
3700 North Capitol Street, NW
Washington, DC 20011-8400**

The Armed Forces Retirement Home (AFRH) is a unique executive agency that provides retirement living for eligible former military service members. Fulfilling the 'promise' made in the 19th century by the Army and the Navy to care for their aging comrades, AFRH currently has two facilities (Gulfport, MS (AFRH-G) and Washington, DC (AFRH-W)) and is proud to have Residents from all branches of the military service (Army, Navy, Marines, Coast Guard & Air Force).



In fulfilling its duty to the people, the President, Congress and the Department of Defense (DoD); AFRH respectfully submits the Fiscal Year (FY) 2014 Performance and Accountability Report (PAR). We take pride in our comprehensive accounting for the funds managed by AFRH and the program financial results for the fiscal year. My perspective on the significant points detailed in our report is presented here. AFRH reached a milestone in financial reporting as we earned our 10th consecutive 'unmodified' audit opinion on our financial statements. The financial and performance data in this report are reliable and complete in accordance with the Office of Management and Budget's guidance, and I have provided an unqualified statement of assurance regarding the agency's internal controls, as required by the Federal Managers' Financial Integrity Act.

AFRH has been steadily working towards a Person-centered Care environment to better serve our Residents. PCC is the ability to meet individual Resident needs, within budget constraints, in a home-like environment. AFRH embarked on the PCC approach to senior living in 2010 with the opening of our modern Gulfport facility and took another major step forward in 2013 when the Washington, DC new Scott Building opened. Both of these facilities are energy efficient and handicap accessible while providing updated amenities, state-of-the-art Wellness Clinics and small house concepts for our healthcare Residents. The opening of the DC Scott Building allowed us to reduce our footprint by mothballing our older healthcare facility and provided cost avoidance opportunities.

AFRH has achieved our vision of modern, energy efficient, enhanced facilities at both locations to meet the needs of current and future generations of veterans. With our major construction projects behind us, our FY2014 focus was on our operations: The Joint Commission accreditation, our AFRH-W Master Plan implementation, our partnerships and further energy saving opportunities. AFRH is working with the Department of Energy Federal Energy Savings Performance Contract (ESPC) program and has selected an ESPC contractor to assess areas for further energy initiatives in response to the President's Performance Contracting Challenge. AFRH, working with the ESPC contractor, has identified several areas for potential energy saving opportunities. I believe this program will assist AFRH in further reducing our utility costs particularly in our AFRH-W Sheridan Building.

KEY 2014 ACCOMPLISHMENTS

Maintaining High Resident Satisfaction: The 2014 Resident satisfaction survey shows overwhelmingly our Residents are satisfied living at AFRH. AFRH staff and contractors are committed to enhancing Residents' quality of life and addressing concerns. Resident input is gathered through Town Hall meetings, Focus Groups, Q&A Sessions and Resident Advisory Committee feedback.

The Joint Commission Accreditation: In 2014, AFRH sought TJC accreditation for the first time to supplement our current Commission on Accreditation of Rehabilitation Facilities (CARF). TJC accreditation surveys for ambulatory care and nursing care were completed in September 2014 with accreditation being awarded for both Campuses in early FY2015. This accomplishment was achieved because of our dedicated staff and ensures our Residents the highest level of care. In FY2015, we will focus on preparations for TJC Home Healthcare accreditation when our Independent Living Plus Pilot program becomes a permanent level of care.

Major Cost Savings: After years of planning and preparation, AFRH closed the AFRH-W Heating Plant in November 2013. Constructed in 1906, this handsome brick structure served as the main utility building for more than a century providing heat and hot water to the AFRH-W Campus. Modern advancements in energy systems, as well as the Home's ongoing efforts to reduce the AFRH-W operational footprint, eliminated the need for a central plant of its size. The functions of the Heating Plant have been replaced by a new, more efficient system resulting in significant cost savings.

Operations Streamlined: Having shaped our two Campuses into similar configurations for maximum efficiency and Resident populations, we are continuing to improve our processes and reduce costs. With the focus on financial streamlining and watchful management of our budgets, we are able to absorb the FY2015 6.5% budget reduction while maintaining quality service and care.

OPPORTUNITIES AND CHALLENGES

Trust Fund Solvency: Our most pressing challenge is to replenish the balance in our self-sustaining Trust Fund which has declined because of an unplanned reduction in our largest revenue source—Fines & Forfeitures. Our most promising opportunity to increase revenue is from the leasing of 77+ underutilized acres in Washington, DC which will assist in bringing our Trust Fund balance back to acceptable levels.

AFRH IG Challenges: The 2013 AFRH Inspector General challenges emphasized the need to promote economy, efficiency and effectiveness in the administration of our programs during 2014. Emphasis on identifying and implementing cost-saving initiatives and operating within mandated budget reductions was highlighted as a way to promote Trust Fund solvency. Added attention was recommended to enhance controls in our technology environment and in our healthcare delivery systems. Some of our IT challenges span years but annually we see incremental progress in every area.

AFRH is moving forward with our AFRH-W Master Plan to lease 77+ acres of underutilized land. The plan, originally approved in 2008, has been on hold until the local real estate market recovered. AFRH, working with the General Services Administration (GSA), is soliciting a ground lease which will provide an additional revenue source to support our Trust Fund. AFRH, working with GSA and United States Army Corps of Engineers (USACE), expects to gain maximum benefit from the development of our property. The Request for Proposal is scheduled to be released in December 2014.

FY 2014 was a remarkable year for AFRH. Our dedicated staff enabled us to meet, and in many instances, exceed many of our milestones and targets. As AFRH has provided thousands of deserving veterans a retirement community for almost 200 years, AFRH is poised to continue our legacy of serving our current Residents as well as future generations of military veterans.

Sincerely,


Steven G. McManus, COO

November 17, 2014

AFRH MISSION

To fulfill our nation's commitment to veterans by providing a premier retirement community with exceptional residential care and extensive support services.

AFRH 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 premier 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, DC (AFRH-W).

AFRH 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.

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.

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.

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.

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.

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.

AFRH STRATEGIC GOALS AND OBJECTIVES

The AFRH Strategic Plan for FY2013-2016 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/afrh/about/strategic2013-2016.pdf>.

STRATEGIC GOALS	OBJECTIVES
<p>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.</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: 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 ENVIRONMENTS: 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: 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>

FY2013–2016 PERFORMANCE METRICS	FY2013-2016 PERFORMANCE TARGETS	FY2013 RESULTS	FY2014 RESULTS
EMBRACE RESIDENT-CENTERED CARE			
Accreditation achieved	In good standing	CARF accreditation in good standing	CARF accreditation in good standing; TJC survey completed
Percentage of Resident satisfaction	Average 70%	Averaged 86% in all areas	Averaged 91% in all areas
Percentage of IL Resident Assessment Plans	95%	95%	63%
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 LaGarde Building Closed	AFRH-W Power Plant closed
PROMOTE STAFF-CENTERED ENVIRONMENTS			
Evidence of measurable training goals	80% participation in 4 mandatory training classes for all staff	85%	98%
“Excellent” or “Very Good” Employee Climate Survey responses	70%	83%	Low employee response
Measureable evidence of growth beyond work activities	Development Plan	Development plans well underway	Development plans implemented
Achievable Person-centered Care	2 initiatives per year	2 initiatives per year surpassed	2 initiatives
LEVERAGE EXTERNAL STAKEHOLDERS			
Contributions Increase (New in 2014)	Positive Growth	N / A	Contributions increased slightly over previous year
Annual community events	2 per community per year	> 2 community events at each Campus	> 2 community events at each Campus

**ARMED FORCES RETIREMENT HOME
STATEMENT OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013
(In Dollars)**

	2014	2013
Program Costs:		
Program: Embrace Resident-Centered Care		
Gross Costs	\$ 61,139,630	\$ 54,204,183
Less: Earned Revenue	(12,202,308)	(11,278,617)
Net Program Costs	\$ 48,937,322	\$ 42,925,566
Program: Maintain Exceptional Stewardship		
Gross Costs	\$ 12,155,012	\$ 14,250,151
Less: Earned Revenue	(2,425,909)	(2,965,122)
Net Program Costs	\$ 9,729,103	\$ 11,285,029
Program: Promote Staff-Centered Stewardship		
Gross Costs	\$ 2,381,358	\$ 2,224,096
Less: Earned Revenue	(475,274)	(462,782)
Net Program Costs	\$ 1,906,084	\$ 1,761,314
Program: Leverage External Stakeholders		
Gross Costs	\$ 1,892,676	\$ 1,767,685
Less: Earned Revenue	(377,742)	(367,814)
Net Program Costs	\$ 1,514,934	\$ 1,399,871
Net Cost of Operations	\$ 62,087,443	\$ 57,371,780

MESSAGE FROM THE CFO



Armed Forces Retirement Home
3700 North Capitol Street, NW
Washington, DC 20011-8400

As required by the Accountability Act of 2002, I am pleased to present the FY 2014 Armed Forces Retirement Home (AFRH) financial results which present an unmodified (clean) audit opinion on the FY 2014 AFRH Financial Statements. For the 10th consecutive year AFRH has received an unmodified (previously referred to as unqualified) opinion.



AFRH contracted with the independent certified public accounting firm of Brown & Company CPAs, PLLC to audit the AFRH financial statements as of September 30, 2014. The contract requires the audit be performed in accordance with U.S. Generally Accepted Government Auditing Standards and Office of Management and Budget bulletin, *Audit Requirements for Federal Financial Statements*.

Our commitment to sound financial management and to upholding high standards of accountability and transparency in FY 2014 also included several key accomplishments:

- Substantially exceeding the Small Business Administration's Government-wide goal to ensure small businesses get their fair share of work with the federal government by awarding over 35% of "eligible dollars" to small businesses.
- Continuing our record of no material weaknesses, significant control deficiencies, or nonconformances with the Federal Managers' Financial Integrity Act and other applicable laws and regulations.
- Continuing to implement key cost containment activities including the closing of our AFRH-Washington, DC Power Plant resulting in significant utility cost savings.
- Placing an emphasis on hiring additional healthcare employees to ensure AFRH efficiently adheres to the Center for Medicare Services recommendation of a 4.1 daily hour ratio for each Resident in our Memory Support and Long Term Care areas.
- Ensuring the health and safety of our Residents while effectively weathering budget cuts and the FY 2014 Government furlough.

- Implementing our AFRH-W Master plan which not only reduces our footprint but will also provide additional revenue for the AFRH Trust Fund.

Our annual PAR is the primary means to communicate with our key stakeholders, Congress and the American public, regarding our accountability of the funds entrusted to us. As my first year as AFRH's Chief Financial Officer ends, I have set a vision for the coming fiscal year to preserve our Trust Fund and continue providing exemplary financial management by:

1. Ensuring full compliance with Federal regulations.
2. Maintaining our stellar performance in financial metrics with a focus on maintaining our successes in debt collection, improper payments, interest payments, and compliance with requirements for EFT.
3. Securing Trust Fund solvency by working with our COO, DoD partners and Advisory Council to increase revenue.
4. Operating responsibly under budget reductions to ensure quality services and care for our Residents.
5. Updating the AFRH Long Range Financial plan to accurately forecast out year Trust Fund Balances with the revenue changes we are currently experiencing.

As we plan for the future, we will be fiscally responsible and improve our financial management and strategies to ensure sound stewardship and build upon our legacy of caring for our veterans.

Sincerely,



Vicki Marrs
AFRH CFO

November 17, 2014

FINANCIAL STATEMENTS

The independent accounting firm, Brown & Company CPAs, PLLC audited AFRH statements for FY 2014. Brown completed a comparative assessment of our FY 2014 and FY 2013 Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position and Statement of Budgetary Resources.

For the tenth 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. AFRH captures expenditures by Strategic Goals and consistently expends the majority of its funding on Strategic Goal 1—Resident-centered Care. Total costs for FY 2014 and FY 2013 respectively were \$62,087,443 and \$57,371,780.



The AFRH-W front gate.

Statement of Changes in Net Position:

The cumulative cost of operations between FY 2014 and FY 2013 was \$398,319,605. Unexpended authorizations under the careful watch of financial managers have yielded \$25,822,528 in savings.

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 \$67.8M in FY 2014, an increase of \$2M million (3%) above the FY 2013 budget authorization of \$65.8 million.

ASSETS:			
FY14	FY13	Net changes:	% Change
\$ 414,565,769	\$ 436,626,953	\$(22,061,184)	-5%
LIABILITIES:			
\$ 16,246,164	\$ 12,484,820	\$ 3,761,344	30%

INSPECTOR GENERAL FY 2015 MANAGEMENT CHALLENGES

To guard against fraud, waste, and abuse, the AFRH IG has identified the following challenges

for FY 2015. The IG has provided recommended actions to mitigate any risks in these areas.

MANAGEMENT CHALLENGES	RECOMMENDED ACTIONS
<p>Financial Ensure Trust Fund solvency and work within mandated budget reductions</p>	<ul style="list-style-type: none"> -- Maintain cost containment activities implemented in previous years -- Implement Internal Controls and recommendations from audit inspections and accreditation -- Work with DoD to develop alternative strategies and gain approval for increasing revenue streams -- Implement the Washington Master Plan
<p>Accreditation Maintain CARF and secure Joint Commission accreditation</p>	<ul style="list-style-type: none"> -- Adhere to reporting requirements. Implement and maintain any recommendations from CARF Quality Improvement Plans -- Implement recommendations from The Joint Commission accreditation survey -- Secure the Home Healthcare accreditation in 2015
<p>Information Technology Establish and maintain an optimal technology operating environment within budget constraints</p>	<ul style="list-style-type: none"> -- Implement EHRS billing module and continue improving EHRS for better, more accurate Resident record management -- Deploy knowledge management through SharePoint and provide staff training -- Improve productivity in using new IT with new processes versus old equipment and its processes -- Show results of IT strategic objectives
<p>Person-centered Care (PCC) Continue progress in PCC operations to enhance service delivery</p>	<ul style="list-style-type: none"> -- Refine metrics for better results in PCC -- Empower staff by expanding PCC knowledge and skills -- Achieve acceptable performance and alter services as needed
<p>Staff-centered Environment Address staff issues and concerns to improve working environment</p>	<ul style="list-style-type: none"> -- Retain subject matter expertise in key AFRH positions by reducing turnover -- Implement Individual Performance Plans for all employees which link staff responsibilities to Strategic Goals / Objectives
<p>Aging-in-Place Continue expansion and improvement of Aging in Place initiative</p>	<ul style="list-style-type: none"> -- Ensure more accountability between the transitions from one care level to another -- Validate costs by level of care and determine staff time usage in all levels -- Staff levels of care in accordance with Center for Medicare Services (CMS) standards

AFRH KEY DOCUMENTS

AFRH 2014 Performance and Accountability Report (PAR)

<https://www.afrh.gov/afrh/about/par/entirepar14.htm>

AFRH Congressional Budget Justification:

<https://www.afrh.gov/afrh/about/Congressionaljustificationfy14.pdf>

Annual Financial Report in the PAR [Financial Section]

https://www.afrh.gov/afrh/about/par/Financial508_Par14pdf

Annual Performance Report in the PAR [Performance Section]

https://www.afrh.gov/afrh/about/par/Performance508_Par14.pdf

FY2014 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.

FY2014 RESIDENT-CENTERED CARE	
Net Cost (in millions)	\$48.9
Percentage of Total Cost	79%

Annual Performance Metric: Accreditation
Performance Target: Accreditation in Good Standing

RESULTS: Commission on Accreditation of Rehabilitation Facilities (CARF) Accreditation Maintained / valid through FY2016 / The Joint Commission (TJC) Survey completed; AFRH-G Accreditation awarded in October 2014; AFRH-W awarded in November 2014

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.” There is no single civilian accrediting organization in existence which covers all of the AFRH levels of care and services, so to meet this requirement AFRH utilizes two accreditation organizations.

Since 2008 AFRH has maintained CARF accreditation which accredits Independent Living (IL) and our current CARF accreditation is valid through 2016.

To supplement our current CARF accreditation and ensure accreditation for our Ambulatory and Nursing Care, an AFRH FY2014 priority for this strategic goal was to seek TJC accreditation for ambulatory and nursing care. Both AFRH-W and AFRH-G completed their TJC accreditation surveys in September 2014. AFRH-G received TJC accreditation in Ambulatory and Nursing Care in October 2014; AFRH-W received theirs in November 2014.

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

RESULTS: 91% of Residents rated AFRH services received as Excellent / Very Good in the FY2014 survey

For FY2014, AFRH consolidated multiple Resident service surveys into one annual survey which evaluated key service areas including recreation facilities / programs, customer service, housekeeping, healthcare, dining, facility maintenance, grounds, transportation, security, safety, community events and local military and Veterans Administration (VA) medical facilities. Residents had the opportunity to complete the survey either electronically or on paper with the assistance of our dedicated volunteers who entered paper surveys into the electronic system for timely, accurate results.

Over 55% of AFRH Residents completed the survey (559 of 1,015 Residents). The average satisfaction rate in all six customer-service areas exceeded our goal of 70%. Top rated recreation amenities included the Bike / Walking Trail, Community Center, Fitness Center and Library. Bus trips, recreational outings, fitness activities, movies and picnics were the top rated recreational activities. The lowest rated recreation amenities included those activities which don’t appeal to all Residents including the AFRH-G

amateur radio club, AFRH-W auto hobby shop and the AFRH-W fishing pond.

In addition to the annual survey, AFRH management receives valuable Resident and employee feedback via focus groups, town halls, the AFRH Resident Advisory Committee (RAC), suggestion boxes and Resident work groups.

Annual Performance Metric: Percentage of IL Resident assessment plans

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

RESULT: IL Resident Assessments completed or offered to 63% of IL Residents

For Independent Living (IL) Residents, AFRH completes an initial Healthcare Assessment upon admission to the Home, annually during the individual’s birth month and when level of care changes occur. 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.

AFRH’s goal is to offer IL Residents an annual health care assessment, however, recognizing their independent status and use of outside health care providers, IL Residents have the option to accept or decline. During FY2014, AFRH did not meet this goal due to health care provider vacancies at both Campuses. To ensure AFRH successfully reaches this goal in FY2015, we have identified the barriers, implemented a plan of action, set monthly milestones and established monthly reporting requirements.



The AFRH-G Wellness Center is a valued amenity for Independent Living Residents.

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.

AFRH continues to identify and implement cost containment activities keeping operations efficient and ensuring accurate financial reporting. AFRH staff finds innovative ways to reduce costs while maintaining quality service and facilities for our Residents. A key means AFRH maintains exceptional stewardship is by leveraging our partnerships with the U.S. Treasury Bureau of Fiscal Services and Department of Agriculture National Finance Center. Working with these administrative shared service providers ensures segregation of duties, regular transaction auditing, improved efficiencies and measurement of key financial indicators.

FY2014 STEWARDSHIP	
Net Cost (in millions)	\$9.7
Percentage of Total Cost	16%

Annual Performance Metric: Trust Fund Solvency

Performance Target: Even balance of resources versus obligations

RESULT: Revenues and Trust Fund balance adequate to support FY2014 obligations / expenditures

AFRH is self-sufficient, operating from the AFRH Trust Fund and annual revenue streams. The FY2014 budget authorization of \$67.8 million (\$66.8 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.

Because of an unanticipated reduction in our largest revenue stream—Fines & Forfeitures—a larger than expected withdrawal occurred from the Trust Fund balance to support FY2014 obligations and expenditures. To reverse this trend, AFRH continues to scrutinize spending, seek efficiencies, implement cost reductions to preserve resources and identify opportunities to increase revenue.

Annual Performance Metric: Accuracy of Financial Reporting

Performance Target: Unmodified Audit Opinion

RESULT: FY2014 Clean (Unmodified) Audit Opinion

AFRH received its 10th clean ('unmodified') audit opinion under the watchful direction of the CFO and its partnership with BFS. Financial reporting is timely and accurate. A full discussion of the Financial Management strategy is found in the MD&A section.

Annual Performance Metric: Environmental Initiatives

Performance Target: Annual goals met

RESULT: Completed milestones towards meeting FY2015, FY2017 and FY2020 Energy and Water Requirements

In compliance with Executive Order 13423 "Strengthening Federal Environmental, Energy, and Transportation Management" (January 2007) and Executive Order 13514 "Federal Leadership in Environmental, Energy, and Economic Performance" (October 2009), AFRH initiated its environmental reporting in 2012 and created performance goals in 2013 and 2014 to emphasize the importance of environmental factors in efficient operations.

AFRH environmental cost drivers include certain operational activities, improvement projects for equipment upgrades, assessments, taxes and fees required for environmental safety and regulatory levies on properties and operations. In addition to the executive order requirements, maintaining proper environmental conditions for seniors has become critical for retaining our CARF accreditation and our TJC accreditation survey as required by law.



AFRH-W volunteer plants cherry trees donated by Macy's.

Per OMB and Council on Environment Quality (CEQ) guidance, AFRH tracks, reports and reduces energy consumption, water use and waste generation along with developing inventories of Greenhouse Gas (GHG)

emissions every year. AFRH established a reduction target for FY2020 from our FY2008 baseline and submitted the required updated Strategic Sustainability Performance Plan (SSPP) on time. The SSPP outlines AFRH policies, programs and mitigation strategies to meet our environmental targets. Key sustainability focus areas for FY2014 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;
- evaluating annual progress and revisiting goals; and,
- developing Notice of Opportunity packages of Energy Saving Procurement Contracts (ESPC).

GOALS AND RESULTS

Energy: In FY2013, AFRH experienced a temporary spike in energy consumption as a result of construction to replace the old Scott building. In FY2014, with the completion of the energy efficient new Scott building, AFRH resumed its downward energy consumption trend. AFRH has selected an Energy Savings Performance Contract (ESPC) to assess areas for further energy initiatives in response to the President's Performance Contracting Challenge.

Fleet: AFRH operates a fleet of less than 20 vehicles, and therefore, is exempt from federal petroleum reduction and alternative fuel requirements; however, AFRH evaluated fleet usage to identify energy efficient opportunities and has reduced its fleet by 20% since the 2008 baseline.

GHG Emissions: Energy is the primary source of AFRH's GHG emissions; more energy efficient operations are assisting AFRH in meeting this reduction goal.

Sustainable Building: By 2015, two of AFRH's facilities must be compliant with the *Guiding Principles for Leadership in High Performance and Sustainable Buildings*. In FY2013, AFRH conducted assessments of the AFRH-W Scott Building and the AFRH-G primary building determining both buildings currently meet over 50% of the *Guiding Principles* with improvements underway to meet an additional 20-25% by the end of FY2015.

Waste: AFRH has taken numerous steps to increase recycling. The AFRH-W one-line recycling contract which requires the contractor to separate recyclables has significantly increased diversion of waste.

Water: Water use intensity has been reduced by 50% since the FY2007 baseline was established. This reduction has been accomplished through water conservation measures, leak detection / repair and reduced landscaping water use.

Annual Performance Metric: Fund Growth Performance Target: Positive result of Washington, DC Master Plan

RESULT: No growth has occurred since FY2010

As predicted, the Trust Fund diminished significantly while supporting the AFRH-W Scott Building. However, with the unexpected decline in our largest revenue source (Fines & Forfeitures) the Trust Fund balance is lower than forecasted in our AFRH Long Range Financial Plan.

The most viable way to generate Trust Fund revenue is through implementing the

Washington Master Plan, increasing Resident Fees and a new revenue source. The Washington Master Plan was approved in 2008 to allow development of 77 acres in our southeast corner. The development of this underutilized property will generate revenue and reduce costs to maintain the property.

Moving forward with the original plan to cultivate new income through the Washington Master Plan, AFRH partnered with General Services Administration (GSA) and the U.S. Army Corps of Engineers (USACE) to develop lease options for underutilized buildings and property on the Washington campus.

AFRH is working closely with our DoD Leadership to implement a strategy to increase Trust Fund revenue by FY2017, providing adequate time for the AFRH-W Master Plan to be fully implemented. AFRH has set a strategic course with milestones to closely monitor our Trust Fund balance.

Annual Performance Metric: Cost avoidance

Performance Target: One (1) cost avoidance project implemented per year

RESULT: Closing of the AFRH-W Power Plant resulted in significant cost avoidance

Each year AFRH identifies and implements one cost avoidance initiative. For FY2014, AFRH closed the AFRH-W steam generating Power Plant. The AFRH-W Power Plant has been continuously generating heat and hot water for over 100 years. Modern energy efficient alternatives and the substantial reduction in the AFRH-W footprint necessitated the closing of the Power Plant.

The closure provided savings in personnel, infrastructure maintenance / repairs and

regulatory compliance resulting in a significant cost reduction in AFRH-W utility costs.

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.

AFRH values its workforce and their dedication to providing Person-centered Care for our Residents. Expenditures for this goal include employee initiatives, proper training, personnel reporting and staff to manage the workforce.

FY2014 STAFF-CENTERED	
Net Cost (in millions)	\$1.9
Percentage of Total Cost	3%

Annual Performance Metric: Evidence of measurable training goals

Performance Target: 80% staff participation in four mandatory training classes

RESULT: 98% of staff participation in at least four mandatory training classes

As part of the staff-centered focus, AFRH has increased its employee training opportunities and placed more emphasis on mandatory training requirements to assist employees in meeting our mission / vision. With management’s recognition of the importance of increasing efficiencies in operations and maintaining accreditation, training classes have been designated as mandatory to ensure AFRH staff have the background and knowledge to contribute to AFRH’s goals in a meaningful way.

FY2014 mandatory classes (depending on responsibilities) 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). In FY2015, AFRH will be including web-based training opportunities for select mandatory classes.

Additional FY2014 training opportunities included:

- understanding AFRH Internal Controls;
- linking Individual Performance to Strategic Goals;
- purchase Cardholder Responsibilities;
- convenience Check Usage;
- TJC Accreditation Standards and Measures; and
- various Directive Training specific to individual responsibilities.

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: Not met due to low employee response

Each year AFRH staff completes the annual OPM Employee Viewpoint Survey to assess AFRH employee satisfaction. This survey provides AFRH management with valuable information identifying areas for improvement.

Compared to previous years, the number of employees who completed surveys was far less. Due to the low number of employee responses, AFRH management is unable to clearly identify areas for improvement. The low employee response rate is attributed to

the timing of the survey which occurred during TJC accreditation preparation, a peak operational period. In FY2015, we will develop a plan to emphasize the importance of the survey and increase employee response. In addition, we will use an electronic survey format to encourage greater participation and quicker results.

In addition to the annual OPM Employee Viewpoint Survey, AFRH annually administers DoD's Defense Equal Opportunity Management Institute (DEOMI) survey. This survey is an additional tool to help managers assess factors that can boost employee effectiveness and pinpoint key issues through employee comments. The DEOMI results prompted AFRH managers to engage in team building at the Agency and Campus level as a corrective action to some organizational issues raised by staff members in the FY2013 DEOMI Survey. Using 360 surveys and team workshops, managers benefited from the expanded communication the team building activities provided.

Annual Performance Metric: Measureable evidence of growth beyond work activities

Performance Target: Seek and implement employee recommendations

RESULT: Four (4) employee recommendations implemented in FY2014

In FY2014 an Employee Committee from both Campuses requested employee initiatives in education and training, wellness activities, communications and staff specific dining options.

During 2014, AFRH established a quarterly employee newsletter, [The AFRH Times](#), to assist in keeping employees up to date on AFRH, OPM and work-life issues.

At the request of employees, AFRH added a "soup and salad" dining option. This initiative reduced meal costs, offered healthier choices

and provided the ability for employees to dine outside the Resident Dining Hall. This initiative has been successfully implemented at both Campuses.

Our education and training initiative included increased mandatory and non-mandatory training opportunities and a staff-centered brochure outlining staff opportunities and benefits of working at AFRH. Copies were distributed to all employees to enhance understanding of the expanded opportunities.

To promote wellness, for the second year in a row the entire workforce participated in a walking competition to see which Campus would be the first to log the distance between Gulfport and Washington--more than 1,000 miles. Facility staff, contractors, and Agency personnel reported their personal mileage throughout June. AFRH-W won for the second consecutive year. With the establishment of lunchtime walking groups, this competition improved communications, health, and camaraderie.

Annual Performance Metric: Achievable Person-centered Care

Performance Target: Implement two PCC initiatives per year

RESULT: Two (2) successful initiatives completed

For several years, AFRH has been moving towards Person-centered Care. 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 within budget constraints. In FY2014, AFRH PCC initiatives included improving AFRH environments for both Residents and staff validating our high standards of care through adhering to The Joint Commission Accreditation standards. AFRH continued to improve on the delivery of Residents services and to validate services provided were meeting the expectations and needs of our Residents.

Because of AFRH's multiple levels of care (IL, ILP, AL, LTC and MS), meeting the needs of our varied population is no small feat.

Both Campuses initiated beautification projects for their outdoor spaces. AFRH-G made significant improvements by planting trees, gardens, flower boxes and wildflowers. Both employees and Residents benefit from the more home-like environment.

AFRH-W Residents and staff have been working on their Landscape Master Plan to improve walking trails, provide historic markers and identify species of trees. AFRH-W volunteers planted more than 20 Japanese cherry trees—a symbol of our nation's capital—donated by Macy's to line the main road into the facility. The historic quadrangle is filled with year-round blooming flowers, grass and bushes.

Being accredited both by CARF and TJC has been the goal for many years. To achieve both is a prized accomplishment that demonstrates the commitment by staff to providing the highest levels of care for AFRH Residents. The results of the September 2014 TJC accreditation surveys validated AFRH's ability to meet the high standards for ambulatory and nursing care.

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.

FY2014 EXTERNAL STAKEHOLDERS	
Net Cost (in millions)	\$1.5
Percentage of Total Cost	2%

Annual Performance Metric:

Contributions Increase

Performance Target: Positive Growth

RESULT: Contributions Increased

This performance target was new for FY2014 in recognition of our need to increase revenue to support outlays. Although Legislation forbids AFRH from soliciting, AFRH is improving our marketing to ensure veterans and potential contributors are aware of AFRH and its services. AFRH is using Facebook, retired military publications and veteran organizations to enhance our marketing efforts. Gifts to AFRH are tax-exempt and used for the direct support of our Residents through medical care, physical therapy, recreation, fitness and daytrips.

Annual Performance Metric: Annual Community Events

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

RESULT: > Two (2) community events held at each Campus

AFRH created its annual community events requirement as a primary outreach to external stakeholders, and each facility tailors community events to the local community drawing supporters, families and friends to celebrate special events, military recognitions, and fun-filled activities.

AFRH-G COMMUNITY EVENTS INCLUDED:



- **Annual Veterans Day Open House & Community Day:** Veterans, active duty and the community join AFRH-G to commemorate Veterans Day.

- **Annual Mardi Gras Celebration:** The King and Queen of AFRH-G are crowned and we hold a traditional parade.



- **May Garden Day and Open House:** Residents shared their new gardening and landscape upgrades with neighbors.

- **Celebration of the new putting green and swings:** These amenities were generously donated by Taco Bell.

AFRH-W COMMUNITY EVENTS INCLUDED:

- **Black History Month:** President Lincoln's Cottage hosted descendants of Solomon Northrup, author of *12 Years a Slave*, as part of this annual event.

- **4th of July Community Event:** AFRH-W's 4th of July celebration draws active duty military & their families to enjoy the national fireworks with our Residents.



- **Annual Holiday Tree Lighting and Dance:** FOSH singers entertain AFRH-W Residents.

- **Memorial Day:** Active-duty members from the USS Abraham Lincoln, join our Residents to lay a wreath.



