

DEVOTED ENDEAVORS

I AM HONORED TO REPORT THAT THE AFRH IS MAKING REMARKABLE PROGRESS ON A NUMBER OF FRONTS. THIS AGENCY IS EVOLVING INTO A CONTEMPORARY CENTER FOR RETIREMENT LIVING. WE ARE MAKING GREAT STRIDES ON NEW CONSTRUCTION IN WASHINGTON AND IMPROVEMENTS IN GULFPORT. PLUS, OUR STAFF IS HELPING THE HOME ACHIEVE TOP PERFORMANCE AND FINANCIAL GOALS. IN FACT, MANAGEMENT IS PROUD TO EARN ITS 8TH CONSECUTIVE 'UNQUALIFIED AUDIT OPINION' FOR FY12.

As always, the AFRH mission is to provide a premier retirement community with exceptional residential care and extensive support services. Now, more than ever, that mission is being fulfilled each and every day. Best of all, our team is always striving to reach higher.

ENTERING A NEW ERA

A top priority is modernizing the AFRH. We are now evolving into a 21st Century retirement home by embracing the new philosophy in senior living called Person-centered Care (PCC). Healthcare residences in both communities were designed to support this concept with 'small house' living areas. Also, Dining Services has undergone a transformation to a PCC delivery model.



The key to success: management has carefully educated the staff on what 'person-centered' means and how to provide it.

Also, staff and contractors are undergoing great culture change. Still, we have more good work to do.

BROADENING OUR ACHIEVEMENTS

When we launched the Strategic Plan for FY11-15, management focused on four priorities: Residents, Staff, Stewardship, and Stakeholders. In FY11, we made great strides on most objectives. For instance, the new AFRH-Gulfport (AFRH-G) welcomed its 500th resident. The Scott Project in Washington is halfway to completion and slated to open in February 2013. The landmark Sherman Building is being restored after serious earthquake damage thanks to emergency Congressional funding. Plus, we are improving our residences, sprucing the landscape, enhancing services, upgrading amenities, creating environmental efficiencies, and restoring landmarks.

The residents and staff are actively pursuing more community involvement, too. In the past, AFRH-Washington (AFRH-W) was open to the public as a park where friends and neighbors mingled alongside residents. But policy changes in the 1950s restricted access to our grounds. Today we're renewing efforts to strengthen relations with Washington's Petworth residents and Gulfport's townsfolk. Now hundreds of neighbors are coming to events on both campuses. We eagerly welcome neighbors, friends, and families to car shows, Veterans' Day festivities, 4th of July celebrations, and more.

Yet our efforts with staff were not as aggressive and fewer achievements were evident. So, in May 2012 we regrouped and pulled managers together to make the AFRH more staff-centered. We formed new teams and developed new actions to address the staff's needs—from personal education and skills training to flexible working schedules and increased personal recognition.

OVERCOMING NEW OBSTACLES

In FY12, we received CARF / CCAC¹ accreditation on both campuses: a first for AFRH-Gulfport (AFRH-G). At year's end, we underwent a DoD IG² inspection, another first for AFRH-G. Our seasoned AFRH-W staff generously lent their time and expertise to guide new AFRH-G staff through the inspection process. They were commended for their efforts. Now, recommendations from both inspections are helping us fine-tune all efforts.

Another obstacle arose: Hurricane Isaac blew through Gulfport in August. The last one (Katrina in 2005) destroyed AFRH-G and caused us to vacate it for five years. This year we held a complete hurricane preparedness exercise in June. By August, we were ready and able to handle Isaac. The residents and staff performed remarkably well, and this modern facility only sustained minor damage.

Moreover, we successfully fine-tuned our dining contracts, custodial services, maintenance staff, and grounds keeping. These areas were all assessed and enhanced to be more person-centered and to conform to our new operating model. We experienced some internal staff issues, but they were dealt with swiftly and effectively.

Other victories in FY12 include receiving the AFRH Advisory Council's first report on our activities and achieving LEED³ Gold status at AFRH-G. We are now pursuing LEED Gold certification for the new Scott Building at AFRH-W, which opens in early 2013.

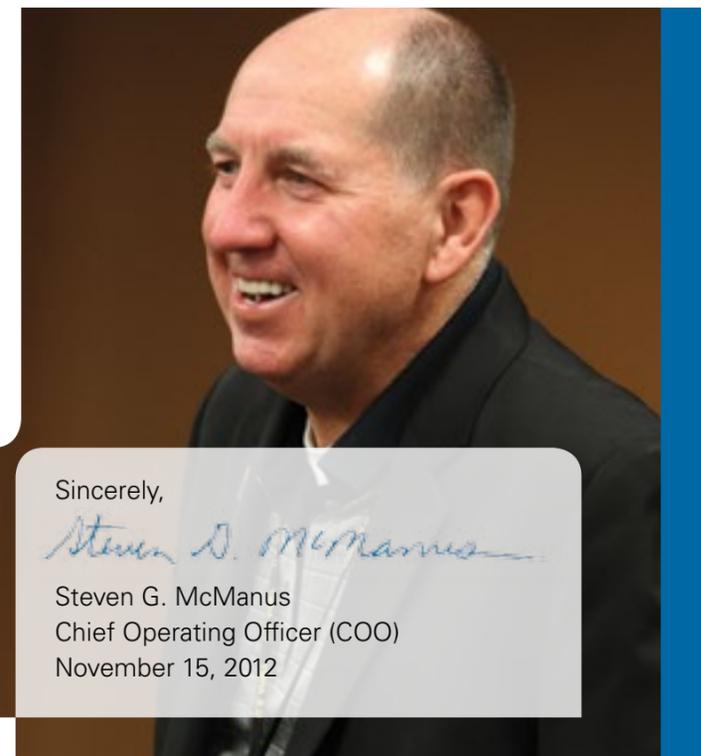
CONQUERING MAJOR CHALLENGES

Several entities such as CARF, DoD IG, and the AFRH IG identified key issues for us to spearhead. Overwhelmingly, all three have given us high marks. Yet the DoD IG recommended we focus on enhancing policy, credentialing, and safety. We are proud of AFRH-G for passing inspections and thriving during an emergency weather condition—all under the guidance of a new Administrator.

Despite these victories, we must remain vigilant. We must keep our sights set on Washington construction and renovations to ensure those projects stay on schedule and within budget. Also we must ensure the new Scott achieves and maintains LEED Gold. Finally, our plans to enhance staff experience must be carefully monitored to ensure that we make good progress.

SAFEGUARDING NEW GENERATIONS

The AFRH staff and I look forward to another exciting year of progress. Our transformation of AFRH-W is now becoming a reality, and the new AFRH-G has emerged as a vibrant and engaging home for veterans. In fact, it now stands as a model for all retirement homes to emulate. Simply put, the AFRH delivers *Mindful care, Meaningful living*.



Sincerely,

Steven G. McManus
Chief Operating Officer (COO)
November 15, 2012

¹ Commission on Accreditation of Rehabilitation Facilities and the Continuing Care Accreditation Commission

² Department of Defense Inspector General

³ Leadership in Energy and Environmental Design