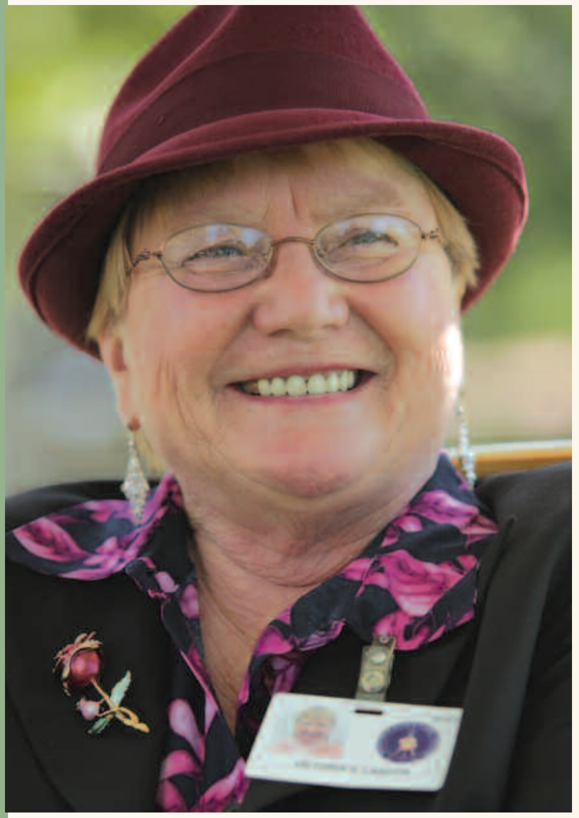
“Keep smiling. Everyone will wonder what you have been up to.”

– Victoria Landon (Army)

Victoria is “a people person”. She’s traveled and worked all around the world: in Guam, Tokyo, Europe, Iceland, Scotland … you name it. She worked two jobs in college earning a degree in art and another in anthropology. Plus, she spent three years in a Master’s divinity program. “Soon, I’m going on a humanitarian mission, taking 7,000 pairs of eyeglasses to the needy in Cameroon, West Africa. On the return trip we’re spending a week in France.” Besides all that this former Caribbean import-export rep enjoys resident bus tours, shopping sprees, campus walks, and even wants to take up golf again. Maybe her adventurous spirit and outgoing nature is why Victoria has made more friends at AFRH than she has in her entire lifetime. “What I like about this place is: it’s a shelter but it’s not confining. You can come and go as you please.” In short, life is grand. “I tell people: I’m well-educated, well-traveled, and hopefully well-read.”



FINANCIAL

> "Our Statements showcase management's great success in maintaining effective stewardship, advancing fiscal integrity, and fulfilling the AFRH Mission."
>
> – Steven McManus, DCOO / CFO

MESSAGE FROM THE DCOO / CFO

The Direction of Resources

I am pleased to present the AFRH financial results for FY10. This year we earned our 6th consecutive unqualified audit opinion from external auditors. In fact, our Statements have had no material weaknesses since FY05, thanks to our BPD partnership. Also, the AFRH Trust Fund balance reached an all-time high of $186 million – a remarkable achievement of which we are proud.

Further, we demonstrated noteworthy progress on our Performance Goals in FY10. In February we launched our pilot ILP program, fulfilling our vision for a health and wellness philosophy of aging. In July GSA turned over the keys to the new Gulfport home and occupancy began in October. And all year long we saw our ambitious plans to modernize AFRH-W leap forward.

THE BOLSTERING OF CONTRACTS

This past year we focused diligently to make AFRH operations even more cost-effective. Our service chiefs worked tirelessly to modify existing food service, maintenance, and security contracts in Washington for the future rightsizing of the population. These new vehicles will serve us well in our Washington Transition Period and prepare us for a new beginning when the Commons is completed. Plus, we used those smart ideas to draft contracts for Gulfport.

THE VITALITY OF RENEWAL

The Scott Project to modernize our historic AFRH-W site moved from ideas to actions. At the end of FY09 and through FY10, bridging architects worked closely with staff to bring Aging in Place to life. The designers of the new "Commons" explored and designed new ways to help daily activities revolve around the residents' lives. The goal: to embody "small house" concepts for LTC and MS – replacing the institutional style of double-loaded corridors with a warm, home-like atmosphere.

Modern construction will replace the outdated Scott dormitory (built in the 1950s). It will meet LEED certification and be in compliance with recent Executive Orders to reduce energy, water, and fuel intensity at Federal agencies. To achieve these objectives, AFRH has initiated plans to close its steam plant and mothball facilities as well as close, sell, or lease the LaGarde healthcare facility by 2013 once it is vacated.

Transition Period actions entail moving key utility and equipment from the Scott Building. The HVAC chillers are being moved into a renovated space behind Sheridan. Also, the IT hub will be relocated to the ground floor of the Sherman. The design and construction contracts are complete and work has already begun. Interim dining facilities are designed for the Sherman Building main floor. And a passageway is now under construction for safe travel from Sheridan in inclement weather.

The Scott Project for centralized care and amenities will boost customer service. Plus, it will yield far-reaching economies, efficiencies, and tangible gains. It will:

- Provide about 150,000 sq. ft. of new program space
- Reduce roughly 421,000 sq. ft. requiring maintenance
- Eliminate resident transport costs ($144,000 annually)
- Offer all residents living space that is newly renovated
- Co-locate AL residents near their comrades in IL
- Afford us to remodel the resident Bowling Center
- Move Facility Maintenance right next to the residents
- Upgrade the IT and phone system for the entire facility
- Stand-up the Sheridan on its own HVAC system
- Initiate steps to close the Power Plant

THE EMPOWERMENT OF RESIDENTS

Our goal is to totally transform our operational model to promote Aging in Place. A truly modern AFRH will reflect the needs of today's residents – as well as those of current active duty who may need our care tomorrow. So, our Vitality Plans are in place to assess the daily living activities of residents and help them maintain independence. With our pilot ILP program going from 0 to 46 residents in one year, we're ready to advance this key component of Aging in Place in FY11.

THE PLEDGE OF COMMUNICATION

This year, we spent more time than ever talking with, and really listening to, our residents. In Focus Groups, we walked them through the concepts, plans, and implementation of the move to Gulfport. Plus, we held many Focus Groups on the Scott Project to help our residents better understand and offer input on the new Commons, AL relocation to renovated Sheridan space, services in transition years, LaGarde's closing in 2013, and our chiller and IT Hub relocation from Scott. The residents' positive feedback will help us minimize their discomfort during these necessary changes in the transition years.

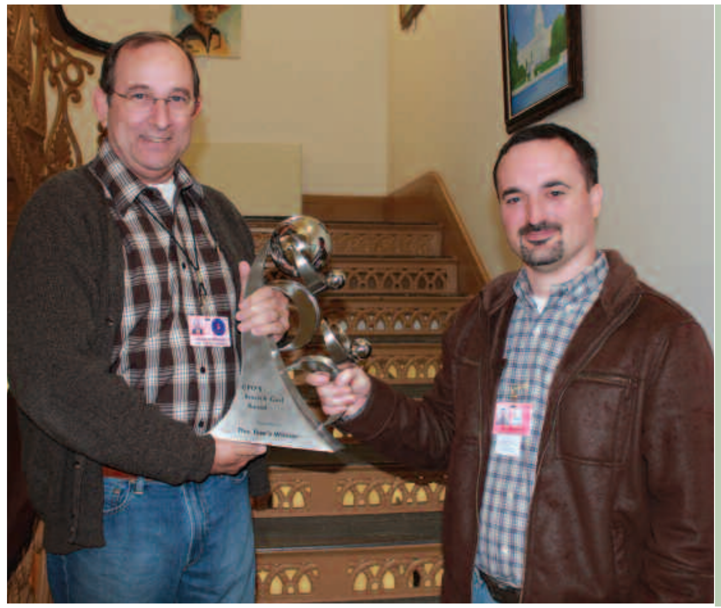
In the end, 2010 was a year of great progress for everyone at AFRH. I applaud our hardworking staff members who worked tirelessly to make FY10 our most successful year ever. And I salute our residents, who have inspired us to care more, strive more, and deliver more to every defender of liberty in America and beyond.

Sincerely,

Steven D. McManus

Steven G. McManus
Deputy Chief Operating Officer/
Chief Financial Officer

November 15, 2010



FY09 winner Chuck Dickerson (Chief, AFRH-W Resident Services) passes the "CFO Stretch Award" to FY10 winner Justin Seffens (Chief, AFRH-W Campus Operations), whose savings exceeded $1 million.

FISCAL OVERVIEW

The Feat of Financing

AFRH consistently produces accurate and timely financial information. In turn, management uses that data to drive decision-making and produce results in key operational areas. Our sixth consecutive unqualified audit, plus no material weaknesses on our internal controls, equaled a solid victory. Beyond these achievements, management continues to evaluate key findings and risk determinations uncovered in our internal control assessments. A recent forecast through 2020, based on risk analysis of the AFRH Trust Fund, states that the Trust Fund is indeed solvent.

PROGRESS

AFRH Trust Fund: Solvent

FINANCIAL STATEMENTS

We are also pleased to present our Financial Statements for FY10 on the following pages after the Audit Letters. These Statements should be read with the understanding they are for a component of the US Government, a sovereign entity. In a public-to-public partnership, BPD ARC has administered all of our FY10 financial management activities including:

- Accounting
- Purchasing
- Budget
- Travel
- Payments

The NFC, in conjunction with BPD's Oracle platform, processed our payroll and time/attendance data entry transactions. These operations were managed under mutual agreements with the Department of Treasury and Agriculture. AFRH relies on information received from BPD and NFC (plus audits and reviews) to execute its management controls.

FY10 AUDIT

6th Annual Unqualified Opinion

BROWN & COMPANY CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Armed Forces Retirement Home
Washington, D.C.

We have audited the accompanying balance sheet of the Armed Forces Retirement Home (AFRH) as of September 30, 2010 and 2009, 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). These financial statements are the responsibility of AFRH's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States; and, Office of Management and Budget (OMB) Bulletin No. 07-04 as amended, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 as amended, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the AFRH as of September 30, 2010 and 2009 and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *U.S. Government Auditing Standards* and OMB Bulletin No. 07-04 as amended, we have also issued reports dated November 12, 2010 on our consideration of the AFRH internal control over financial reporting and its compliance with provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with *U.S. Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The AFRH's Management's Discussion & Analysis contains a wide range of information, some of which is not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with AFRH officials. Based on this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles, or OMB guidance.

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

Brown & Company

Largo, Maryland
November 12, 2010

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BROWN & COMPANY CPAs, PLLC
CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Armed Forces Retirement Home
Washington, D.C.

We have audited the financial statements of the Armed Forces Retirement Home (AFRH) as of and for the year ended September 30, 2010 and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04 as amended, *Audit Requirements for Federal Financial Statements.*

In planning and performing our audit, we considered the AFRH's internal control over financial reporting by obtaining an understanding of the AFRH's internal control, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 07-04 as amended. The objective of our audit was not to provide an opinion on internal control and therefore, we do not express an opinion on internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness or significant deficiency. Under standards issued by the American Institute of Certified Public Accountants and OMB Bulletin No. 07-04 as amended, 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 in internal control, 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. Because of inherent limitations in internal controls, misstatements, losses, or non-compliance may nevertheless occur and not be detected. However, we noted no matters involving the internal control and its operation that we considered to be a material weakness as defined above.

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

Brown & Company
Largo, Maryland
November 12, 2010

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CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

Armed Forces Retirement Home
Washington, D.C.

We have audited the financial statements of the Armed Forces Retirement Home (AFRH) as of and for the year ended September 30, 2010, and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04 as amended, *Audit Requirements for Federal Financial Statements.*

The management of the AFRH is responsible for complying with laws and regulations applicable to the AFRH. As part of obtaining reasonable assurance about whether the AFRH's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 07-04 as amended. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the AFRH.

The results of our tests of compliance disclosed no reportable instances of noncompliance with laws and regulations discussed in the preceding paragraph that are required to be reported under *U.S. Government Auditing Standards* or OMB Bulletin No. 07-04 as amended.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion. However, we noted no noncompliance with laws and regulations, which could have a direct and material effect on the determination of financial statement amounts.

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

Brown & Company
Largo, Maryland
November 12, 2010

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ARMED FORCES RETIREMENT HOME
BALANCE SHEET AS OF SEPTEMBER 30, 2010 AND 2009
(In Dollars)

	2010	2009
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	$13,824,429	$76,282,883
Investments (Note 3)	183,736,984	176,358,831
Accounts Receivable (Note 4)	2,669,387	2,941,339
Total Intragovernmental	200,230,800	255,583,053
Accounts Receivable, Net (Note 4)	473,055	658,004
Property, Equipment, and Software, Net (Note 5)	278,228,715	221,104,881
Total Assets	$478,932,570	$477,345,938
Liabilities:		
Intragovernmental		
Accounts Payable	$67,467	$33,044
Other (Note 8)	2,180,671	2,133,577
Total Intragovernmental	2,248,138	2,166,621
Accounts Payable	3,599,622	3,397,200
Federal Employee and Veterans' Benefits (Note 6,7)	8,888,145	8,886,860
Other (Note 8)	2,040,679	1,878,722
Total Liabilities	$16,776,584	$16,329,453
Net Position:		
Cumulative Results of Operations - Earmarked Funds (Note 10)	$462,155,986	$461,016,485
Total Net Position	$462,155,986	$461,016,485
Total Liabilities and Net Position	$478,932,570	$477,345,938

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

ARMED FORCES RETIREMENT HOME
STATEMENT OF NET COST FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009
(In Dollars)

	2010	2009
Program Costs: (Note 10)		
Program: Culture of Integrity		
Gross Costs	$2,872,565	$1,621,341
Less: Earned Revenue	(688,944)	(440,821)
Net Program Cost	$2,183,621	$1,180,520
Program: Exceptional Service		
Gross Costs	$48,948,516	$51,218,520
Less: Earned Revenue	(11,739,609)	(13,925,628)
Net Program Costs	$37,208,907	$37,292,892
Program: Financial Growth		
Gross Costs	$181,425	$121,905
Less: Earned Revenue	(43,512)	(33,144)
Net Program Costs	$137,913	$88,761
Program: Improved Processes		
Gross Costs	$8,321,369	$7,808,036
Less: Earned Revenue	(1,995,762)	(2,122,900)
Net Program Costs	$6,325,607	$5,685,136
Program: Learning and Growth		
Gross Costs	$151,188	$182,858
Less: Earned Revenue	(36,260)	(49,717)
Net Program Costs	$114,928	$133,141
Net Cost of Operations	$45,970,976	$44,380,450

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

ARMED FORCES RETIREMENT HOME
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009
(In Dollars)

	2010	2009
Cumulative Results of Operations:		
Beginning Balances	$461,016,485	$454,928,547
Budgetary Financing Sources:		
Nonexchange Revenue	45,253,554	48,017,967
Donations and Forfeitures of Cash and Cash Equivalents	53,190	937,347
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources (Note12)	1,803,733	1,513,074
Total Financing Sources	47,110,477	50,468,388
Net Cost of Operations	(45,970,976)	(44,380,450)
Net Change	1,139,501	6,087,938
Cumulative Results of Operations	$462,155,986	$461,016,485
Net Position	$462,155,986	$461,016,485

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

ARMED FORCES RETIREMENT HOME
STATEMENT OF BUDGETARY RESOURCES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009
(In Dollars)

	2010	2009
Budgetary Resources:		
Unobligated Balance:		
Unobligated Balance Brought Forward, October 1	$44,406,117	$49,991,393
Recoveries of Prior Year Unpaid Obligations	1,270,568	1,308,146
Budget Authority		
Appropriation	134,000,000	63,010,000
Total Budgetary Resources	$179,676,685	$114,309,539
Status of Budgetary Resources:		
Obligations Incurred		
Direct	$76,846,377	$69,903,422
Apportioned	102,830,308	44,406,117
Total Status of Budgetary Resources	$179,676,685	$114,309,539
Change in Obligated Balance:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	$84,863,613	$172,767,646
Obligations Incurred Net (Note 14)	76,846,377	69,903,422
Gross Outlays	(115,123,987)	(156,499,309)
Recoveries of Prior Year Unpaid		
Obligations, Actual	(1,270,568)	(1,308,146)
Total, Unpaid Obligated Balance, Net, End of Period	$45,315,435	$84,863,613
Net Outlays:		
Gross Outlays	$115,123,987	$156,499,309
Distributed Offsetting Receipts	62,428,632	60,751,627
Net Outlays	$52,695,355	$95,747,682

The accompanying notes are an integral part of these 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 24U.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 premier 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.

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, net cost of operations, changes in net position, and the status and availability of budgetary resources of the AFRH. The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. 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 approved by the Federal Accounting Standards Advisory Board (FASAB), OMB Circular A-136, *Financial Reporting Requirements* 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. Budgets and Budgetary Accounting

Congress usually enacts appropriations to permit AFRH to incur obligations for specified purposes. In fiscal years 2010 and 2009, AFRH was accountable for Armed Forces Retirement Home Trust Fund appropriations. AFRH recognizes budgetary resources as assets when cash (funds held by the U.S. Treasury) is made available through the Department of Treasury General Fund warrants and transfers from the Armed Forces Retirement Home Trust Fund.

D. 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.

E. Revenues & Other Financing Sources

Exchange Revenue

Exchange revenues are inflows of resources to a government entity that the entity has earned. Exchange revenue is derived from the rendering of services, the sale of resources, and the use by others of entity assets yielding interest or dividends.

The AFRH's exchange revenue consists primarily of resident fees, rental income, leases and sales, meal tickets, and interest earned on Treasury securities. Revenue from resident fees is recognized when services are provided and is invested for future funding requirements.

Non-Exchange Revenue

Non-Exchange revenues are inflows of resources the government demands or receives by donation. Such revenue is recognized when a specifically identifiable, legally enforceable claim to resources arises, to the extent that the collection is probable and the amount is reasonably estimated.

The AFRH's non-exchange revenue consists of military fines and forfeitures, monthly payroll withholdings from enlisted military personnel, bequests, and donations. Non-exchange revenue is recognized when collected.

Financing Sources

The AFRH receives the majority of funding needed to support operations and capital expenditures from the Trust Fund. The Trust Fund is financed by military fines and forfeitures, monthly payroll deductions from eligible enlisted military personnel and Warrant Officers, resident fees, sales and leases, interest earned on Treasury securities, and donations.

Congress enacts annual, multi-year, and no-year appropriations to be used, within statutory limits, for operating, capital and grant expenditures. Additional amounts are obtained from service fees and reimbursements from other government entities and the public.

Appropriations are recognized as a financing source when expended. Revenues from service fees associated with reimbursable agreements are recognized concurrently with the recognition of accrued expenditures for performing the services.

AFRH recognizes as an imputed financing source the amount of accrued pension and post-retirement benefit expenses for current employees paid on our behalf by the Office of Personnel Management (OPM).

F. Taxes

AFRH, as a Federal entity, is not subject to Federal, State, or local income taxes, and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

G. Fund Balance with Treasury

Resident fee receipts collected by the AFRH are processed by a commercial bank for deposit at the U.S. Department of the Treasury (U.S. Treasury). The U.S. Treasury as directed by the authorized certifying officer processes cash receipts and disbursements. Funds with the Department of the Treasury primarily represent funds that are available to pay current liabilities and finance authorized purchase commitments. See Note 2 for additional information.

H. Investment in U.S. Government Securities

Trust Fund balances may only be invested in interest bearing debt securities issued by the Bureau of the Public Debt. These securities are market based Treasury securities issued without statutorily determined interest rates and consist of Treasury bills and notes.

The AFRH classifies these investments as held-to-maturity at the time of purchase. The investments are stated at acquisition cost plus or minus any premium or discount. Premiums and discounts are amortized over the life of the Treasury security using the interest method. The AFRH's intent is to hold the investments to maturity, unless securities are needed to sustain operations. No provision is made for realized gains or losses on these securities due to the fact that they are held-to-maturity. Interest is received semi-annually on the held-to-maturity investments. This interest is accrued monthly until it is received.

The AFRH may, from time to time, hold an investment in a one-day certificate issued by the Bureau of the Public Debt. The interest earned on the certificate is reinvested in the certificate on a daily basis. These investments are classified as trading securities. See Note 3 for additional information.

I. 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.

J. 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)
Land and Improvements	10-20
Buildings and Improvements	20-40
Equipment	5-10

K. 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.

L. Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by the AFRH as a result of transactions or events that have already occurred. No liability can be paid, however, absent an appropriation or other funding. Liabilities for which an appropriation has not been enacted or other funds received are, therefore, classified as not covered by budgetary resources. There is no certainty that the appropriation will be enacted. Additionally, the Government, acting in its sovereign capacity, can abrogate liabilities. Liabilities not covered by budgetary resources on the Balance Sheet are equivalent to amounts reported as components requiring or generating resources on the Reconciliation of Net Cost to Budget.

M. Accounts Payable

Accounts payable consists primarily of amounts owed to other Federal agencies and the public for contracts for goods or services, such as leases, utilities, telecommunications and consulting and support services.

N. 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. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual leave earned but not taken. Sick leave and other types of non-vested leave are 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 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% beginning FY2010 and 100% in 2014.

O. 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.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2010 and 2009 were as follows:

Fund Balances:

	2010	2009
Trust Funds	$13,824,429	$76,282,883
Investments	183,736,984	176,358,831
Less: Accrued Interest and Unamoritized Premium	(5,759,736)	(8,144,558)
Total	$191,801,677	$244,497,156

Status of Fund Balance with Treasury:

	2010	2009
Unobligated Balance		
Available	$102,830,308	$44,406,117
Unavailable	43,655,934	115,227,426
Obligated Balance Not Yet Disbursed	45,315,435	84,863,613
Total	$191,801,677	$244,497,156

P. 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. FERS offers a savings plan to which AFRH automatically contributes one percent of pay and 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.

Q. 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 (FEGLIP) 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.

R. 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.

S. 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 en tities. 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 2010 and 2009 to the extent directed by OMB.

T. 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. In some cases, once losses are certain, payments may be made from the Judgment Fund maintained by the U.S. Treasury rather than from the amounts appropriated to AFRH for agency operations. Payments from the Judgment Fund are recorded as an "Other Financing Source" when made.

U. Reclassification

Certain fiscal year 2009 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with current year presentation.

NOTE 3. INVESTMENTS

Investments as of September 30, 2010 consist of the following:

	Cost	Amortization Method	Unamortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Securities:						
Non-Marketable						
Market-Based	140,013,562	Interest	3,046,879	2,263,047	145,323,488	172,731,499
One Day Certificate	38,413,496				38,413,496	19,083,287
Total	$178,427,058		$3,046,879	$2,263,047	$183,736,984	$191,814,786

Investments as of September 30, 2009 consist of the following:

	Cost	Amortization Method	Unamortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Securities:						
Non-Marketable						
Market-Based	163,999,737	Interest	5,513,497	2,181,251	171,694,485	177,750,429
One Day Certificate	4,664,346				4,664,346	4,664,346
Total	$168,664,083		$5,513,497	$2,181,251	$176,358,831	$182,414,775

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. Investment maturity dates for fiscal years 2010 and 2009 range from February 15, 2011 to May 15, 2016 and November 15, 2009 to May 15, 2016, respectively, and interest rates for the same fiscal years range from 4.500 percent to 5.125 percent and 4.500 percent to 6.500 percent, respectively.

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with earmarked funds. The cash receipts collected from the public for an earmarked fund are deposited in the U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to the AFRH as evidence of its receipts. Treasury securities are an asset to the AFRH and a liability to the U.S. Treasury. Because the AFRH 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 AFRH with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When the AFRH 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, 2010 and 2009 were as follows:

	2010	2009
Intragovernmental		
US Army Corp of Engineers	$39,188	$142,831
US Air Force 4th Qtr. Fines	438,335	450,864
US Army 4th Qtr. Fines	1,122,474	1,336,239
US Marines 4th Qtr. Fines	997,155	992,142
Smithsonian Institution	72,235	19,263
Subtotal, Intragovernmental	2,669,387	2,941,339
With the Public		
Resident Fees Receivable	255,936	467,509
Miscellaneous	217,119	190,495
Subtotal, With the Public	473,055	658,004
Total Accounts Receivable	$3,142,442	$3,599,343

The Intragovernmental accounts receivable is primarily made up of fines and forfeitures from the Army, Air Force and Marine Corp. Accounts receivable from the public is primarily made up of resident fees due from residents of AFRH.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2010 and 2009.

NOTE 5. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2010

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Buildings and Improvements	$181,456,706	$151,293,558	$30,163,148
Land and Improvements	11,006,567	10,369,414	637,153
Furniture & Equipment	3,289,482	2,859,386	430,096
Construction-in-Progress	246,998,318	N/A	246,998,318
Total	$442,751,073	$164,522,358	$278,228,715

Schedule of Property, Equipment, and Software as of September 30, 2009

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Buildings and Improvements	$181,456,706	$145,535,038	$35,921,668
Land and Improvements	10,982,370	10,216,187	766,183
Furniture & Equipment	3,289,482	2,728,126	561,356
Construction-in-Progress	183,855,674	N/A	183,855,674
Total	$379,584,232	$158,479,351	$221,104,881

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for AFRH as of September 30, 2010 and 2009, 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.

	2010	2009
Intragovernmental – FECA	$1,946,681	$1,932,719
Unfunded Leave	1,125,272	1,051,933
Actuarial FECA	8,888,145	8,886,860
Total Liabilities Not Covered by Budgetary Resources	$11,960,098	$11,871,512
Total Liabilities Covered by Budgetary Resources	4,816,486	4,457,941
Total Liabilities	$16,776,584	$16,329,453

Federal Employee's Compensation Act (FECA) liability represents the unfunded liability for actual workers compensation claims paid on AFRH's behalf and payable to the DOL.

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 dependents 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 model considers the average amount of benefit payments incurred by AFRH for the past three fiscal years, multiplied by the medical and compensation liability to benefits paid (LBP) ratio for the whole FECA program. For the fiscal years ending September 30, 2010 and 2009, AFRH uses the overall average percentages of the LBP ratios to calculate the $8.9 million FECA actuarial liabilities for those years.

NOTE 8. OTHER LIABILITIES

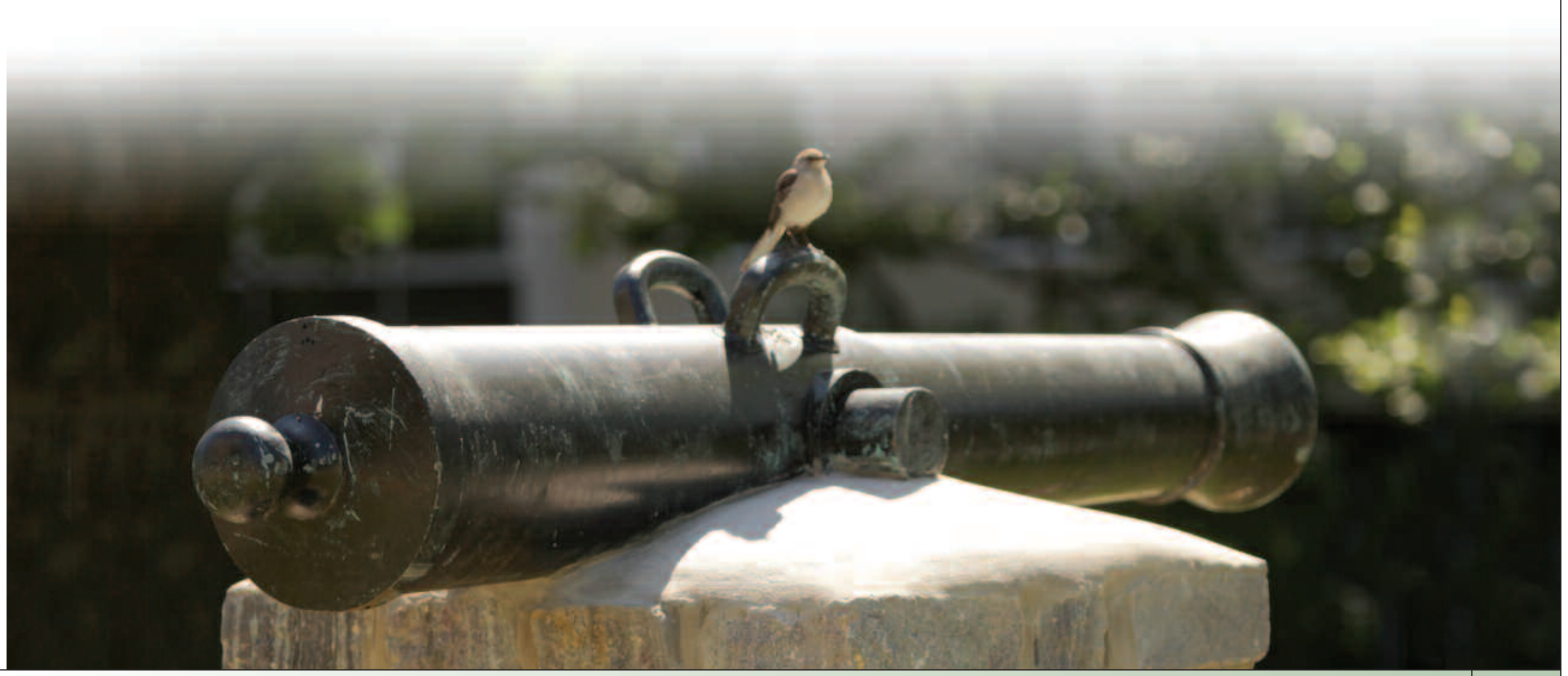
All other liabilities are considered current liabilities.

	2010	2009
Intragovernmental Liabilities		
FECA Liability	$1,946,681	$1,932,719
Payroll Taxes Payable	222,787	199,054
Other	11,203	1,804
Total Intragovernmental Liabilities	$2,180,671	$2,133,577
With the Public		
Payroll Taxes Payable	$28,376	$25,285
Accrued Funded Payroll and Leave	837,260	749,631
Unfunded Leave	1,125,272	1,051,933
Other	49,771	51,923
Total Public Liabilities	$2,040,679	$1,878,772

NOTE 9. LEASES

AFRH leases several of its buildings for use as office space as well as parking areas associated with those buildings. Most of the leases expire annually with the exception of one lease that should expire in 2049. Future receipts are as follows:

Fiscal Year	2010
2011	$547,858
2012	77,267
2013	77,267
2014	77,267
2015	77,267
Thereafter	2,633,514
Total Future Receipts	$3,490,440



NOTE 10. EARMARKED FUNDS

AFRH has earmarked funds that fall into the following categories: Capital Fund, Hurricane Katrina 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 monies were appropriated on an emergency basis (until expended) to cover necessary expenses related to the consequences of Hurricane Katrina.

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 Earmarked Funds as of September 30, 2010

	Capital Fund	Hurricane Katrina Fund	Operations & Maintenance Fund	Total Earmarked Funds
Balance Sheet				
ASSETS				
Fund Balance with Treasury	$(1,100,475)	$6,118,186	$8,806,718	$13,824,429
Investments	-	-	183,736,984	183,736,984
Accounts Receivable	-	-	3,142,442	3,142,442
Property, Equipment, and Software	51,836,504	226,392,211	-	278,228,715
Total Assets	$50,736,029	$232,510,397	$195,686,144	$478,932,570
LIABILITIES AND NET POSITION				
Accounts Payable	$72,805	$534	$3,593,750	$3,667,089
Other	-	-	13,109,495	13,109,495
Cumulative Results of Operations	50,663,224	232,509,863	178,982,899	462,155,986
Total Liabilities and Net Position	$50,736,029	$232,510,397	$195,686,144	$478,932,570
Statement of Net Cost				
Program Costs	$6,031,124	$11,882	$54,432,057	$60,475,063
Less: Earned Revenues	-	-	(14,504,087)	(14,504,087)
Net Cost of Operations	$6,031,124	$11,882	$39,927,970	$45,970,976
Statement of Changes in Net Position				
Net Position Beginning of Period	$56,694,348	$232,521,745	$171,800,392	$461,016,485
Net Cost of Operations	(6,031,124)	(11,882)	(39,927,970)	(45,970,976)
Other Nonexchange Revenue	-	-	47,110,477	47,110,477
Change in Net Position	(6,031,124)	(11,882))	7,182,507	1,139,501
Net Position End of Period	$50,663,224	$232,509,863	$178,982,899	$462,155,986

Schedule of Earmarked Funds as of September 30, 2009

	Capital Fund	Hurricane Katrina Fund	Operations & Maintenance Fund	Total Earmarked Funds
Balance Sheet				
ASSETS				
Fund Balance with Treasury	$(1,150,769)	$68,137,374	$9,296,278	$76,282,883
Investments	-	-	176,358,831	176,358,831
Accounts Receivable	35,658	-	3,563,685	3,599,343
Property, Equipment, and Software	56,719,976	164,384,905	-	221,104,881
Total Assets	$55,604,865	$232,522,279	$189,218,794	$477,345,938
LIABILITIES AND NET POSITION				
Accounts Payable	$58,286	$534	$3,371,424	$3,430,244
Other	-	-	12,899,209	12,899,209
Cumulative Results of Operations	55,546,579	232,521,745	172,948,161	461,016,485
Total Liabilities and Net Position	$55,604,865	$232,522,279	$189,218,794	$477,345,938
Statement of Net Cost				
Program Costs	$6,897,632	$11,880	$54,043,148	$60,952,660
Less: Earned Revenues	-	-	(16,572,210)	(16,572,210)
Net Program Costs	6,897,632	11,880	37,470,938	44,380,450
Net Cost of Operations	$6,897,632	$11,880	$37,470,938	$44,380,450
Statement of Changes in Net Position				
Net Position Beginning of Period	$62,444,211	$232,533,625	$159,950,711	$454,928,547
Net Cost of Operations	(6,987,632)	(11,880)	(37,470,938)	(44,380,450)
Other Nonexchange Revenue	-	-	50,468,388	50,468,388
Change in Net Position	$(6,897,632)	$(11,880)	$12,997,450	$6,087,938
Net Position End of Period	$55,546,579	$232,521,745	$172,948,161	$461,016,485

NOTE 11. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and intragovernmental exchange revenue represent an exchange of goods and services made between two reporting entities within the Federal Government, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

	2010	2009
Program: Culture of Integrity		
Intragovernmental Costs	$549,719	$265,433
Public Costs	2,322,846	1,355,908
Total Program Costs	2,872,565	1,621,341
Less: Intragovernmental Earned Revenue	198,594	143,415
Less: Public Earned Revenue	490,350	297,406
Net Program Costs	$2,183,621	$1,180,520
Program: Exceptional Service		
Intragovernmental Costs	$9,367,206	$8,385,083
Public Costs	39,581,310	42,833,437
Total Program Costs	48,948,516	51,218,520
Less: Intragovernmental Earned Revenue	3,384,053	4,530,490
Less: Public Earned Revenue	8,355,556	9,395,138
Net Program Costs	$37,208,907	$37,292,892
Program: Financial Growth		
Intragovernmental Costs	$34,719	$19,957
Public Costs	146,706	101,948
Total Program Costs	181,425	121,905
Less: Intragovernmental Earned Revenue	12,543	10,783
Less: Public Earned Revenue	30,969	22,361
Net Program Costs	$137,913	$88,761
Program: Improved Processes		
Intragovernmental Costs	$1,592,448	$1,278,269
Public Costs	6,728,921	6,529,767
Total Program Costs	8,321,369	7,808,036
Less: Intragovernmental Earned Revenue	575,297	690,653
Less: Public Earned Revenue	1,420,465	1,432,247
Net Program Costs	$6,325,607	$5,685,136

NOTE 11. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

(Continued)

	2010	2009
Program: Learning and Growth		
Intragovernmental Costs	$28,933	$29,936
Public Costs	122,255	152,922
Total Program Costs	151,188	182,858
Less: Intragovernmental Earned Revenue	10,452	16,175
Less: Public Earned Revenue	25,808	33,542
Net Program Costs	$114,928	$133,141
Total Intragovernmental Costs	$11,573,025	$9,978,678
Total Public Costs	48,902,038	50,973,982
Total Costs	60,475,063	60,952,660
Less: Total Intragovernmental Earned Revenue	4,180,939	5,391,516
Less: Total Public Earned Revenue	10,323,148	11,180,694
Total Net Cost	$45,970,976	$44,380,450

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 fiscal years ended September 30, 2010 and 2009, respectively, imputed financing was as follows.

	2010	2009
Office of Personnel Management	$1,803,733	$1,513,074
Total Imputed Financing Sources	$1,803,733	$1,513,074

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

The President's Budget that will include FY10 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2011 and can be found at the OMB Web site: *http://www.whitehouse.gov/omb/*. The 2011 Budget of the United States Government, with the "Actual" column completed for 2009, 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 2010 and 2009 consisted of the following:

	2010	2009
Direct Obligations, Category A	$62,090,099	$54,078,728
Direct Obligations, Category B	14,756,278	15,824,694
Total Obligations Incurred	$76,846,377	$69,903,422

Category A apportionments distribute budgetary resources by fiscal quarters.

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

NOTE 15. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, states that the amount of budgetary resources obligated for undelivered orders at the end of the period should be disclosed. For the year ended September 30, 2010 and 2009, undelivered orders amounted to $40,559,922 and $43,872,931, 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.

	2010	2009
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$76,846,377	$69,903,422
Less: Spending Authority From Offsetting Collections and Recoveries	(1,270,568)	(1,308,146)
Less: Offsetting Receipts	(62,428,632)	(60,751,627)
Net Obligations	13,147,177	7,843,649
Other Resources		
Imputed Financing From Costs Absorbed By Others	1,803,733	1,513,074
Net Other Resources Used to Finance Activities	1,803,733	1,513,074
Total Resources Used to Finance Activities	14,950,910	9,356,723
Resources Used to Finance Items Not Part of the Net Cost of Operations	22,553,839	24,510,672
Total Resources Used to Finance the Net Cost of Operations	37,504,749	33,867,395
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	8,466,227	10,513,055
Net Cost of Operations	$45,970,976	$44,380,450

Armed Forces Retirement Home Required Supplementary Information Intragovernmental Transactions as of September 30, 2010

Agency	Fund Balance with Treasury	Investments	Accounts Receivable	Total
Treasury	$ 13,824,429	$ 83,736,984	$ -	$ 197,561,413
Smithsonian Institution			72,235	72,235
Air Force	-	-	438,335	438,335
Army	-	-	1,122,474	1,122,474
Army Corp of Engineers	-	-	39,188	39,188
Marines	-	-	997,155	997,155
Total	$ 13,824,429	$ 83,736,984	$ 2,669,387	$ 200,230,800

Agency	Accounts Payable and Accruals	Payroll Taxes	Other	Total
Treasury General Fund	$ -	$ 58,668	$ -	$ 58,668
Program Support Center	23,467	-	-	23,467
General Services Administration	14,000	-	-	14,000
Federal Tech Service Office	15,000	-		15,000
DRMS	15,000	-		15,000
Department of Labor	-	11,203	-	11,203
Labor	-	-	1,946,681	1,946,681
Personnel Management	-	164,119	-	164,119
Total	$ 67,467	$ 233,990	$ 1,946,681	$ 2,248,138

Armed Forces Retirement Home Required Supplementary Stewardship Information for the Years Ended September 30, 2010 and 2009

Federal agencies are required to classify and report heritage assets, in accordance with the requirements of SFFAS No. 29, "Heritage Assets and Stewardship Land."

Heritage assets are property, plant, and equipment that possess one or more of the following characteristics: historical or natural significance; cultural, educational, or aesthetic value; or significant architectural characteristics.

Since the cost of heritage assets is usually not determinable, AFRH does not place a value on them or establish minimum value thresholds for designation of property, plant, and equipment as heritage assets. Additionally, the useful lives of heritage assets are not reasonably estimable for depreciable purposes. Since the most relevant information about heritage assets is their existence, they are qualified in terms of physical units.

The AFRH has four buildings and structures that are designated as National Historic Landmarks.

In accordance with SFFAS No. 29, heritage assets that are used in day-to-day government operations are considered "multi-use" heritage assets that are not used for heritage purposes. Such assets are accounted for as general property, plant, and equipment and are capitalized and depreciated in the same manner as other general property, plant, and equipment. The AFRH has three buildings and structures that are considered to be "multi-use" heritage assets.