Financial:

“I make my own lifestyle.”

— Clyde Hairston (Air Force)

Life is good when you call your own shots. Since moving to Gulfport, Clyde has been golfing, traveling, cruising, walking, and smiling. His secret? “Living the clean life. In Washington I swam at the VA. In Gulfport I walk two miles around campus twice each morning. And I golf three times a week.”

In May, Clyde drove 5,000 miles visiting friends in Detroit, Myrtle Beach and Tampa…his daughter in Chicago… and his golfing partners in DC. “A lady friend and I took a train around Canada and the US. Then I took a cruise to Antarctica—and another to the Mediterranean.”

Clyde served four years as a Crew Chief & Aircraft Mechanic on cargo carriers. Afterwards, he worked as an inspector for Lockheed Aircraft and the NYC Transit Authority.

Recently, he built homes with Habitat for Humanity and volunteered at the Senior PGA Tournament in Mississippi. Never a dull moment for a guy 76 years young. “I’m quite happy”, Clyde summarized.

Financial Overview

BOLSTERING TOMORROW

"Like Gulfport, the Scott Project is a major renewal to yield far-reaching economies, efficiencies, and gains."
– Steven McManus, *COO & CFO*

Joyce Simpkins (the new AFRH Financial Management Officer)

Fiscal Overview

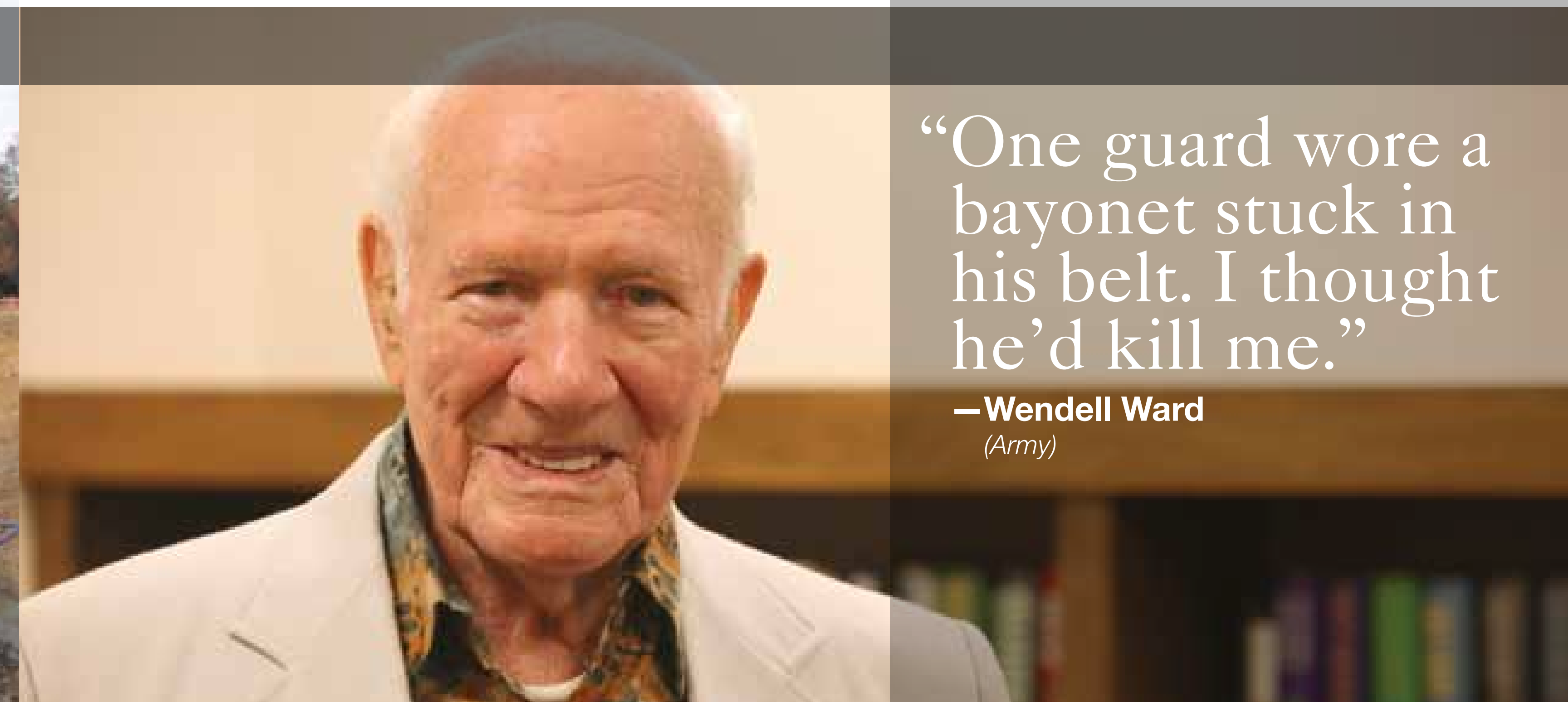
For the seventh straight year, the AFRH is proud to have received an "unqualified" (clean) opinion on our audited financial statements, as well as no material weaknesses on our internal controls. This continued success is a direct reflection of the Agency's commitment to sound financial management.

And for good reason. Effective fiscal management is essential for achieving our multi-faceted Mission, for realizing our Goals, and for shaping the Person-centered Care and Aging in Place vision for resident care. All of this and more will ensure many future residents a safe and comfortable retirement.

With the re-opening of our Gulfport campus at the beginning of FY11, the Home still faced uncertainty. Yet, in the end, our strict scrutiny paid huge dividends in keeping costs down and realizing our cost-efficiencies. The same will prove true with the Scott Project in Washington.

Throughout FY11, the AFRH focused on reporting and monitoring risks through our internal control assessments. A recent forecast through 2021, based on a risk analysis of the Trust Fund, states: **the AFRH Trust Fund is solvent.**

To further cement our financial stewardship, an AFRH Financial Manager has been added to the Agency staff.



"One guard wore a bayonet stuck in his belt. I thought he'd kill me."
—Wendell Ward
(Army)

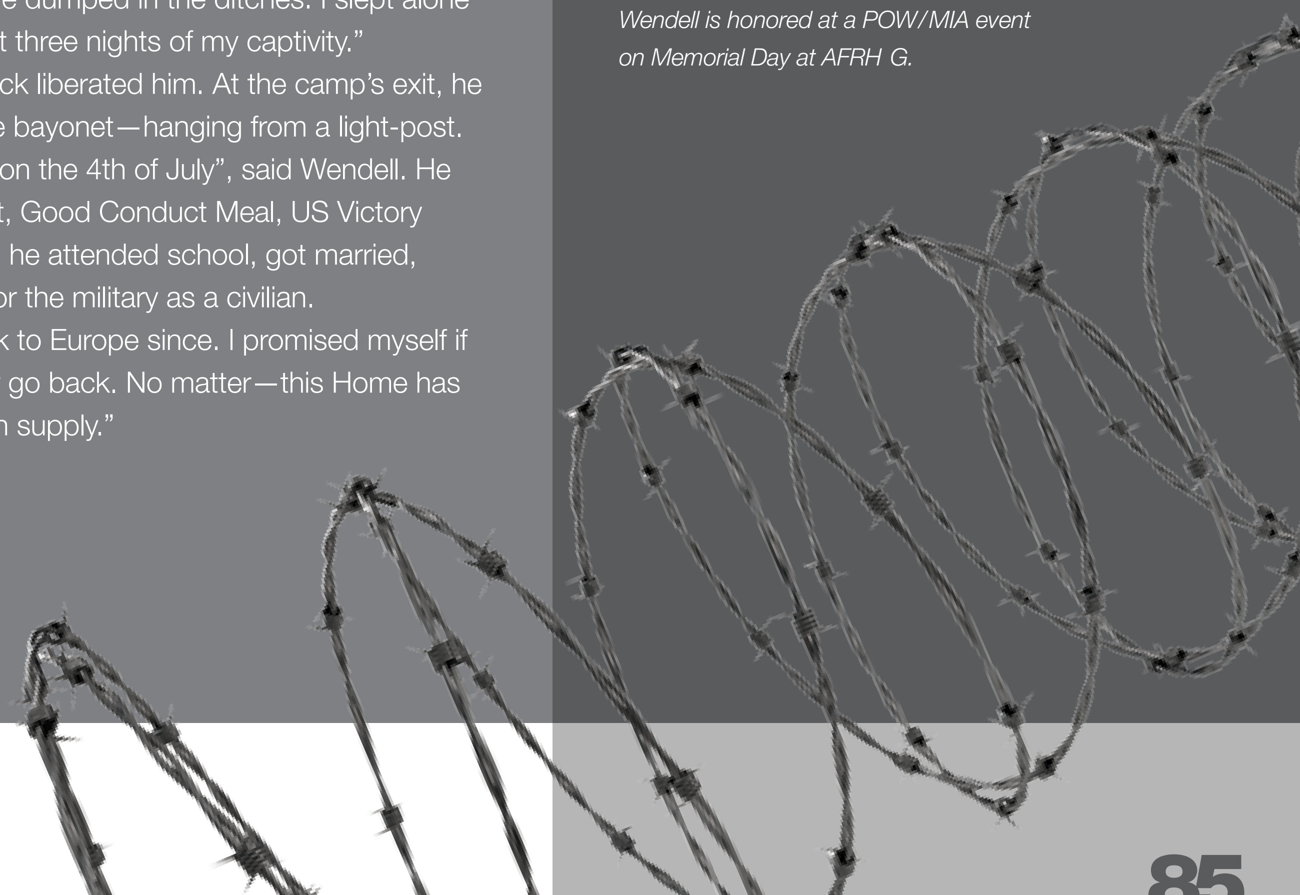
As an Infantryman from 1943-45, Wendell was wounded, captured, shipped in a boxcar to Muhlberg, and imprisoned in a German field-duty camp for six months.

"It was no walk in the park. We had to dig ditches around the barracks. It smelled like fire because the barracks were set ablaze, and bodies were dumped in the ditches. I slept alone in those ditches the last three nights of my captivity."

Russians on horseback liberated him. At the camp's exit, he saw that guard with the bayonet—hanging from a light-post. "I got back to America on the 4th of July", said Wendell. He received a Purple Heart, Good Conduct Meal, US Victory Medal and more. Later, he attended school, got married, and worked 33 years for the military as a civilian.

"I have not been back to Europe since. I promised myself if I ever got out, I'd never go back. No matter—this Home has everything mankind can supply."

Wendell is honored at a POW/MIA event on Memorial Day at AFRH G.



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, 2011 and 2010 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 audits.

We conducted our audits 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, *Audit Requirements for Federal Financial Statements*, as amended. 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, 2011 and 2010 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 our reports dated November on our consideration of the AFRH internal control over financial reporting and its compliance with certain 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.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by OMB Circular A-136, *Financial Reporting Requirements*, as revised, that considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 10, 2011

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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, 2011 and have issued our report thereon dated November 10, 2011. 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, *Audit Requirements for Federal Financial Statements*, as amended.

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 10, 2011

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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, 2011 and have issued our report thereon dated November 10, 2011. 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, *Audit Requirements for Federal Financial Statements*, as amended.

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 with laws and regulations 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.

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November 10, 2011

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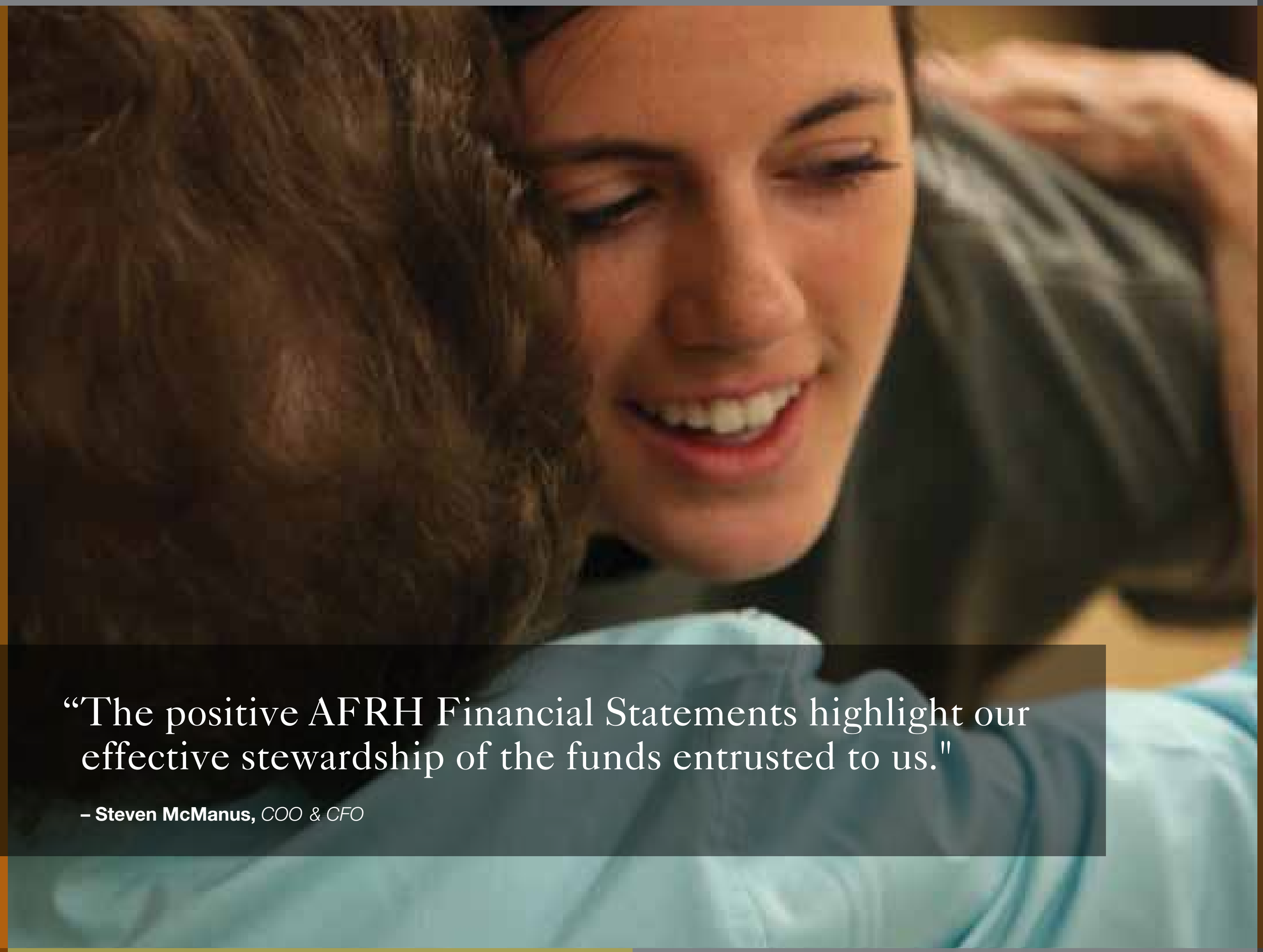
Financial Statements

UPLIFTING RETURNS



"The positive AFRH Financial Statements highlight our effective stewardship of the funds entrusted to us."

– **Steven McManus,** *COO & CFO*

The Agency's management is responsible for the fair presentation of information contained in the principal financial statements. An independent accounting firm has audited the FY11 Financial Statements, which appear in this section.

The Statements and financial data presented here have been prepared from the Agency's accounting records in accordance with Generally Accepted Accounting Principles (GAAP). These Principles are prescribed by the Federal Accounting Standards Advisory Board (FASAB).

The AFRH Financial 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, Bureau of Public Debt (BPD) has administered all of our FY11 financial management activities including:

- *Accounting*
- *Budget*
- *Contracting*
- *Travel*

The National Finance Center (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.

ARMED FORCES RETIREMENT HOME
BALANCE SHEET
AS OF SEPTEMBER 30, 2011 AND 2010
(In Dollars)

Assets:	**2011**	**2010**
Intragovernmental		
Fund Balance With Treasury (Note 2)	$4,814,306	$13,824,429
Investments (Note 3)	160,706,811	183,736,984
Accounts Receivable (Note 4)	2,854,923	2,669,387
Total Intragovernmental	168,376,040	200,230,800
Accounts Receivable, Net (Note 4)	219,510	473,055
Property, Equipment, and Software, Net (Note 5)	294,059,087	278,228,715
Total Assets	$462,654,637	$478,932,570
Liabilities:		
Intragovernmental		
Accounts Payable	$76,104	$67,467
Other (Note 8)	2,007,140	2,180,671
Total Intragovernmental	2,083,244	2,248,138
Accounts Payable	4,244,190	3,599,622
Federal Employee and Veterans' Benefits (Note 6,7)	9,124,954	8,888,145
Other (Note 8)	2,183,670	2,040,679
Total Liabilities	$17,636,058	$16,776,584
Net Position:		
Cumulative Results of Operations - Earmarked Funds	$445,018,579	$462,155,986
Total Net Position	$445,018,579	$462,155,986
Total Liabilities and Net Position	$462,654,637	$478,932,570

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, 2011 AND 2010
(In Dollars)

	2011	**2010**
Program Costs (Note 11):		
Program: Culture of Integrity		
Gross Costs	$4,436,869	$2,872,565
Less: Earned Revenue	(876,670)	(688,944)
Net Program Costs	$3,560,199	2,183,621
Program: Exceptional Service		
Gross Costs	$62,084,122	$48,948,516
Less: Earned Revenue	(12,267,046)	(11,739,609)
Net Program Costs	$49,817,076	$37,208,907
Program: Financial Growth		
Gross Costs	$248,272	$181,425
Less: Earned Revenue	(49,056)	(43,512)
Net Program Costs	$199,216	$137,913
Program: Improved Processes		
Gross Costs	$12,141,322	8,321,369
Less: Earned Revenue	(2,398,973)	(1,995,762)
Net Program Costs	$9,742,349	$6,325,607
Program: Learning and Growth		
Gross Costs	$1,177,292	$151,188
Less: Earned Revenue	(232,618)	(36,260)
Net Program Costs	$944,674	$114,928
Net Cost of Operations	$64,263,514	$45,970,976

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, 2011 AND 2010
(In Dollars)

	2011	2010
Cumulative Results of Operations:		
Beginning Balances	$462,155,986	$461,016,485
Budgetary Financing Sources:		
Nonexchange Revenue	45,018,827	45,253,554
Donations and Forfeitures of Cash and Cash Equivalents	279,926	53,190
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources (Note 12)	1,827,354	1,803,733
Total Financing Sources	47,126,107	47,110,477
Net Cost of Operations	(64,263,514)	(45,970,976)
Net Change	(17,137,407)	1,139,501
Cumulative Results of Operations	$445,018,579	$462,155,986
Net Position	$445,018,579	$462,155,986

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

Pam Young (Director of Nursing, AFRH-W) earns the FY11 "CFO Stretch Award" for saving $1.2 million.

ARMED FORCES RETIREMENT HOME
STATEMENT OF BUDGETARY RESOURCES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(In Dollars)

	2011	2010
Budgetary Resources:		
Unobligated Balance		
Unobligated Balance Brought Forward, October 1	$102,830,308	$44,406,117
Recoveries of Prior Year Unpaid Obligations	1,474,323	1,270,568
Budget Authority		
Appropriation	71,200,000	134,000,000
Temporarily Not Available Pursuant To Public Law	(142,400)	
Total Budgetary Resources	$175,362,231	$179,676,685
Status of Budgetary Resources:		
Obligations Incurred		
Direct	$146,273,177	$76,846,377
Unobligated Balance		
Apportioned (Note 2)	29,089,054	102,830,308
Total Status of Budgetary Resources	$175,362,231	$179,676,685
Change in Obligated Balance:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	$45,315,435	$84,863,613
Obligations Incurred, Net	146,273,177	76,846,377
Gross Outlays	(93,119,060)	(115,123,987)
Recoveries of Prior Year Unpaid		
Obligations, Actual	(1,474,323)	(1,270,568)
Total Unpaid Obligated Balance, Net, End of Period	$96,995,229	$45,315,435
Net Outlays:		
Gross Outlays	$93,119,060	$115,123,987
Distributed Offsetting Receipts	(12,669,471)	(62,428,632)
Net Outlays	$80,449,589	$52,695,355

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 24 U.S.C. The AFRH is an independent Agency in the executive branch of the Federal Government. The AFRH has two facilities. One is located in Gulfport, MS and the other is located in Washington, D.C.

The AFRH 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 US Congress, the Trust Fund is used to finance operating expenses as well as capital expenditures of the AFRH on an annual and no year basis.

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

B. Basis of Presentation

The Financial Statements have been prepared to report the financial position, net cost of operations, changes in net position, and the status and availability of budgetary resources of 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 the AFRH to incur obligations for specified purposes. In fiscal years 2011 and 2010, 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 AFRHs 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 AFRHs 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

The US Treasury processes cash receipts and disbursements. Funds held at the Treasury are available to pay agency liabilities. AFRH does not maintain cash in commercial bank accounts or foreign currency balances.

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 consist of amounts owed to the 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)
Improvements to Land	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 consist 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. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to 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 Actual Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the US 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.

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 the 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 entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. AFRH recognized imputed costs and financing sources in fiscal years 2011 and 2010 to the extent directed by OMB.

T. Contingencies

The AFRH recognizes contingent liabilities when a past event or exchange transaction has occurred, a future outflow or other sacrifice of resources is probable, and the future outflow or sacrifice of resources is measurable. 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 US 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 2010 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2011 and 2010, were as follows:

	2011	2010
Fund Balances:		
Trust Funds	$4,814,306	$13,824,429
Investments	160,706,811	183,736,984
Less: Accrued Interest and Unamortized Premium	(2,859,045)	(5,759,736)
Total	$162,662,072	$191,801,677
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$29,089,055	$102,830,308
Unavailable	36,577,788	43,655,934
Obligated Balance Not Yet Disbursed	96,995,229	45,315,435
Total	$162,662,072	$191,801,677

NOTE 2. FUND BALANCE WITH TREASURY (continued)

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

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

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the cash balance on hand. *(See also: UNDELIVERED ORDERS AT THE END OF THE PERIOD, Note. 15)*

NOTE 3. INVESTMENTS

Investments as of September 30, 2011 consist of the following:

	Cost	Amortization Method	Unamortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Securities						
Non-Marketable						
Market-Based	$158,297,575	Interest	$842,171	$1,567,065	$160,706,811	$167,881,408
Total	$158,297,575		$842,171	$1,567,065	$160,706,811	$167,881,408

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	$178,427,058	Interest	$3,046,879	$2,263,047	$183,736,984	$191,814,786
Total	$178,427,058		$3,046,879	$2,263,047	$183,736,984	$191,814,786

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 2011 and 2010 range from December 31, 2011 to May 15, 2016 and February 15, 2011 to May 15, 2016, respectively, and interest rates for the same fiscal years range from 4.625 percent to 5.125 percent and 4.500 percent to 5.125 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 US 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 US Treasury. Because the AFRH and the US 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 US Government-wide financial statements.

Treasury securities provide the AFRH with authority to draw upon the US 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, 2011 and 2010, were as follows:

	2011	2010
Intragovernmental		
Accounts Receivable	$2,854,923	$2,669,387
Total Intragovernmental Accounts Receivable	$2,854,923	$2,669,387
With the Public		
Accounts Receivable	219,510	473,055
Total Public Account Receivable	$219,510	$473,055
Total Accounts Receivable	$3,074,433	$3,142,442

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

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2011 and 2010.

NOTE 5. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2011

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Buiding	$390,168,413	$129,970,497	$260,197,916
Land and Improvements	11,006,567	10,434,665	571,902
Furniture and Equipment	11,664,814	3,602,283	8,062,531
Construction-in-Progress	25,226,738	-	25,226,738
Total	$438,066,532	$144,007,445	$294,059,087

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

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Buiding	$181,456,706	$151,293,557	$30,163,149
Land and Improvements	11,006,567	10,369,414	637,153
Furniture and Equipment	3,289,482	2,859,386	430,096
Construction-in-Progress	246,998,317	-	246,998,317
Total	$442,751,072	$164,522,357	$278,228,715

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for AFRH as of September 30, 2011 and 2010, 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.

	2011	2010
Intragovernmental - FECA	$1,750,357	$1,946,681
Intragovernmental - Unemployment Insurance	643	11,203
Unfunded Leave	1,189,638	1,125,272
Actuarial FECA	9,124,954	8,888,145
Total Liabilities Not Covered by Budgetary Resources	$12,065,592	$11,971,301
Total Liabilites Covered by Budgetary Resources	5,570,466	4,805,283
Total Liabilities	$17,636,058	$16,776,584

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on behalf of the AFRH 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 employees are administered by the DOL and ultimately paid by the 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, 2011 and 2010, AFRH uses the overall average percentages of the LBP ratios to calculate the $9.1 million and $8.9 million FECA actuarial liabilities for those years, respectively.

NOTE 8. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2011 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	$624,338	$1,126,019	$1,750,357
Unemployment Insurance Liability	643	-	643
Payroll Taxes Payable	256,141	-	256,141
Total Intragovernmental Other Liabilities	$881,122	$1,126,019	$2,007,141
With the Public			
Payroll Taxes Payable	$30,583	$-	$30,583
Accrued Funded Payroll and Leave	906,078	-	906,078
Unfunded Leave	1,189,638	-	1,189,638
Other	57,371	-	57,371
Total Public Other Liabilities	2,183,670	$-	$2,183,670

Other liabilities account balances as of September 30, 2010 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	$319,855	$1,626,826	$1,946,681
Unemployment Insurance Liability	11,203	-	11,203
Payroll Taxes Payable	222,787	-	222,787
Total Intragovernmental Other Liabilities	$553,845	$1,626,826	$2,180,671
With the Public			
Payroll Taxes Payable	$28,376	$-	$28,376
Accrued Funded Payroll and Leave	837,260	-	837,260
Unfunded Leave	1,125,272	-	1,125,272
Other	49,771	-	49,771
Total Public Other Liabilities	$2,040,679	$-	$2,040,679

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 run on a year-to-year. Future receipts due:

Fiscal Year	
2012	$125,938
2013	$31,240
Total Future Payments	$157,178

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 US 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 to cover necessary expenses related to the consequences of Hurricane Katrina until expended.

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

NOTE 10. SCHEDULE OF EARMARKED FUNDS AS OF SEPTEMBER 30, 2011 (continued)

	Capital Fund	Hurricane Katrina Fund	Operations & Maintenance Fund	Total Earmarked Funds
Balance Sheet				
ASSETS				
Fund Balance with Treasury	$(23,939,680)	$797,536	$27,956,450	$4,814,306
Investments	-	-	160,706,811	160,706,811
Accounts Receivable	-	-	3,074,433	3,074,433
Property, Equipment, and Software	67,666,074	226,393,012	1	294,059,087
Total Assests	43,726,394	227,190,548	191,737,695	462,654,637
LIABILITIES AND NET POSITION				
Accounts Payable	437,345	534	3,882,415	4,320,294
Other	-	-	13,315,764	13,315,764
Cumulative Results of Operations	43,289,049	227,190,014	174,539,516	445,018,579
Total Liablities and Net Position	43,726,394	227,190,548	191,737,695	462,654,637
Statement of Net Cost				
Program Costs	8,474,650	5,319,849	66,293,378	80,087,877
Less: Earned Revenues	-	-	(15,824,363)	(15,824,363)
Net Program Costs	8,474,650	5,319,849	50,469,015	64,263,514
Less: Earned Revenues Not	-	-	-	-
Attributable to Programs				
Net Cost of Operations	8,474,650	5,319,849	50,469,015	64,263,514
Statement of Changes in Net Position				
Net Position Beginning of Period	$1,763,699	232,509,863	177,882,424	462,155,986
Net Cost of Operations	(8,474,650)	(5,319,849)	(50,469,015)	(64,263,514)
Taxes and Other Nonexchange Revenue	-	-	45,298,753	45,298,753
Other Revenue	-	-	1,827,354	1,827,354
Change in Net Position	(8,474,650)	(5,319,849)	(3,342,908)	(17,137,407)
Net Position End of Period	43,289,049	227,190,014	174,539,516	445,018,579

NOTE 10. SCHEDULE OF EARMARKED FUNDS AS OF SEPTEMBER 30, 2010 (continued)

	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 Assests	$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 Liablities 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 Program Costs	6,031,124	11,882	39,927,970	45,970,976
Less: Earned Revenues Not Attributable to Programs	-	-	-	-
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
Other Revenue	-	-	-	-
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

NOTE 11. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and intragovernmental exchange revenue represent goods and services exchange transactions 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:

	2011	2010
Program: Culture of Integrity		
Intragovernmental Costs	$707,149	$549,719
Public Costs	3,729,720	2,322,846
Total Program Costs	4,436,869	2,872,565
Intragovernmental Earned Revenue	(217,765)	(198,594)
Public Earned Revenue	(658,905)	(490,350)
Net Program Costs	3,560,199	2,183,621
Program: Exceptional Service		
Intragovernmental Costs	9,894,982	9,367,206
Public Costs	52,189,140	39,581,310
Total Program Costs	62,084,122	48,948,516
Intragovernmental Earned Revenue	(3,047,132)	(3,384,053)
Public Earned Revenue	(9,219,914)	(8,355,556)
Net Program Costs	49,817,076	37,208,907
Program: Financial Growth		
Intragovernmental Costs	39,570	34,719
Public Costs	208,702	146,706
Total Program Costs	248,272	181,425
Intragovernmental Earned Revenue	(12,185)	(12,543)
Public Earned Revenue	(36,871)	(30,969)
Net Program Costs	199,216	137,913
Program: Improved Processes		
Intragovernmental Costs	1,935,087	1,592,448
Public Costs	10,206,235	6,728,921
Total Program Costs	12,141,322	8,321,369
Total Intragovernmental Earned Revenue	(595,905)	(575,297)
Total Public Earned Revenue	(1,803,068)	(1,420,465)
Total Net Cost	9,742,349	6,325,607
Program: Learning and Growth		
Intragovernmental Costs	187,637	28,933
Public Costs	989,655	122,255
Total Program Costs	1,177,292	151,188
Intragovernmental Earned Revenue	(57,782)	(10,452)
Public Earned Revenue	(174,836)	(25,808)

NOTE 11. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE (continued)

Net Program Costs	944,674	114,928
Total Intragovernmental Costs	12,764,425	11,573,025
Total Public Costs	67,323,452	48,902,038
Total Costs	80,087,877	60,475,063
Total Intragovernmental Earned Revenue	(3,930,769)	(4,180,939)
Total Public Earned Revenue	(11,893,594)	(10,323,148)
Total Net Program Costs	$64,263,514	$45,970,976

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, 2011 and 2010, respectively, imputed financing was as follows:

	2011	2010
Office of Personnel Management	$1,827,354	$1,803,733
Total Imputed Financing Sources	$1,827,354	$1,803,733

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

The President's Budget that will include FY11 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2012 and can be found at the OMB Web site: http://www.whitehouse.gov/omb/.

The 2012 Budget of the United States Government, with the "Actual" column completed for 2010, 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 2011 and 2010 consisted of the following:

Category A apportionments distribute budgetary resources by fiscal quarters.

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

	2011	2010
Direct Obligations, Category A	$68,560,187	$62,090,099
Direct Obligations, Category B	77,712,990	14,756,278
Total Obligations Incurred	$146,273,177	$76,846,377

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 fiscal years ended September 30, 2011 and 2010, undelivered orders amounted to $91,482,133 and $40,559,922, respectively.

NOTE 16. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

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

ARMED FORCES RETIREMENT HOME
RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$146,273,177	$76,846,377
Spending Authority From Offsetting Collections and Recoveries	(1,474,323)	(1,270,568)
Offsetting Receipts	(12,669,471)	(62,428,632)
Net Obligations	132,129,383	13,147,177
Other Resources		
Imputed Financing From Costs Absorbed By Others	1,827,354	1,803,733
Net Other Resources Used to Finance Activities	1,827,354	1,803,733
Total Resources Used to Finance Activities	133,956,737	14,950,910
Resources Used to Finance Items Not Part of the Net Cost of Operations	82,059,335	22,553,839
Total Resources Used to Finance the Net Cost of Operations	51,897,402	37,504,749
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:	12,366,112	8,466,227
Net Cost of Operations	$64,263,514	$45,970,976

ARMED FORCES RETIREMENT HOME
REQUIRED SUPPLEMENTARY INFORMATION INTRAGOVERNMENTAL TRANSACTIONS
AS OF SEPTEMBER 30, 2011

Agency	Fund Balance With Treasury	Investments	Accounts Receivable	Total
Treasury	$4,814,306	$160,706,811	$-	$165,521,117
Air Force			510,782	510,782
Army			1,462,277	1,462,277
Marines			839,315	839,315
United States Coast Guard			42,549	42,549
Total	$4,814,306	$160,706,811	$2,854,923	$168,376,040

Agency	Accounts Payable and Accruals	Payroll Taxes	Other	Total
Treasury General Fund	$-	$64,103		$64,103
Program Support Center	42,498			42,498
General Services Administration	16,578			16,578
US Government Printing Office	2,028			2,028
DRMS	15,000			15,000
Department of Labor		643	1,750,357	1,751,000
Personnel Management		192,037		192,037
Total	$76,104	$256,783	$1,750,357	$2,083,244

“I travel quite a bit. And I don't stay still very long.”

—Christopher Columbus Handy
(Navy)

ARMED FORCES RETIREMENT HOME REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

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.

Like his namesake, Christopher Columbus Handy is no stranger to world travel. He served 21 years in the Navy as a physician’s assistant and supplied medical support to Marines in Vietnam. Afterwards, he was stationed in San Diego, Bermuda, Guam, and Florida. “Once I started moving about in the Navy every few years, I just continued to move!”

He anticipates taking a “hop” to Europe soon—a privilege afforded to US service members, veterans, and retirees where unused seats on military aircraft are available for personal travel. This perk gives residents like Christopher the freedom to travel the world.

Like many residents, Christopher is active and independent. He’s an avid swimmer in the new AFRH-G pool. Plus he makes the most of our wellness programs and fun activities to maintain his vitality in-between journeys. Where does Christopher plan to explore next? “Germany, England, Italy, the Netherlands ... I’m just gonna roam around over there—and see what the culture’s like.”