



Inspiring
INDEPENDENCE



ON THE COVER:



Our military has inspired liberty around the world since 1776. They have forged a viable nation, defeated global tyranny, and galvanized America's strength. All along the flame of freedom has burned bright. 200 years ago America's leaders made a Promise to care for its aging veterans. Today that tradition endures with a focus on greater independence. The AFRH is motivating residents to push the limits of vitality through new programs and modern services. No event reflects their undying spirit like our Senior Olympics, featured on the cover. As we celebrate another successful year, the residents and staff are, as always, **INSPIRING INDEPENDENCE.**



GUIDING PRINCIPLES:

Person-centered

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

Accountability

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

Integrity

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

Workforce Growth

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

Honor Heritage

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

Inspire Excellence

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

One Vision / One Mission / One Organization

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

The FY11 Performance and Accountability Report (PAR) is published by the Armed Forces Retirement Home (AFRH), Office of the Chief Financial Officer (CFO). An electronic version is available online at: www.afrh.gov/afrh/about/par/afrentirepar11.pdf

VISION:

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

MISSION:

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

Introduction

- The COO / CFO Message // **4 – 7**
- Memorable 2011 Events // **10 – 11**
- Person-centered Care // **12 – 13**
- The AFRH Legacy // **14 – 15**
- Special Feature: The Scott Project
[Gatefold] // **16 – 19**
- 2011 in Review // **20 – 23**
- Two Disasters, One Week // **24 – 25**
- Agency at a Glance // **26 – 27**
- PAR Introduction // **28 – 29**

TABLE OF CONTENTS

Part 1: Management's Discussion & Analysis

- AFRH Organization // **32 – 33**
- AFRH Locations // **34 – 35**
- Our Residents // **36 – 37**
- Our Staff // **38 – 39**
- Agency New Direction // **40 – 41**
- Key Strategic Performance Goals:
 - Goal 1: Resident-centered Care // **40**
 - Goal 2: Exceptional Stewardship // **40**
 - Goal 3: Staff-centered Environments // **41**
 - Goal 4: External Stakeholders // **41**
- Performance Summary & Highlights // **42 – 45**
- Financial Overview // **46 – 51**
- Legal and Regulatory Compliance // **52 – 53**
- Risk Management // **54 – 59**

Part 2: Performance

- Performance Management // **62 – 63**
- Human Capital Strategic Planning // **64 – 65**
- Key Strategic Performance Goals // **66 – 71**
- Historical Performance Trends // **72 – 73**
- Results of Performance Measures // **74 – 79**
- Verification & Validation // **80 – 81**

Part 3: Financial

- Financial Overview // **84 – 85**
- Independent Auditors Report // **86 – 88**
- Financial Statements // **89 – 93**
- Notes to the Financial Statements // **94 – 107**
- Required Supplementary Information // **108 – 109**

Part 4: Accompanying Info

- AFRH IG Viewpoint // **112 – 113**
- Strength through Adversity // **114 – 115**
- Improper Payments // **116 – 117**
- Acronyms // **118 – 119**
- Thanks // **120**

The COO / CFO Message

ENGINEERING TRANSITION



“I am proud to lead those who live and work at this historic organization.”

Since 2002, we have been transforming the AFRH, striving to reduce risk, creating an efficient business, and meeting the needs of our residents. FY11 has been no different. This past year was filled with success and change at the Agency as we focused even harder on fine-tuning our business model to promote health and wellness.

As the recently selected COO, it is both an honor and a privilege to serve those who served America. Today I am proud to report the AFRH is doing well. As you review this Performance and Accountability Report (PAR) for FY11, you will see how we are making significant headway and inspiring greater independence for America’s veterans.

Surveying Highlights

In the past year, we witnessed the grand opening of the new Gulfport facility. And in Washington, the Scott Project moved rapidly forward with the hard demolition of the old Scott Building. Both of these vital projects are bringing our Person-centered Care and Aging in Place philosophies from vision to reality.

In February I met with AFRH leadership to develop our next five-year Strategic Plan. Our planning session encouraged us to revalidate our Vision, Mission, and Guiding Principles—and to analyze how to make the most positive impact on residents, given our resources and experience. The 2011-2015 Strategic Plan Theme—The Power of Progress—stemmed from our Agency-wide commitment to achieve a person-centered model focusing on resident needs and choices.

We also pledged to minimize risk and increase financial stability through a variety of strategies: reducing our footprint and associated infrastructure, shoring up our facilities, growing our staff, rightsizing our population, seeking energy efficiencies, and fine-tuning contracts through the transition years (while also reducing the scope and requirements of new ones starting in 2013).

For instance, the dining contract decreased by \$2 million, healthcare produced savings of \$1.2 million, and Campus Operations decreased by \$1 million—for a total of more than \$6 million in savings in FY11 alone. And we expect these savings to continue in 2013.



Further, we restructured our Performance Improvement (PI) process focused on high-risk areas and documented key threats to monitor through our Internal Control Board.

To improve resident service, we realigned our population through an effective transfer program to the Independent Living Plus (ILP) Pilot program. We also analyzed and adjusted our staffing for efficiency and efficacy. As management problems emerged, we replaced ineffective managers to ensure team unity. All decisions have proved to be positive moves in enhancing the delivery of resident-centered care.

In the midst of these advances, we experienced a unique event in Washington. In August, a 5.8 magnitude earthquake was followed by a CAT 1 hurricane three days later. Result: the 150-year-old historic Sherman Building and heart of our business operations was closed due to structural damage. Since then, our admin staff has been operating in auxiliary offices.

Promoting Achievements

Through our strategic planning we set a course for positive AFRH Trust Fund growth and essential modernization on the Washington campus. \$5.6 million in Trust Fund money was requested and approved to plan a design-build renovation of the Scott Dormitory (coined “the Scott Project.”) Working with DoD, \$70 million was taken from its top line and programmed in our Budget Authority for the Scott Project in 2010.

In tandem with these investments, the AFRH received its 7th annual “unqualified” audit opinion in FY11. This outcome validates our strong controls and sound fiscal management.

Infrastructure-wise, we refocused and improved our AFRH Capital Improvement Plan (CIP), which outlines 10 years’ worth of vital improvements on both campuses. These projects include a smaller footprint in Washington, a focus on Person-centered Care and Aging in Place, plus assessments of the environmental impacts.

Off-campus, we increased interactions with partners such as the National Association of Uniformed Services (NAUS), the Petworth Neighborhood, Armed Forces Foundation, Non Commissioned Officers Association (NCOA), GEICO, Camp Shelby, Keesler Air Force Base, Walter Reed National Medical Center, Virginia Medical Center, and the VA Biloxi, to name a few.

To promote greater health, the AFRH became “smoke-free”. We worked with residents, conducted numerous focus groups, identified smoking areas, and began our effort to build environmentally-controlled smoking shelters.

Further, we underwent assessments by Office of Personnel Management (OPM), our Advisory Board, and CARF¹. In fact, AFRH-Washington (AFRH-W) received CARF praise for strides in Person-centered Care and rapid staff training. Meanwhile, AFRH-G prepared for its first CARF inspection in the first quarter of FY12.

Overcoming Challenges

The AFRH transition is in full swing. Change is not easy—especially for seniors. AFRH-G residents are adjusting to Mississippi, the new building, and its staff. And AFRH-W is in flux as residents experience inconvenience and change during modernization. But, as they say, change is good for the soul. In my first year as COO, I determined our greatest challenges lie in managing expenses during major ongoing projects:

PROJECT	FISCAL CHALLENGE
The Scott Project	maintaining schedule, cost & safety
Gulfport Stand-up	achieving capacity & effective staffing
Sherman	funding for repairs & reconstruction
Washington Master Plan Revival	securing investors & funding

PROJECT	PERFORMANCE CHALLENGE
Person-centered Care	focusing staff, reaching a plateau & altering services
Aging in Place	reducing high care levels and related costs via rightsizing AFRH-W, promoting independence via ILP expansion on both campuses & Scott construction
Information Technology	attaining e-records, networking & video-conferencing
Financial Management	ensuring the Trust Fund stays solvent during expenditures, keeping expenses down & creating revenue from the Washington Master Plan
Gulfport Administration	keeping a cohesive team, ensuring a vibrant organization & maintaining accreditation



Joe Woo (Chief Architect) & Justin Seffins (Facilities Manager) join McManus at the Scott Demolition.

Strong fiscal management of these large-scale projects is vital to safeguarding our assets. Today the Trust Fund is solvent. However, its greatest risk will occur in the transition years (2010-2013) as we continue to stand up operations in Gulfport and transition to a reduced footprint in Washington. Yet, many AFRH infrastructure and facility upgrades, coupled with contract-reduction efforts, will have a direct and positive impact on Trust Fund solvency.

While we recognize negative growth will occur in the transition years as we expense the Scott Project, we expect positive growth to continue again after 2013. We are also reviewing our fee structure and enhancing Agency-level staffing to meet the growing demands of the transition years. As we move toward our vision of economical operations on both campuses, we continue to review and adopt practices that will improve service and nurture Trust Fund growth.

The National Defense Authorization Act (NDAA) for FY02 permitted AFRH through DoD to sell, lease or otherwise dispose of underutilized buildings and property. The NDAA for FY09 altered the language by requiring the AFRH to follow Enhanced Use Lease (EUL) procedures for lease of AFRH property. DoD is currently reviewing the Agency’s development strategy for the 77 acres of development. A decision is expected this calendar year.

In the interim, the AFRH is mothballing unoccupied buildings within the 77 acre development zone, preparing to close the Power Plant and LaGarde facility, developing plans for a new fence around our primary development footprint, renewing relationships with our neighbors, and developing relationships with our new real estate manager (US Army Corps of Engineers) in anticipation of sale/leasing.

Giving Thanks

The standup of Gulfport has not been easy on residents or employees. We adjusted to unexpected problems and made necessary changes in staffing. Through this transition, the residents have been very understanding and have remained supportive. Life at AFRH-W has also been challenging for everyone as we entered the Transition Period with displaced services. All was on-track—then the earthquake hit and left a trail of damage in its aftermath. Hence, all programs

now have even more limited space. We moved dining once again into the Fitness Center, so the residents re-named it “Jerry’s Diner” (to honor a staff member in the Fitness Center, which had to move elsewhere). All things considered, the Washington residents are showing great tolerance and appreciation for all we have done.



Envisioning Tomorrow

We are experiencing a time of great opportunity and challenges that lead me to believe we have so much to gain. As the COO of our great Homes, I will continue my commitment to resident care, support our staff through great challenges, and seize every opportunity to make life better at the AFRH. I am proud to lead this historic organization and those who live and work here. Each day, I see our good people commit to Person-centered Care and enhance the AFRH. We are on a fast track to have a premier home in Washington by 2013, much like Gulfport, where our veterans will do more than grow old. They will simply grow. As you enjoy this report and discover the storied lives of our residents, you will see how they have inspired so many others to greatness. In turn, we seek to inspire our residents to greater joy and independence for life.

Sincerely,

Steven G. McManus
 Chief Operating Officer (COO)
 Chief Financial Officer (CFO)
 November 15, 2011

¹Continuing Care Retirement Community

²Commission on Accreditation of Rehabilitation Facilities and the Continuing Care Accreditation Commission



Introduction:

Memorable 2011 Events

Person-centered Care

The AFRH Legacy

The Scott Project

2011 in Review

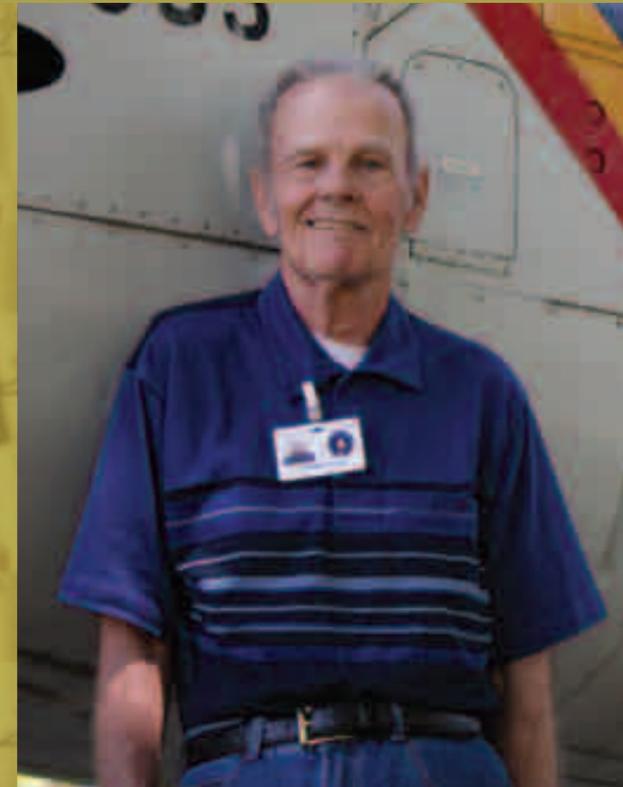
Two Disasters, One Week

Agency at a Glance

PAR Introduction

“Once I visit Alaska,
I will have walked through
every state.”

—*Edmund Crump (Air Force)*



Edmund traveled the world for 20 years in the Air Force. Once, he was stationed with his three brothers in the Philippines. Today his wanderlust continues. According to his pedometer, he's logged over 35,000 miles in eight years walking the scenic AFRH-W grounds.

At age 76 there's no stopping him. He took 8th place in the 1500 Meter Race Walk at the National Olympics in Houston. And in DC he took a Gold Medal in his age range. Edmund enjoys walking, plus it greatly benefits his health: "I don't think anyone here is in better shape. I feel good and have no aches and pains." His energy is a wonderful inspiration to residents who strive to maintain vitality.

Ed also enjoys the AFRH Senior Olympics. He writes a bowling column in the newspaper and loves the remodeled bowling center. It features new amenities and a 'fridge with soft drinks and beer to celebrate high scores. "They treat me great".

Memorable 2011 Events

UPLIFTING MOMENTS

1

FY11 began in October 2010 with a dream come true: seeing our Gulfport residents return to a fresh, new facility. Their faces were beaming and many were filled with tears of joy. This homecoming was both inspiring and eye-opening, as it showed us all how hopeful yet fragile life can be.



As residents departed for Gulfport, AFRH-Washington began a major construction project to update its aging facility. The "Scott Project" is paving the way for Aging in Place. The planned Scott Building will feature therapy, physical fitness, swimming, and a progressive Wellness Center.

2



3

Sung Choon Park is Minister of Patriots and Veteran Affairs for the Republic of Korea. On a July visit he told AFRH residents, "The peace, freedom, and prosperity the Korean people are now enjoying is largely credited to the devotion and commitment of Korean War veterans." Our residents treasured his gratitude.



Our residents have been so grateful for their safe evacuation and joyful return to the Gulf Coast. In fact, they have wanted to repay those who graciously helped them in their time of need. So, in July we launched the inaugural Volunteerism Expo at AFRH-G to show residents new ways to give back.

4



Person-centered Care

PROMOTING INDIVIDUALITY

PERSON-CENTERED VALUES:

Freedom of Choice

Personal Dignity

Mutual Respect

Self-determination

Purposeful Living

“We’ve always been person-centered in our approach to care.”

– Karen Tillman-McCombs
(Performance Integrator)



Acts of Independence

Our new philosophy of senior vitality is called Person-centered Care. It means we consider each resident’s needs in a careful and supportive manner while also developing proactive plans of care. This approach enables the AFRH to deliver meaningful services and tailored care to each individual.

In order for Person-centered Care to be effective, everyone must identify and understand each resident’s individual needs and listen carefully to their expressed desires. Negotiation between the resident and staff will yield smart choices for consideration. Then, realistic actions will be taken within the scope of our resources and capabilities. This way, each resident becomes an active participant in guiding and charting his or her own life.



Person-centered Care doesn’t imply that all resident desires will be met without regard to available resources or the Agency’s capabilities. Rather, our goal is to produce personalized and attainable results within the support structure of a caring environment.

The tremendous value of this movement extends well beyond the development of a written plan for each resident. The manner in which AFRH implements each plan is just as important. So we have pledged to uphold various management controls on a regular basis to ensure the success of this new philosophy.

See Sidebar at Right >>

- We implemented greater communication via Team-STEPPS
- We are breaking down organizational barriers to achieve a person-centered home
- We are assessing policies, procedures & delivery to insure Agency-wide deployment
- We insure implementation is in sync with the policy & guidance of CARF

OUTCOME:

Person-centered Care will help the AFRH achieve its Mission, Vision, and Guiding Principles, all of which make this a more vibrant and wonderful place to live and work.

The AFRH Legacy

REVERING HISTORY

Fostering the safety and independence of America's veterans began exactly 200 years ago. The visionary patriots of our young nation conceived

of a "safe haven" for America's aging defenders of liberty. This shelter would serve as repayment for the sacrifice of military service. Plus it would reassure

our military that they would have a secure, peaceful place if they were injured or infirm.

So, in 1811 America's leaders made a Promise to care for our Nation's former military. The US Congress promptly passed legislation to create a self-sufficient home in Philadelphia for destitute Navy officers, sailors and Marines. By 1834 the Naval Asylum opened its doors, and a rich legacy was born.

By 1851 momentum had grown to fund a Soldiers' Home in Washington, DC using reparations from the Mexican War. It began in a rustic countryside home (now President Lincoln's Cottage, a National Landmark). Along with changes in the military, this Home would later admit airmen, too.

For 140 years, both separate and distinct homes evolved with the times. In 1991 the two merged in order to realize greater efficiencies and unity, and became one modern retirement community: the AFRH.

Today we provide a secure and comfortable lifestyle for our eligible former enlisted. The residents here enjoy dynamic activities, modern amenities, and various levels of care based on their unique needs and desires. In the end, we're confident that we are realizing the vision of our forefathers.

US Naval Asylum



Original Soldiers' Home



The Eagle Gate, Washington



Naval Home Camaraderie



KEY MILESTONES

Old-Tyme Timeline:

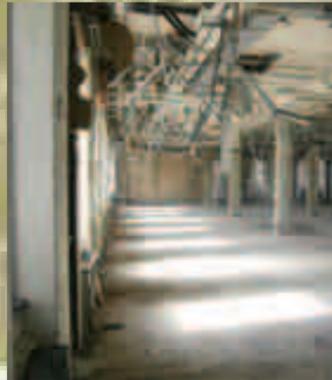
- | **1811** Law passes to shelter old US veterans
- | **1834** Naval Asylum opens in Philadelphia
- | **1851** Soldiers' Home is established in DC
- | **1890** Inmates work the Soldiers' Home farm
- | **1910** Naval Home vets do light workshop labor
- | **1991** Two distinct Homes merge as one: AFRH

2011 200th anniversary of the Promise

The Scott Project PERSONALIZING CARE

High on a hill overlooking Washington, the AFRH has been home to many unsung heroes of necessary and just wars in America's defense of freedom. As our residents have aged, so has the infrastructure around them. Soon a modern facility for activities and health-care that equals those at the new AFRH-G will adorn these grounds.

The Scott Project is a comprehensive AFRH-W renewal that is focused on Aging in Place. Slated for completion in FY13, the Project entails demolishing the aging Scott Building and erecting a new one in its place with modern healthcare and activity spaces. In tandem, we will relocate Assisted Living (AL) residents to Sheridan alongside our Independent Living (IL) residents.



The goal of the Scott Project is twofold:

1

to promote greater independence, improved wellness, and personal empowerment for the residents, *and*

2

The Cafeteria was relocated to Sherman N.

to modernize our aging infrastructure. Like AFRH-G, the future AFRH-W campus will have modern amenities, yet it will respect our rich heritage. The Scott Project is a noteworthy investment, yet we know it will pay great future dividends.

The original Sherman N. mess hall, circa 1900

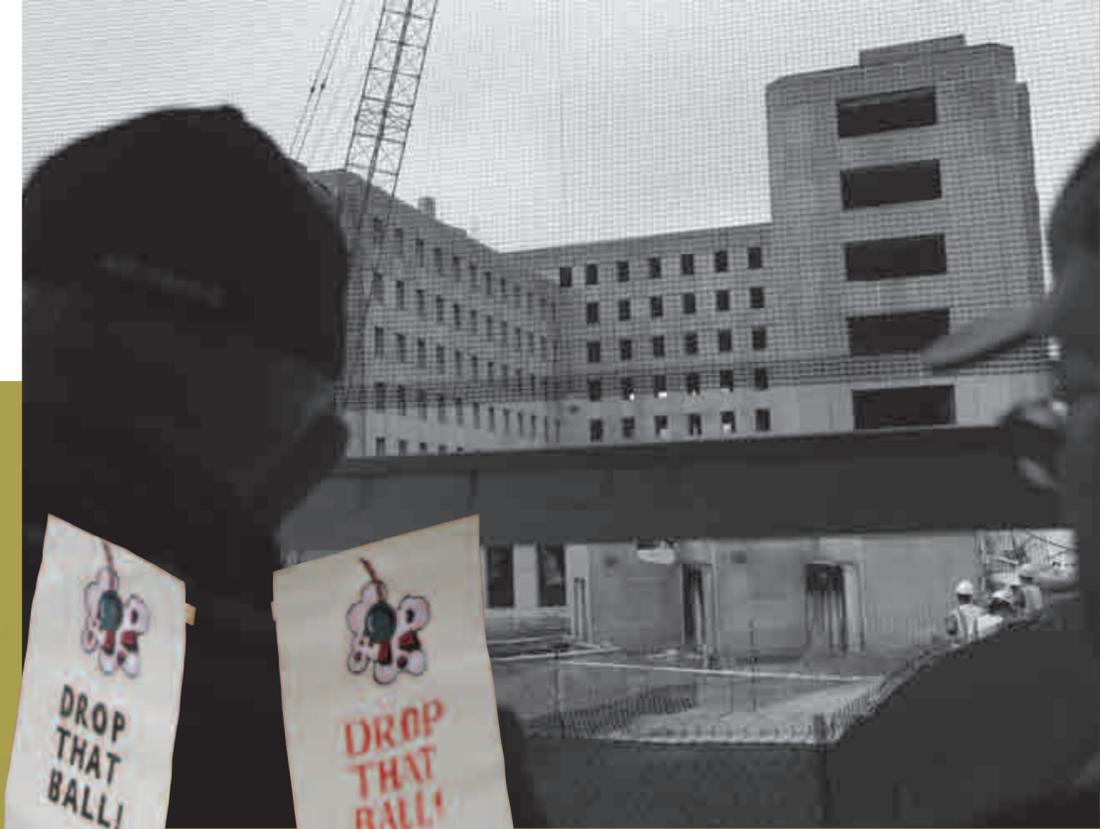


Acts of Independence

- We closed & began demolishing Scott
- We moved IL residents to Sheridan
- We relocated AL residents to LaGarde
- We moved dining & activities to Sherman N. & moved again to Sheridan Fitness Center after the earthquake
- We relocated admin offices, Wellness Center & Library to Sheridan

Acts of Independence

- We hold numerous resident focus groups
- We work through the Resident Advisory Council
- We consult with senior design experts
- We employ principles in gerontology
- We strictly follow CARF guidelines
- We ensure Person-centered Care



The new Scott will offer more amenities with less maintenance. It is designed to current building codes, is highly energy efficient to meet our Energy Goals*, and is in compliance with the latest standards in senior care. For greater wellbeing, it will have a Health & Wellness Center with medical, dental and optometry services.

Soon, Long Term Care (LTC) and Memory Support (MS) residents will be in much closer proximity to IL and AL, thus unifying the AFRH population. So, those with physical or cognitive impairments will be drawn into the community, instead of being isolated and stigmatized in the remote LaGarde Building half a mile (and a bus ride) away.

Scott Project Business Partners: project management by GSA; construction management by Jacobs Engineering; design by DiMella Shafer; and design-build by Hensel Phelps / Cooper Carry

AFRH Energy Goals:

- 30% reduction in energy intensity by 2015 (2003 baseline)
- 26% reduction in water intensity by 2020 (2007 baseline)
- 22% annual reduction of petroleum usage by vehicles through 2020 (2005 baseline)
- Reduce waste generation & increase recycling
- Reduce toxic and electronic waste
- Increase renewable energy use



Tunnel for safe passage to interim dining hall in Sherman N. (pre-earthquake)

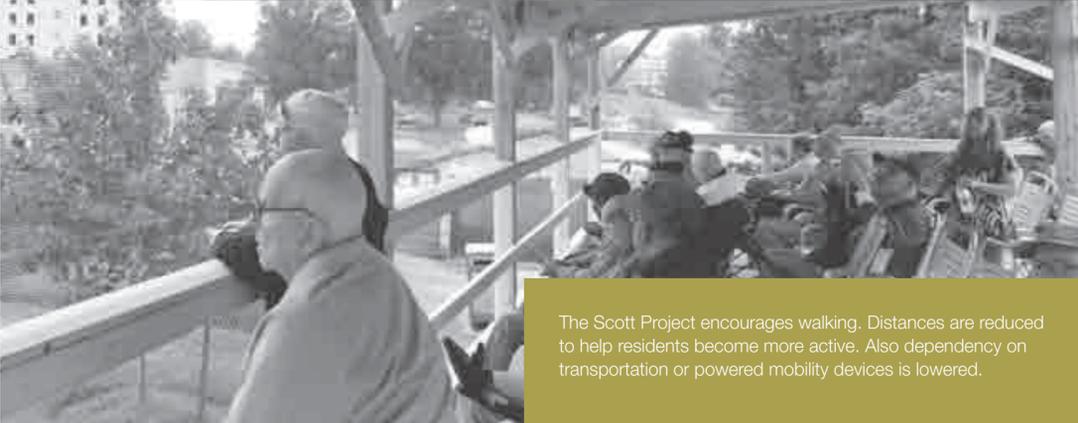


The relocated Library in Sheridan



Artists' rendering, new Scott lobby & new dining hall

Best of all, these plans are rooted in Person-centered Care and are financed from the AFRH Trust Fund. Ultimately, the Scott Project will produce a facility that will serve a population similar to Gulfport. By 2013, the AFRH will have two new facilities unified by a singular philosophy for inspiring independence.



The Scott Project encourages walking. Distances are reduced to help residents become more active. Also dependency on transportation or powered mobility devices is lowered.

Residents view the demolition of their old home.

2011 in Review

REGARDING PROGRESS

AFRH ORGANIZATION

- Resident eligibility expands to the US Coast Guard
- AFRH-Gulfport officially opens its doors
- AFRH earns 7th consecutive Unqualified Audit Opinion
- The Agency goes smoke-free in both facilities
- Steven McManus is named new COO of the AFRH
- Dr. Sissay Awoke is named Agency Medical Director



GULFPORT COMMUNITY

- Joyous residents return to new Gulfport Home
- “Glory on the Gulf” event celebrates new AFRH-G
- AFRH-G offers pilot Independent Living Plus (ILP)
- More than 490 IL residents now thrive at AFRH-G

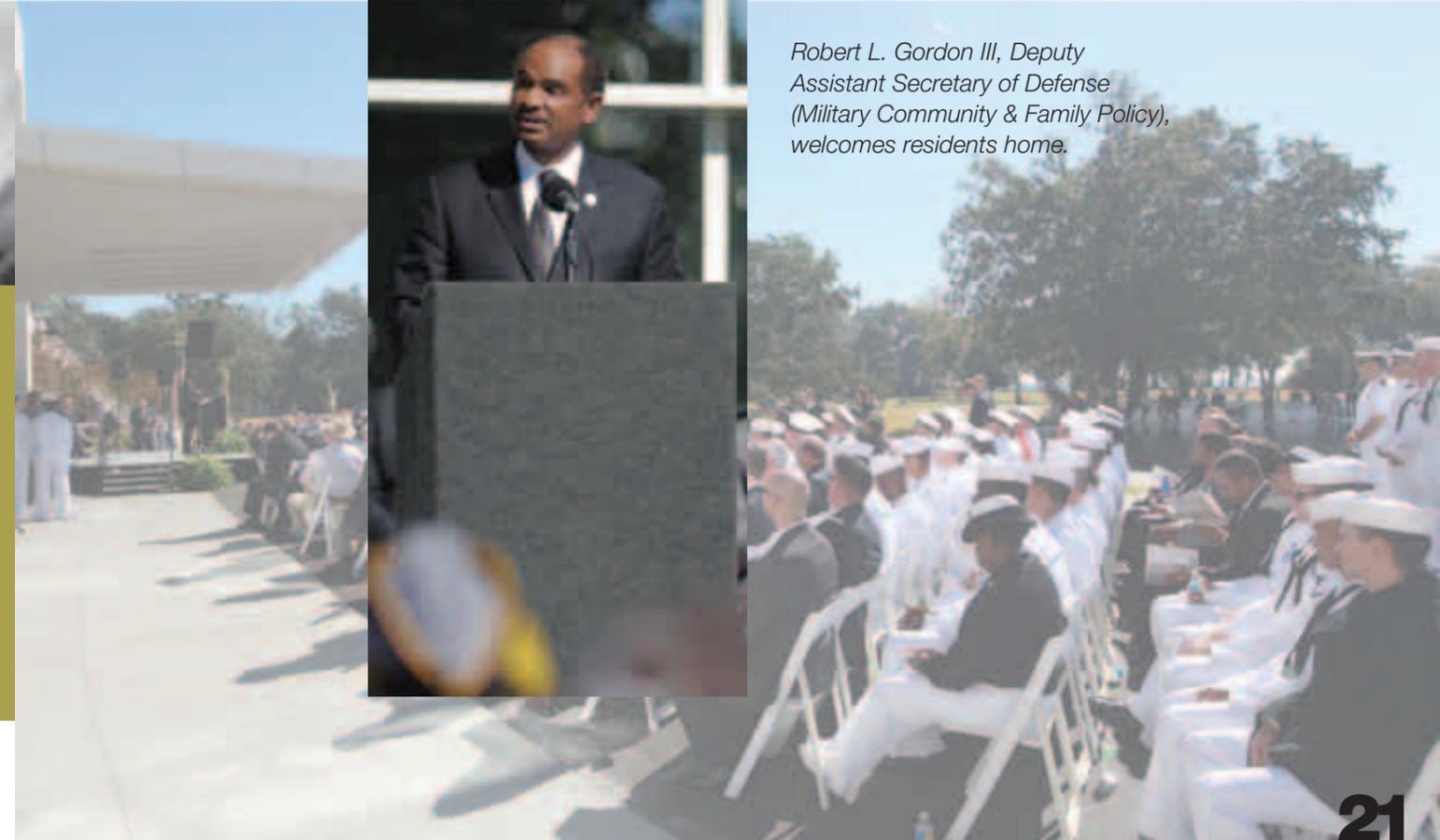


“It is a pleasure and a privilege to serve our veterans.”

– Dr. Sissay Awoke (Agency Medical Officer)



- Management defines FY11-15 person-centered strategy via Strategic Plan
- AFRH Advisory Board meets in Gulfport, MS (1st time AFRH-G is represented since FY05)
- 10-year AFRH Capital Improvement Plan is renewed
- Scott Project defines Aging in Place in Washington



Robert L. Gordon III, Deputy Assistant Secretary of Defense (Military Community & Family Policy), welcomes residents home.

WASHINGTON COMMUNITY



Scott Project Transition begins

- Climate-controlled tunnel opens: Sheridan-to-Sherman
- IT Services are moved from closed Scott to Sherman
- Interim dining, recreation & theater open in Sherman N.
- Scott Building chillers & cooling towers are relocated
- Sheridan Elevator Design approved by NCPC & CFA*

* NCPC: National Capital Planning Commission
CFA: US Commission of Fine Arts

“This is like heaven compared to civilian homes.”

– Harris Bircher (Navy, Pearl Harbor Survivor)

Scott Project Phase I Endeavors

- Scott Building is vacated & closed permanently
- Resident rooms and staff offices are vacated
- All IL residents are moved to Sheridan
- Health & Wellness Center relocated to Sheridan
- AFRH-W Bowling Center renovation is complete
- Soft demolition / wrecking ball continues in fall

New Scott Building

- Design-Build contract awarded to Hensel-Phelps
- Essential Design documents are complete

2011 in Review (cont.)



Two Disasters, One Week

STIRRING RESOURCEFULNESS

East Coast Quake

Tuesday August 23rd (1:50 pm):

The “East Coast Quake” rocks the nation’s capitol. The epicenter is rural Virginia, 83 miles from DC.

AFRH senior staff members flee a second-floor conference room in Sherman Building—seconds before crumbling stone and falling debris cave in the ceiling. Residents scurry to safety on the quad lawn.

The historic, castle-like Sherman Building has the most dramatic damage. The turret that encases our signature clock tower is cracked, crown molding is damaged and broken, and heavy stones fell crushing a staff member’s luxury car. Total damage is estimated at \$7 - 13 million dollars.

The AFRH scrambles to shore up the crumbling Sherman so it may withstand hurricane-force winds on the way in three days. Hensel Phelps, Scott Project design-builder, removes loose stones and adds temporary covering over the roof holes in record-time. The precarious clock tower is secured with industrial wire. Sheridan was assessed for loose panels in the exterior and replaced with water-resistant covers. Three damaged elevators in Sheridan are closed. LaGarde is evacuated but no damage was sustained.

In August, the residents and staff at AFRH-W had their world shaken by two natural disasters that occurred in just one week—a 5.8 magnitude earthquake and Hurricane Irene. Over the past 200 years, two such events have never occurred together in Washington.

The safety and wellbeing of 600 residents was secured thanks to swift staff and decisive action by our staff. Yet, several historic buildings at AFRH in the Sherman complex,

which are now closed, have severe stress cracks, caved-in ceilings, and crumbled building blocks. The estimated cost for repairs is \$7 - \$13 million.

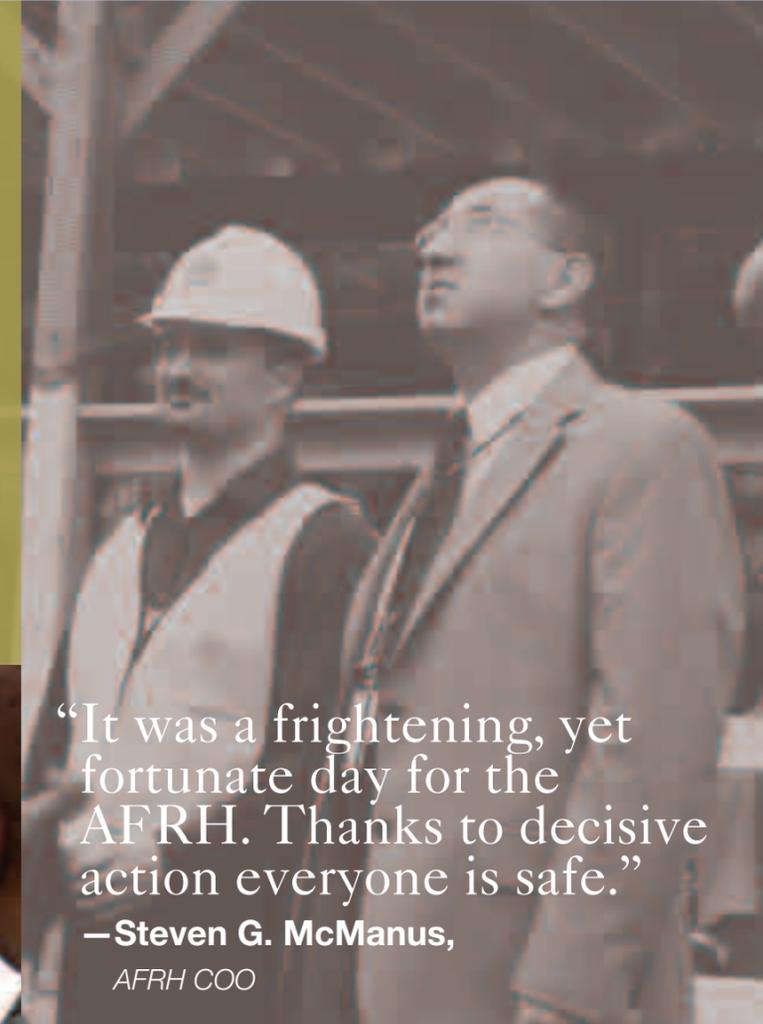
Needless to say our transition plans on the Scott Project have altered because our office spaces and resident activities moved from Sherman to other campus buildings. Yet management is confident our plans will be back on track by the start of FY12 through the support of Congress.

Hurricane Irene

Friday August 26th (9:50 pm):

Category 1 Hurricane Irene roars through DC after causing widespread damage to homes and businesses along the east coast. Wind gusts reach up to 70 mph. Flooding and damage ensue in Maryland, Virginia and DC. Dozens of mature trees are leveled. Up to eight inches of rain fill the District in less than three days.

Remarkably, no added damage occurs on the AFRH-W campus as a result of the storm thanks to precautionary actions by Hensel Phelps. Yet, the ensuing weeklong rainstorm causes serious flooding in DC, along the waterfront in Alexandria, and across the river in Maryland. Also, tens of thousands of local residents are left without power for days.



“It was a frightening, yet fortunate day for the AFRH. Thanks to decisive action everyone is safe.”

—**Steven G. McManus,**
AFRH COO

Acts of Independence

- We evacuated the residents safely
- We served a BBQ dinner outside, that evening
- We engaged engineers to assess residences
- We stabilized the Sherman complex
- We removed rubble & closed the complex
- We reinforced clock tower before the storm



We swiftly set up makeshift dining in the Fitness Center.



“My lady-friend who uses a walker was carried down the stairs on the back of a construction worker.”

—**Wilfred McCarty**
(Army, WWII veteran)

“The staff was fantastic—we are safe, we got evacuated, and we got our food straight away!”

—**Jim Webster**
*(Navy, WWII veteran),
Town Hall Meeting*



OUTCOME: NO INJURIES. ALL SAFE.

Agency at a Glance

APPRAISING VALUE

FEDERAL AUTHORITY:	AFRH Act of 1991, Public Law 101-510 (as amended in 1993, 2001, 2006, 2008 & 2010)
CURRENT LOCATIONS:	Beach Drive, Gulfport, MS (47 acres) N. Capitol Street NW, Washington, DC (272 acres)
ORGANIZATION:	AFRH Corporate Headquarters (Washington, DC) managing
2 AFRH COMMUNITIES:	AFRH-Gulfport // AFRH-Washington
RESIDENT CAPACITY:	Gulfport, MS: 584 // Washington, DC: 568
AVERAGE RESIDENT:	82 Years Old
MAIN FUNDING:	Congressional Authorizations from a Government-held Trust Fund fed by: Resident Fees, Active Duty Enlisted Military & Warrant Officer Withheld Pay, Fines & Forfeitures, Gifts & Leases, and Investment Income
TRUST FUND BALANCE:	\$162 Million

GENERAL SERVICES:

- Private Rooms & Showers
- Medical, Dental & Vision Care
- Dining Facilities
- Senior Activities & Programs
- Recreational Activities
- Shuttle & Public Transportation
- Independent Living
- Independent Living Plus Pilot
- Assisted Living
- Memory Support Living
- Senior Day Club
- Long Term Care

MAJOR AMENITIES:

- Fitness Center
- Walking Trails
- Life Trail Course
- 9-hole Golf Course (AFRH-W)
- Swimming Pool (AFRH-G)
- Bowling Centers
- Hobby Shops
- Fish Ponds
- Theater
- Library
- Computer Center



PAR Introduction

INSPIRING INDEPENDENCE

FY11 marked a new beginning on the Gulf Coast and the start of a dynamic transformation in Washington for the AFRH. The goal of these major advances is to promote Person-centered Care and motivate our residents to remain independent.

The Agency is achieving this goal by providing modern amenities and advanced services to a new generation of former military. Our brave heroes have inspired the world to battle oppression, and in turn, they continue to inspire the AFRH staff to meet our vision through greater involvement.

The AFRH is entering a new stage in its storied history. Management has fully met and exceeded the visionary goals set forth in the FY06-10 Strategic Plan. To begin our transition, we developed a new AFRH Strategic Plan for FY11-15⁴. In this initial year of the Plan, our sole focus was “Person-centered Care.”

Each year US Federal agencies are required⁵ to report performance to Congress and the public in the PAR. Here we share insight into the Home’s rich heritage and lively community, while explaining the relationship between our objectives, the costs, and our results. Further, we illustrate how we protect and manage the AFRH Trust Fund—and demonstrate how those funds will continue to provide the best possible retirement for eligible residents.

This PAR covers events from Oct 1, 2010 - Sep 30, 2011. It has four parts that outline how the AFRH is succeeding and how our efforts benefit those who served America. Their dedicated sacrifices, combined with their payroll contributions to the AFRH, have earned them a special place to call “home.” The Agency is delighted to report that we are providing them with a superior retirement.



1 Part 1 Management’s Discussion and Analysis (MD&A):

a summary of our performance and financial status, as well as accomplishments and challenges. It includes our compliance with essential legal requirements.

2 Part 2 Performance:

a detailed outline of the AFRH Goals and Objectives. It showcases our achievements and our shortfalls, plus our new Key Strategic Performance Goals.

3 Part 3 Financial:

the Audit Opinion, Financial Statements, disclosures, and Notes regarding AFRH fiduciary activities over the past fiscal year.

4 Part 4 Accompanying Info:

the IG Statement, Management Challenges, Improper Payments, and Acronyms



AFRH employees & contractors prepared this report per Federal guidelines.

⁴www.afrh.gov/afrh/about/strategic2011-2015.pdf

⁵The Accountability of Tax Dollars Act of 2002
 The Federal Management Information Security Act of 1998
 The Federal Financial Management Improvement Act of 1996
 The Government Management Reform Act of 1994
 The Government Performance and Results Act of 1993
 The Chief Financial Officers Act of 1990
 The Federal Managers Financial Integrity Act of 1982, and
 The Inspector General Act of 1978