



**AFRH**

The Premier  
Retirement Community  
for America's Veterans



PARTNERING

&

ENERGIZED

# INTRODUCTION

The Armed Forces Retirement Home (AFRH) is proud to present its FY 2013 Summary of Performance & Financial Information (SPFI).

Our SPFI provides an overview of the detailed Performance and Accountability Report (PAR) for both communities—AFRH-Gulfport, MS (AFRH-G) and AFRH-Washington, DC (AFRH-W)—which we provide annually to the Office of Management and Budget (OMB).

This SPFI features the same information in our FY 2013 PAR in a condensed format so readers can easily assess how the AFRH is fulfilling its mission.



## 2013 SUMMARY OVERVIEW

FY 2013 has been a banner year for AFRH staff, residents, and partners. In FY 2013, AFRH achieved key goals such as completing the “new” AFRH-W Scott Building, hiring key management positions, maintaining our CARF Accreditation, and receiving our 9th consecutive “Unmodified” (previously Unqualified) and clean independent audit opinion.

Both communities now have equal and modern facilities in which to live, learn, exercise, engage, create, and celebrate. These widespread improvements—the result of a decade of strategic planning with many business and community partners—have brought newfound energy to this Agency.

AFRH is maximizing these new facilities by expanding its partnerships as well as special events. Now, more neighbors, associates, and friends are discovering AFRH and its vital role in veteran care. The ultimate result is stronger PARTNERING, plus the residents and staff are much more ENERGIZED.

Thank you for your support of AFRH.

## AFRH KEY DOCUMENTS

### **AFRH 2013 Performance and Accountability Report (PAR)**

<https://www.afrh.gov/afrh/about/par/par13.htm>

### **AFRH Congressional Budget Justification:**

<https://www.afrh.gov/afrh/about/Congressionaljustificationfy13.pdf>

### **Annual Financial Report in the PAR [Financial Section]**

[https://www.afrh.gov/afrh/about/par/Financial508\\_Par13.pdf](https://www.afrh.gov/afrh/about/par/Financial508_Par13.pdf)

### **Annual Performance Report in the PAR [Performance Section]**

[https://www.afrh.gov/afrh/about/par/Performance508\\_Par13.pdf](https://www.afrh.gov/afrh/about/par/Performance508_Par13.pdf)

## COO MESSAGE

# REVITALIZED

ON BEHALF OF THE ENTIRE AFRH COMMUNITY, I AM DELIGHTED TO SUBMIT THE FY 2013 PAR TO CONGRESS, THE PRESIDENT, OUR RESIDENTS, AND THE AMERICAN PEOPLE. MANY RECENT ACHIEVEMENTS HAVE GALVANIZED THE AGENCY AS YOU WILL SEE HERE IN OUR COLORFUL STORIES, DIVERSE EVENTS, DETAILED PERFORMANCE, AND ACCURATE FINANCIALS.

In this year, we have advanced Person-centered Care on every level of the Home. We have made vital capital improvements to beautify our facilities. Plus, we made advances in staff training and performance improvement. Altogether these advances make the AFRH an agency that is constantly aspiring and steadily evolving.

Each AFRH employee, partner, and contractor works hard to support our residents. Every day, and every deed, is an opportunity to enhance our care and grow together. Also, we must continually satisfy, impress, and empower our stakeholders, supporters, contributors, and friends. These are the fine people who are invigorating our dynamic programs and great service.

## UPGRADED

Recent facility upgrades at both locations were deployed to advance Person-centered Care. These upgrades also support an aggressive cost-containment strategy. The new energy-efficient AFRH-Gulfport (AFRH-G) has demonstrated solid savings, and AFRH-Washington (AFRH-W) is already showing far-reaching efficiencies.

FY 2013 marked the completion of the AFRH-W Scott Project. The goal of this multi-faceted endeavor is to reduce costs and improve care. The Project entailed reducing our footprint on sprawling grounds, reducing excessive maintenance of an aging infrastructure, and improving wellness to stave off costly Long Term Care.

In FY 2013 we also completed repairs to the AFRH-W historic buildings damaged by the 2011 East Coast Earthquake. Emergency funding from Congress and the President provided restoration to the Sherman Building, parts of the Sheridan Building, and Quarters #1, #2, #3, #4, and #6. Finally, the modernized facilities at AFRH-W can provide advanced care.

We also reviewed and revamped existing systems, facilities, and operations to boost energy efficiency and resident care. All these efforts and many more are proving to be invaluable to the overall health of the Agency.

## STREAMLINED

Upon completing our AFRH-W construction projects (Scott and Sheridan), we closed the LaGarde Building, our standalone healthcare facility. This closure yielded significant energy savings and eliminated costly transportation contracts to shuttle residents and staff to the lower campus and back. Now, all resident activity revolves around the lovely new Scott Building and the historic quadrangle.

The Scott Project also empowered us to close the aging and inefficient Power Plant, which satisfied heating requirements for both the old Scott dormitory and the closed LaGarde Building. Other buildings serviced by the Power Plant received individual heating / cooling units under the Scott Project.

At the close of FY 2013 our financials began to show efficiencies. Both campuses now boast advanced amenities and LEED certified energy-efficient buildings. Plus, our green initiative, Campaign to Conserve, is saving energy and money.

## UNIFIED

To invigorate our new facilities in Gulfport, MS and Washington, DC, managers have been developing partnerships with the surrounding communities. With an eye on enhancing care and increasing visibility, we're partnering with military members, local businesses, government officials, enthusiastic volunteers, friendly neighbors, civic leaders, and more.

The result: new community events, more dedicated volunteers, new recreation programs, and added human energy. This book is filled with event photos where our partners are actively engaged with residents and staff. As I review these beautiful pictures, charming quotes, and inspiring stories, I am grateful for the friendships we've developed in a brief time. I believe the bonds we form today will grow stronger tomorrow.

## PRINCIPLED

While our achievements are impressive, we do realize the high costs associated with recent advances. Management withdrew funds from the AFRH Trust Fund in order to deploy the 5-year Scott Project, so the Fund's value has dropped, as expected. In addition, we have incurred declining revenue streams. Therefore, it is clear we must alter our strategy to bolster the AFRH Trust Fund—the sole source of operational funds.

As we move forward with our strategy, we welcome the insight of various oversight organizations. For instance, the AFRH is an accredited CCRC<sup>1</sup> by one of the leading healthcare authorities, CARF<sup>2</sup>. This organization makes key observations and offers invaluable feedback on our efforts across the board. The AFRH also responds to recommendations for improvement via the oversight of Department of Defense (DoD) and advice from the AFRH Advisory Council and Defense Health Agency.

***“We are capitalizing on our new facilities to build new partnerships.”***

—Steven McManus (COO)



## REFOCUSED

Other factors have created additional shifts in our financial status. We incurred budget reductions that stem from several Federal efforts to manage America's long-term debt. Also, reductions in the military have lowered Fines & Forfeitures, which is one of our key funding sources. These factors will continue to impact revenue in the coming decade. As a result, we are harnessing our resources and directing them to vital areas in order to maximize resources.

While managing these financial challenges, we still earned a ninth consecutive “unmodified<sup>3</sup>” (clean) audit opinion on our financial statements. The fiscal and performance data in this Report is reliable and complete in accordance with Office of Management and Budget (OMB) guidance. Also, I have provided a statement of assurance regarding the Agency's internal controls, as required by the Federal Managers' Financial Integrity Act (FMFIA).

## INSPIRED

The AFRH has been building a modern and efficient operation for a decade. Our advances are invigorating, yet we still have much to do. Top priorities include enhancing healthcare through annual assessments and accreditation by the Joint Commission, filling essential management positions, implementing the Capital Improvement Plan and Long Range Financial Plan, maximizing IT via staff training, maintaining our Aging in Place initiatives, and cultivating new and lasting revenue sources.

Through it all, we will be inspired by newfound partners and supported by established associates. The new spirit here will help us uphold the original *Promise* to America's veterans to provide a safe haven and dedicated care in old age. Further, that energy will propel us to remain the premier retirement community for America's veterans.

Sincerely,

Steven G. McManus  
Chief Operating Officer (COO)  
December 16, 2013

<sup>1</sup> Continuing Care Retirement Community

<sup>2</sup> Commission on Accreditation of Rehabilitation Facilities and the Continuing Care Accreditation Commission

<sup>3</sup> Effective for FY 2013, US auditing standards call for the term “unmodified” opinion instead of “unqualified” opinion.

PERFORMANCE HIGHLIGHTS

# INSPIRED

At the heart of our corporate strategy (to the right) is a passionate drive to improve Agency performance. So, the AFRH Strategic Goals and objectives were written to push managers and staff to achieve greater results. Also, our corporate strategy links our Goals to the actions of specific communities and individuals.

AFRH performance results demonstrate how we have achieved success—and how much money we spent on each Goal. In this section, we will discuss how we validate performance and address the many challenges we face in managing a dynamic organization with a unique mission.

**STRATEGIC PLANNING**

The development of the AFRH multi-year Strategic Plan, performance plans, and this annual PAR are guided by two key Federal laws: The Government Performance and Results Act (GPRA) of 1993 and its recent update the Government Performance Results Modernization Act (GPRMA) of 2010. [Learn more about the GPRMA.](#)

The FY 2011-15 Strategic Plan, which includes our Goal to achieve Person-centered Care, propelled AFRH over the past two years. During FY 2013, we completed a major objective under the Goal “Maintain Exceptional Stewardship”: the completion of the Scott Project.

Most staff members shared a strong desire to create flexible working hours. This request was realized in FY 2013. A Strategic Goal “Leverage External Stakeholders” has been enriched by the overwhelming participation of outside volunteers and community members seeking to support our resolute residents.

We expect even more measurable achievements to be forthcoming now that we have filled the position of Performance Improvement Integrator at the corporate level. This person will help manage all performance targets and measures.



**Performance is a focus of the Obama administration.**

**VISION:**

To create a retirement community committed to excellence that fosters independence, vitality, and wellness for veterans. This will make the AFRH a vibrant place in which to live, work, and thrive.

**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 the AFRH. We are honest and ethical and deliver on our commitments. We recognize that good ethical decisions require individual responsibility enriched by collaborative efforts.

**MISSION:**

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

**One Model**

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

**Workforce Growth**

We strive to hire and retain the most qualified people. We maximize their success through training and development as well as maintain and promote 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 and service, as well as the delivery of outstanding performance in all we do. We expect excellence and reward it.

See next spread for our 2013 Performance Snapshot featuring the AFRH Strategy

See the full [AFRH Strategic Plan](#)

Learn more about [Person Centered Care](#)

# AFRH FY 2013 Performance Snapshot

Performance Measures by Strategic Goals	Baseline Measure established FY 2011	Description	FY 2013 MET
<b>GOAL 1: EMBRACE RESIDENT-CENTERED CARE</b>			
CARF Accreditation	In good standing	Per 10 USC 24, AFRH must be accredited by a nationally recognized civilian accrediting body for each aspect of each facility including medical / dental care, pharmacy, IL, AL and nursing care. CARF Accreditation is valid until FY 2015 (for both Homes).	—
Resident Satisfaction	70%	Annual Recreation & Leisure surveys help measure resident satisfaction with activities. Both communities = 70%. Trend analysis shows we consistently met this measure over the past 5 years.	—
Resident Assessments	95%	All new residents have an assessment plan. All healthcare residents have them completed annually. IL residents have annual health assessments from either AFRH or another medical facility. Consistently, AFRH meets this measure.	—
<b>GOAL 2: MAINTAIN EXCEPTIONAL STEWARDSHIP</b>			
Trust Fund Solvency	Even balance of resources vs. obligations	Before money was withdrawn from the Trust Fund for the Scott Project in 2012, we conducted an economic analysis and forecast. The 2012 Trust Fund Solvency analysis concluded that the Fund is solvent for the forecast period (FY 2012-22) assuming base case assumptions. Of late, we have substantially reduced operating costs and deployed major construction projects to lower costs. Key assumption: management will successfully sell / lease underutilized land at AFRH-W to promote long-term financial solvency.	—
Financial Reporting Accuracy	Unqualified audit opinion	An independent audit found that the financial statements present fairly, in all material aspects, the financial position of AFRH in line with GAAP. The audit included a trial examination of evidence supporting the amounts and disclosures in the financial statement. AFRH received an unqualified audit opinion for the 9th consecutive year.	—
Housing for Veterans	On schedule and within budget	In FY 2013 we completed the AFRH-W Scott Project to promote PCC, reduce our footprint, improve systems, upgrade facilities, and improve operations. All of which will further our long-term goals for improved resident care and energy efficiency.	—
Trust Fund Growth	Positive result of Washington Master Plan	The 2012 Trust Fund Solvency analysis concluded the Fund was solvent from FY 2012-22 assuming revenue remained within historical variation. Yet, in 2013, a major revenue source, Fines and Forfeitures, fell much more than expected from normal variation. If reductions continue, the Trust Fund could become insolvent. Management is ardently seeking new sources of revenue such as the sale / lease of underutilized property and donations from various sources. Target date for new revenue: end of FY 2017.	—
Cost Avoidance	1 Per Year	The Scott Project enabled AFRH to close the Power Plant, which previously fulfilled energy requirements for both the old Scott dormitory and the now closed LaGarde Building.	—

Performance Measures by Strategic Goals	Baseline Measure established FY 2011	Description	FY 2013 MET
<b>GOAL 3: PROMOTE STAFF-CENTERED ENVIRONMENT</b>			
Mandatory Training	80% participation in 4 required classes	Mandatory staff courses: EEO, No Fear Act, Workers' Comp., Ethics, IT Security, Performance Management, PCC, and Suicide Prevention. This year we exceed 85% participation.	—
Employee Satisfaction ("Excellent" or "Very Good")	80% Satisfied Overall	Two climate surveys were given in 2013. The DEOMI climate survey overshadowed the OPM annual survey where participation was low (32% of staff). Still, 83% agree that working at AFRH was "Satisfactory". Low participation plus mixed responses on DEOMI reveal that improvements must be made in the AFRH work environment.	—
Workforce Growth (beyond work)	Development Plans	Plans were developed and are being deployed. Multi-cultural activities and resident interactions with stakeholders are now underway (such as book clubs, fitness programs, and more). A two-week inter-campus walking competition yielded great participation (route: the equivalent of walking from Gulfport to DC, which is approx. 1,000 miles).	—
Achievable PCC	Two initiatives per year	One major Staff wish was Flexible work schedules, which was implemented in 2013 at both campuses in different manners. At AFRH-G a Wellness program for the staff was implemented.	—
<b>GOAL 4: LEVERAGE EXTERNAL STAKEHOLDERS</b>			
Congressional contacts	Quarterly	Keeping up with Congressional staffers proved helpful post-earthquake, and follow-up continued once funds were allocated for reconstruction to our historic buildings. Regular contact with OMB staff and DoD reviewers meet and exceed this measure.	—
Annual community events	2 per campus per year (surpassed)	The AFRH-W Annual Antique Car Show and the AFRH-G Cruisin' the Coast events fulfill this measure. More events: AFRH-G: Veterans Day and Memorial Day celebrations; AFRH-W: Friends of the Soldiers' Home volunteer events, President Lincoln's Cottage heritage events, holiday parties, community picnics, and 4th of July celebrations.	—

— MET — NOT MET

## Performance Trend Analysis

High-priority Performance Goals FY 2013	Baseline Performance Targets	FY11	FY12	FY13
<b>EMBRACE RESIDENT-CENTERED CARE</b>				
Accreditation	In good standing	—	—	—
Percentage of resident satisfaction	70%	—	—	—
Percentage of resident assessment plans	95%	—	—	—
<b>MAINTAIN EXCEPTIONAL STEWARDSHIP</b>				
Trust Fund solvency	Even balance of resources versus obligations	—	—	—
Accuracy of Financial reporting	Unqualified/Unmodified opinion	—	—	—
Housing for Veterans (Scott Project)	On schedule and within budget	—	—	—
Trust Fund Growth	Positive result of Washington Master Plan	—	—	—
Cost avoidance	1 per year	—	—	—
<b>PROMOTE STAFF-CENTERED ENVIRONMENT</b>				
Evidence of measurable training goods	80% participation in 4 mandatory training classes for all staff	—	—	—
Percentage of Employee Climate Survey responses of "Excellent" or "Very Good"	70%	—	—	—
Measurable evidence of growth beyond work activities	Development Plan	—	—	—
Achievable Person-centered Care	2 initiatives per year	—	—	—
<b>LEVERAGE EXTERNAL STAKEHOLDERS</b>				
Congressional contacts	Quarterly	—	—	—
Annual community events	2 per community per year	—	—	—

— MET — NOT MET

## Financial Statement Summaries

Below is an analysis of the data in the AFRH FY 2013 financial statements, which appear in the FY 2013 PAR. The independent accounting firm Brown & Company CPAs PLLC audited the AFRH statements. Brown assessed comparatively our FY 2013 and FY 2012 Balance Sheets, Statements of Net Cost, Statements of Changes in Net Position, and Statements of Budgetary Resources.

In accordance with the Chief Financial Officer's Act of 1990 and OMB Circular A-136, the financial statements and information that is presented below have been prepared from the Agency's accounting records using

Generally Accepted Accounting Principles (GAAP), which are prescribed by the Federal Accounting Standards Advisory Board (FASAB).

For the ninth straight year, management is proud to have received an "Unmodified / Unqualified" (clean) opinion on the AFRH audited financial statements. Further, Brown & Company CPAs PLLC did not report any material weaknesses. Agency management, in partnership with BPD, is accountable for the integrity of the financial information presented in this Summary.

### LIMITATIONS OF THE FINANCIAL STATEMENTS

Our statements report the financial position and operating results of AFRH pursuant to the requirements of 31 U.S.C. 315(b). These statements are in addition to financial reports prepared from the same books and records used to monitor and control budgetary resources. These statements should be read with the understanding they are for a component of the US Government, a sovereign entity.

### 9TH CONSECUTIVE UNMODIFIED / UNQUALIFIED<sup>7</sup> OPINION MODERN AUDIT RESULTS:

FY 2013	Unmodified
FY 2012	Unqualified
FY 2011	Unqualified
FY 2010	Unqualified
FY 2009	Unqualified
FY 2008	Unqualified
FY 2007	Unqualified
FY 2006	Unqualified
FY 2005	Unqualified
FY 2004	(N / A)

<sup>7</sup>Effective for FY 2013, US auditing standards call for the term "unmodified" opinion instead of "unqualified" opinion



CFO MESSAGE

# SAFEGUARDED

I AM PLEASED TO REPORT OUR FINANCIAL POSITION FOR FY 2013 IS STABLE AND OUR FUTURE OUTLOOK IS POSITIVE. THIS YEAR HAS BEEN AN EXCITING YET CHALLENGING ONE IN MANY RESPECTS. EACH DAY, MANAGEMENT IS EVER MINDFUL THAT IT HAS BEEN ENTRUSTED TO SPEND AFRH RESOURCES WISELY. MOVING FORWARD, THE AFRH TEAM IS EAGER TO ACTIVELY RESHAPE ITS FINANCIAL FUTURE.

Our recent investments in AFRH programs, facilities, and service have lowered the Trust Fund balance. Also, we have seen reductions in various revenue sources. These two factors have bolstered our commitment to scrutinizing our spending, seeking new efficiencies, and cultivating new income.

**CONTAINING COSTS**

Of late, AFRH operating costs exceed sixty million dollars each year, and they increase each year due to inflation. We aim to contain rising costs through our High-priority Performance Goal “Maintain Exceptional Stewardship”. We are also streamlining costs through altered contracts, resource conservation, and added efficiencies.

The Home’s major cost driver is healthcare, and we are striving to constrain staffing. The Home’s highly successful ILP pilot program is extending resident independence and postponing costly Long Term Care. This is reducing the staffing requirements for Long Term Care and streamlining the manner in which we enter contracts.

**CONTRACT ADJUSTMENTS**

During the first half of FY 2013, the sequestration and across-the-board reductions impacted the entire Federal Government. The AFRH initiated a hiring freeze (except for healthcare positions), modified contracts appropriately, suspended performance awards, and ceased travel and training opportunities.

With the appropriation that was enacted in March 2013, the sequestration was lifted and this allowed us to lift the hiring freeze, proceed with closing the aging Power Plant, and commence with water infrastructure renovations.

**FACILITY UPGRADES**

The new energy-efficient facility in Gulfport has shown savings, and the upgrades in Washington are already showing far-reaching efficiencies. Both Homes now boast LEED-certified buildings and modern amenities. The Scott Project allowed us to review and improve existing systems, facilities, and operations to advance our goals for energy efficiency and resident care. Part of the Project was to add individual heating / cooling units to buildings that were fueled by the Power Plant.

Further, we closed the LaGarde Building and the Power Plant and moved all Assisted Living, Memory Support, and Long Term Care residents to renovated space in Sheridan and the new Scott. This reduced our footprint by 421,050 square feet—which will yield significant energy savings and eliminate transportation contracts to shuttle residents and staff to the lower campus and back.

**“For the 9th consecutive year, the AFRH earned an Unmodified Opinion on its Financial Statements with no audit weaknesses or compliance deficiencies.”**

—Steven G. McManus  
(AFRH CFO)

**FUTURE REVENUE**

At the end of FY 2013, AFRH total revenue was about \$52 million—that is \$8 million lower than in FY 2012. The greatest reason: much lower military Fines and Forfeitures, which is our largest revenue source, and just so happens to be out of our control.

Hence, we must aggressively secure new revenue. For starters, we are currently pursuing the sale / lease of an excess 77 acres on the AFRH-W property. We will only move forward, by FY 2017, if we can secure a fair market price. We also have an exciting opportunity to seek contributions from former military, veterans’ organizations, resident family members, and other stakeholders. We will pursue contributions in FY 2014 by distributing a giving brochure as well as soliciting online donations.



**POSITIVE OUTLOOK**

In general, we can maintain the AFRH Trust Fund at acceptable levels by containing costs, monitoring Fines & Forfeitures, executing our Master Plan, and following our Strategic Plan. All the while, we must be vigilant to contain rising costs and increase new revenue. All of these efforts and more will support our residents with exceptional service and preserve the AFRH for future generations of retired military.

Sincerely,  
*Steven G. McManus*

Steven G. McManus  
Chief Financial Officer (CFO)

December 16, 2013

## Connecting Performance to Budget

### Balance Sheet

**ASSETS & LIABILITIES: CHANGING**

Net Position is the current value of the Agency's assets minus liabilities. Our Net Position at the end of FY 2013 (per the Balance Sheet) was \$436.6 million, which reflects a \$35.4 million decrease from the last fiscal year. This decrease reflects spending from the Trust Fund for the completed Scott Project.

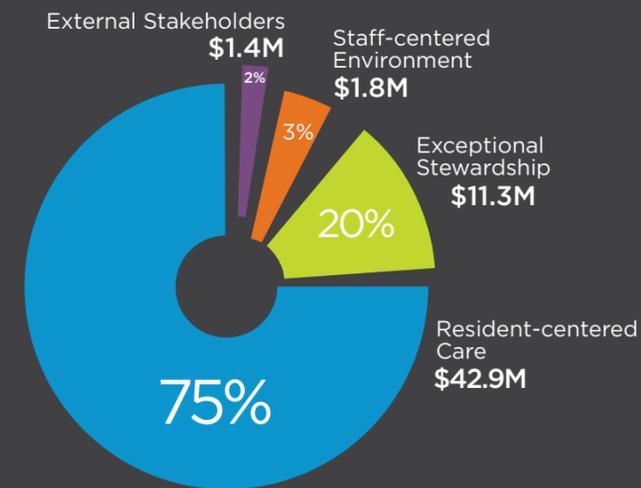
**ASSETS:**

FY13	FY12	Net Changes	% Change
\$436,626,953	\$ 472,055,496	-\$35,428,543	-8%

**LIABILITIES:**

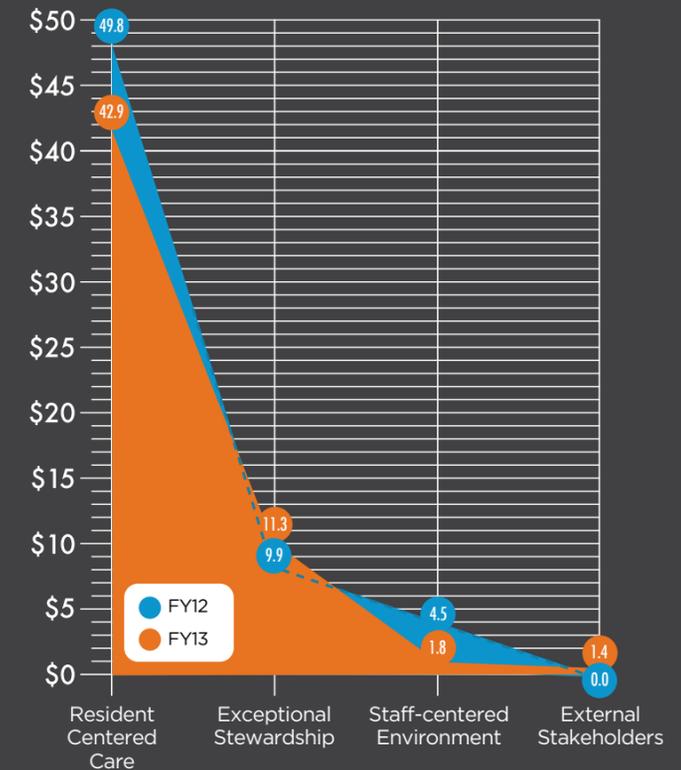
FY13	FY12	Net Changes	% Change
\$12,484,820	\$ 29,808,490	-\$ 17,323,670	-58%

### AFRH 2013 Spending Per Strategic Goal



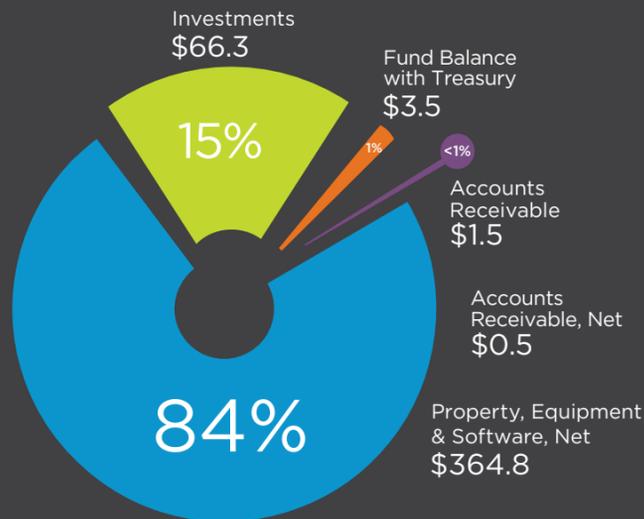
### AFRH Spending on All Strategic Goals

IN MILLIONS OF DOLLARS: (\$64.2)



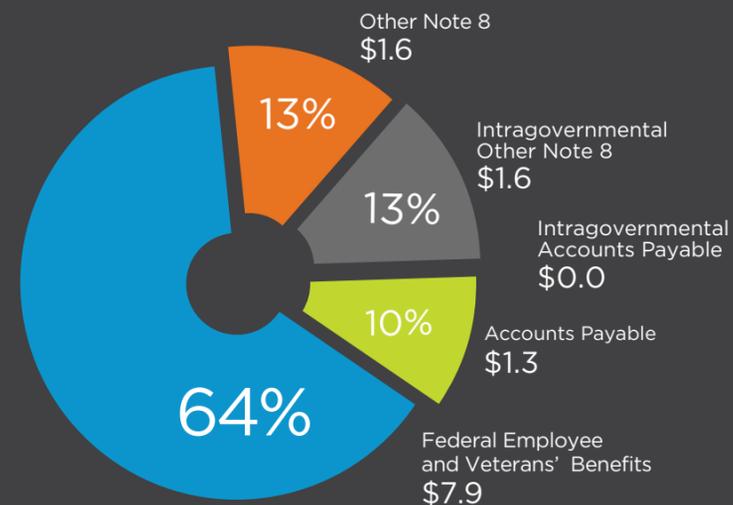
### AFRH Assets FY13: Stable

IN MILLIONS OF DOLLARS



### AFRH Liabilities FY13: Steady

IN MILLIONS OF DOLLARS



## Statement of Net Costs

### STRATEGIC GOALS

### OBJECTIVES

#### Embrace Resident-centered Care:

Each person will understand each resident's individual needs and take realistic action to fulfill them within AFRH resources and capabilities.

COST: \$42.9 million

1. Improve communication and seek resident / staff input.
2. Deploy comprehensive training for staff, contractors & volunteers.
3. Encourage activities for resident health and wellness.

#### Maintain Exceptional Stewardship:

Deploy innovative ways to reduce, manage, and deflect costs by maximizing assets, resources, and programs to fulfill resident needs.

COST: \$11.3 million

1. Continue to lower costs via partners and efficiency.
2. Stabilize finances via Agency plans and technology.
3. Make metrics a top priority to aid financial objectives.
4. Raise new potential revenue streams.
5. Improve resident-centered service and implement it Agency-wide.
6. Optimize the use of technology solutions.
7. Maintain and improve overall operations.

#### Promote Staff-centered Environment:

Expand staff knowledge that directly impacts Agency accountability and efficiency. This will empower all employees to be very proactive.

COST: \$1.8 million

1. Educate staff on accreditation, inspections & regulations.
2. Encourage responsible initiative to achieve accountability.
3. Link staff performance to the AFRH Strategy.
4. Encourage workforce growth activities beyond training.
5. Comply with Federal initiatives for best practices.

#### Leverage External Stakeholders:

Cultivate, harness, and focus stakeholders to be more active participants who are engaged in operations in the next five years.

COST: \$1.4 million

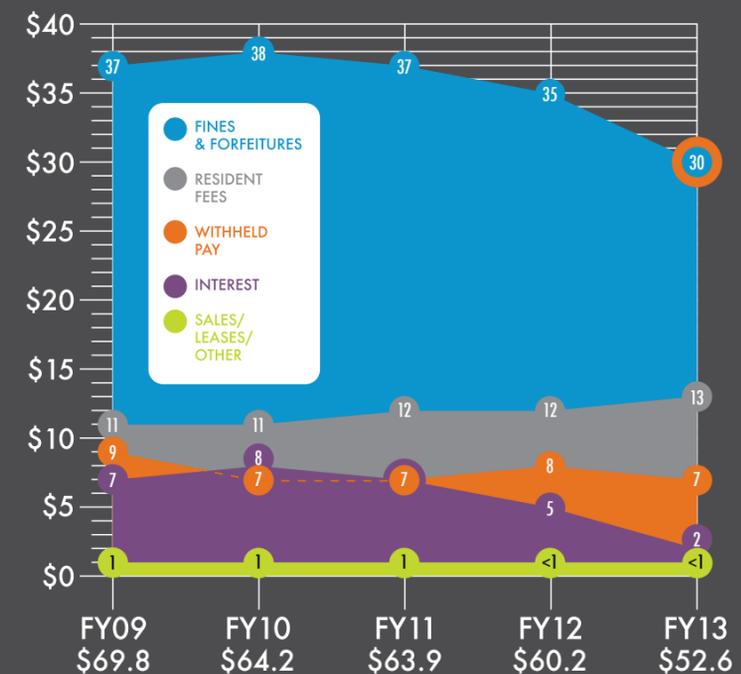
1. Explore and endorse Advisory Council members to ensure diversity, local input, and guidance.
2. Partner with High Profile Drivers to enact positive changes in law, policy, finance, healthcare, and resident initiatives.
3. Share information from our known and suspected silos.

## Statement of Changes in Net Position

AFRH continues to have a positive net position with only a minor variance between the beginning of the fiscal year (October 1, 2012) and the end of the fiscal year (September 30, 2013). The majority of the change is due to an unanticipated decrease in Military Fines and Forfeitures (our largest revenue source) and the final outlays to support the AFRH-W Scott Project.

### Summary Statement of Changes in Net Position

<b>Beginning Balance</b>	<b>\$ 442,247,006</b>
<b>Cumulative FY 2013 Operations</b>	<b>\$ 424,142,133</b>
<b>Net Position</b>	<b>\$ 424,142,133</b>



### 5-year Trend in AFRH Revenue

IN MILLIONS OF DOLLARS

## Statement of Budgetary Resources

The AFRH Statement of Budgetary Resources outlines resources available at the end of the previous two fiscal years: FY 2012 & 2013. Total AFRH budgetary resources were \$84.2M on September 30, 2013, which is a \$49M decrease from September 30, 2012. This reduction in resources is the result of outlays to support the AFRH-W Scott project, which significantly reduced the Prior Year Budget Authority carried forward in FY 2012.

Management anticipates FY 2014 Gross Outlays to reduce because large capital improvement projects are complete, plus capital improvement outlays will be reduced to emergency repairs, preventive maintenance, and planned improvement projects.

### Statement of Budgetary Resources

<b>Budget Authority, Net</b>	<b>\$</b>	<b>46,387,126</b>
<b>Outlays, Net</b>	<b>\$</b>	<b>113,214,983</b>
<b>Offsetting Receipts</b>	<b>\$</b>	<b>16,642,628</b>
<b>Agency Outlays, net</b>	<b>\$</b>	<b>129,857,611</b>



## Management Response to the IG's FY 2013 Challenges

### 2013 MANAGEMENT CHALLENGES

### RESPONSE AND PROGRESS

**Transitioning to the new AFRH-W Scott Building with smooth operations**

**SUCCESS.** Staff adapted to our new PCC building and did an admirable job with all operational changes.

**Optimizing strategy for the Washington Master Plan revival**

**ONGOING.** Work continued for an updated property appraisal. As the real estate market improves, the AFRH will determine the ideal next steps.

### 2013 PERFORMANCE CHALLENGES

### RESPONSE AND PROGRESS

**Continuing progress in PCC operations and enhancing its service delivery**

**ONGOING.** Staff immersed themselves in PCC when they implemented the new procedures in the AFRH-W healthcare units. While processes are going well, there is always room for improvement. PCC dining was implemented at both Homes to the residents' delight.

**Continuing the expansion of Aging-in-Place**

**ONGOING.** Staff numbers were reduced in higher levels of care at the AFRH-W through attrition. LaGarde was closed and the new units were opened in Scott and Sheridan. Healthcare staff was further reduced for a right-sized resident population. ILP numbers continue to increase with more residents staying independent.

**Advancing IT throughout the entire Agency**

**ONGOING.** The EHRS was deployed, although the entire set of functions has yet to be fully deployed. We had a successful transition to the Cloud technology for email and files, but the knowledge-sharing component is yet to be deployed. Some videoconferencing was successfully conducted, however the installation of equipment will take place in FY 2014 for continuous coverage and frequent usage. The AFRH IT strategy was developed and submitted.

**Maintaining optimum financial management**

**ONGOING.** The Trust Fund is solvent. Expenses in FY 2013 were less than anticipated. No revenue has yet to be generated through the Washington Master Plan. Some discipline has been added to Internal Controls, but more processes and procedures must be added. The Agency Performance Improvement Integrator (PII) started work to make ongoing process improvements. Emphasis on measures and results is needed in FY 2014.

## FY 2014 Challenges Identified by the AFRH IG

### MANAGEMENT CHALLENGES

### RECOMMENDED ACTIONS

#### FINANCIAL

Ensure Trust Fund solvency and work within mandated budget reductions

- Maintain oversight of budget development and execution to contain costs as planned
- Place added emphasis on Internal Controls
- Monitor revenue streams and develop alternative strategies as issues arise
- Increase voluntary contributions to the Agency
- Implement the Washington Master Plan

#### INFORMATION TECHNOLOGY

Establish and maintain an optimal technology operating environment

- Implement widespread usage of the EHRS, improve electronic forms, and provide staff training
- Upgrade employee tools to be more high-tech
- Deploy knowledge management through SharePoint and provide staff training
- Overcome time stoppages in using new IT / old equipment and processes
- Show results of IT strategic objectives

#### ACCREDITATION

Maintain CARF and Joint Commission accreditation

- Establish milestones to be prepared in accordance with accreditation timelines
- Implement and maintain recommendations from CARF Quality Improvement Plans
- Implement recommendations from consultants in preparation for Joint Commission accreditation

### PERFORMANCE CHALLENGES

### RECOMMENDED ACTIONS

#### PERSON-CENTERED CARE (PCC)

Continue progress in PCC operations to enhance service delivery

- Define measurements for better results in PCC
- Empower staff by expanding PCC knowledge and skills
- Achieve acceptable performance and alter services as needed

#### STAFF-CENTERED ENVIRONMENT

Address staff issues and concerns to improve working environment

- Fill key AFRH positions
- Train staff on processes and Strategic Goals / Objectives
- Maintain leadership by reducing turnover in key positions
- Ensure continuity of effort (overcome problems encountered in Oct. 2013 furlough)

#### AGING IN PLACE

Continue expansion and improvement of Aging in Place initiative

- Ensure more accountability between the transitions from one care level to another
- Track costs by level of care and determine staff time usage in all levels



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