Performance & Accountability Report FY 2013

The Premier Retirement Community for America’s Veterans

We asked Rich Carter (Navy, AFRH-G) how he likes the AFRH as he rode by going seven m.p.h. And he exclaimed: “It’s beyond my expectations. Five stars all the way!” We, too, believe it’s been a banner year at the AFRH. Thanks to hardworking managers and partners, both communities have modern buildings and services. Now, all our residents are enjoying a new complex in which to live, learn, exercise, engage, create, and celebrate. This newfound energy is the result of a decade of strategic planning with many partners. To maximize our new facilities and to propel progress, we are expanding our community and business partnerships. Now, more neighbors, associates, and friends are discovering the AFRH and experiencing our fascinating people. These advances and our liaisons are invigorating the entire Agency to its core. In short, the AFRH is PARTNERING & ENERGIZED.

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.

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

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.

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.

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Master Chief Donald Kirk (Navy, AFRH-G Ombudsman) savors the rich history of AFRH-Washington in our Hall of Honor.
Heather works as the Resident Volunteer in the Gulfport campus sewing room nearly eight hours per day. She assists others with the machinery and coordinates partnerships in town so that residents can give back through sewing. Thankfully, Heather routinely receives donated fabric, which empowers the group to help those in need.

“We work closely with the Magnolia State Quilters of Biloxi who taught us to make baby quilts for the neo-natal unit at Gulfport Memorial Hospital.” The AFRH-Gulfport sewing group also makes tote bags for the local women’s shelter and fills them with essential toiletries and personal care items.

The residents of Valor Hall are the gracious recipients of many of the group’s quilts. Any unused material goes straight to the nearby nursing home where hats and booties are knitted for sick babies. “We don’t waste anything.” The AFRH and the Gulfport community are so fortunate to have this energetic group, which continues to serve through their craft of sewing.

“We can always find someone or some group that needs our help.”
—Heather Baird (Navy)
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 by one of the leading healthcare authorities, CARF. 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 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” (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
Managing a successful retirement home requires more than new buildings, modern amenities, and progressive care. It requires a strong and thriving connection to the community beyond our walls. So, this year especially, the residents and staff worked together to ramp up strong support from interested organizations, families, and stakeholders. Moving forward, we will cultivate even more great community volunteers and business partners, which are vital to achieving a truly great Agency.

The timing couldn’t be more perfect to accelerate our partnerships. Our facilities, amenities, and services are all top-notch. And we’ve been building synergy between the two campuses by capitalizing on successful initiatives and smart ideas. So, we’ve been focused on connecting with even more community groups. More people are visiting and marveling at how we care for America’s veterans. Now, we are showing even more members of the community this wonderful place called the AFRH.

KINDRED KUDOS

We must thank and praise the many organizations that have helped us reach this major milestone. Over the past decade, DoD gave solid direction and support, while GSA managed splendidly the Home’s new construction projects. Jacobs Engineering and Hensel Phelps played a vital role in the design / build of the new Scott. Bureau of the Fiscal Service (BFS, formerly BPD) partnered with us by providing accounting support and Interior Business Center (IBC) provided IT infrastructure support. Veteran Service Organizations (VSOs) are lending invaluable support to the AFRH and its residents, while Friends of the Soldiers’ Home in DC are helping to expand volunteerism. Even AFRH contractors are contributing vital support in performance management and marketing communications. Finally, volunteers from the Seabees, the Humane Society, and Keesler AFB are helping AFRH-G blossom. Altogether, partnerships are helping the Agency grow, evolve, succeed, and thrive.

This PAR celebrates the partnerships that we have cultivated over the past few years as well as those we will cultivate in the coming decade. This book demonstrates our solid progress and illustrates our strong momentum. Meticulous partnering with others to design new projects has truly energized the AFRH and its people. Who knows where future liaisons will take us?

In 1953 Joseph joined the Army and served in the Korean War. “My uncle’s influence during WWII inspired me.” He later was a telecommunications advisor in Vietnam and a computer programmer in Korea.

He came to the AFRH-W in 2007. As the Resident Advisory Committee Chair, Joseph connects the Home with local organizations, which is important to the residents. “We like to interact with the community and share our stories with them.” This goal is accomplished via partnerships with Friends of the Soldiers’ Home, America Legion, service members, and local schools. Joseph also directs a charitable organization called Global Community Service Foundation for Southeast Asia, which builds schools in Vietnam with funding from Boeing.

With all his community involvement, Joseph still finds time to be active and teach computer courses. “It’s a joy showing residents how to use email, the Internet, and Skype.” And, with the new computer lab, soon more residents will be able to discover the online world.

“There’s nothing like dedication, sincerity, and motivation.”

—Joseph Wachter
(Army, AFRH-W), Resident Advisory Committee (RAC) Chair

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The word “Energized” succinctly captures the physical and emotional spirit of the AFRH in 2013. You can see this enthusiasm in the friendly faces of residents and in the positive outlooks of our staff. This year, the Home is finally realizing tremendous revitalization that came from 11 years of strategic planning. Starting in 2002, the AFRH Strategic Plan was crafted. Since then, management has significantly improved resident service and staff performance. Moreover, many Agency objectives have been achieved, and resident care is stronger than ever. Indeed, visionary planning by staff members and business partners has made this vision a reality.

**INVIGORATED INDEED**

The rebuild of the AFRH-G and the construction of the new Scott Building at the AFRH-W produced two communities with exceptional and equal care. Both feature advanced amenities and successful services. The Gulfport campus is thriving now that enhancements are being made to the new building. And the Washington home has a new complex with all resident activities in close proximity. Best of all, Person-centered Care is being fully implemented in both Homes to extend resident independence.

At last, both communities now have the facilities, amenities, and services that enhance the Agency’s status as a premier retirement home. Now, we can proudly say that this Home rivals if not exceeds private facilities. As a result, the entire AFRH community is energized and riding high on a wave of positive success. Now, the AFRH is set for new and future advances over the next few years.

Both communities have been energized by the realization of our goals and objectives, and both have been strengthened by our many partnerships. So, we wish to thank our business associates, volunteer groups, financial contributors, and gracious neighbors.

“*It’s easy here to stay positive and be cheerful.*”

—Robert Crann, (Navy, AFRH-W)

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**AGENCY**

- 9th annual Unmodified Audit Opinion for FY 2013
- AFRH 2012 Ethics Program Review is passed
- Our Korean War Veterans go to S. Korea to meet counterparts
- AFRH earns the 2013 AbilityOne® Government Award for Services (Civilian). This national award recognizes outstanding support of the employment of persons who are blind or have significant disabilities. Today, 136 people with disabilities provide food or custodial services at the AFRH.

**AFRH-G**

- Happy third anniversary to this new and improved facility
- New walkway and path installed at the facility entrance
- 50 rotating state flags are proudly displayed at entrance

**Flourishing gardens, trees, and flowers adorn the grounds.**

**AFRH-W**

- Renovated Sherman Building is reopened for residency
- Scott Building is opened for occupancy & use (Feb. 27)
- Long Term Care residents move from LaGarde to Scott
- Assisted Living residents move from LaGarde to Sheridan
- LaGarde Building is closed to AFRH residents
- Aging and costly Power Plant is finally shuttered
- Scott, Sherman & Quarters construction is complete

The majestic Eagle Gate is renovated and opened for service.
Charles served 20 years in Navy as a Flight Engineer and taught at Airplane Engine School. After retiring he taught classes for State Department of Education in 1971 when they first started tracking emissions from automobiles.

Now at the ARFH-G, Charles loves to walk on the beach and ride his bicycle along the path everyday. Staying healthy is important to him. “I try to drink green tea and eat the right things. I decided I don’t want to take a lot of pills.”

He also walks the stairs in the building every morning and does water aerobics. Though he enjoys this routine, Charles makes time to travel back to his hometown of Tennessee every chance he gets to see family.
General Winfield Scott was a revered 19th-century Army commander. He was intensely loyal to his men, and Scott waged many gallant campaigns. He returned from the Mexican-American War in 1848 with reparations in lieu of ransacking Mexico City. He gave ample funds to his troops and the rest to Congress. General Scott promptly petitioned the Government to use those funds to build a sanctuary for his soldiers when they became old or disabled.

By 1851, the Old Soldiers’ Home opened its doors on a country farm in rural northwest DC. Today we call it AFRH-Washington. For 162 years, this Home has given eligible veterans supportive care and shared camaraderie, much like they enjoyed in their service days. It is a well-deserved reward for their many sacrifices in defending liberty at home and abroad.

In a sense, General Scott’s original vision and the success of this facility helped pave the way for other veteran programs in America. General Scott’s wisdom was immense—much like his ample girth and boundless character. So, when it came time to name our open house event for the new Scott Building, there was but one wise choice. The event was dubbed “GREAT SCOTT! – A Capital View of the Future”.

We officially opened the doors of the new Scott Building to the residents and staff in February. This year we also completed our reconstruction of the historic Sherman Building (c. 1850s) and the original Governors’ Quarters (c. 1890 – 1920) on MacArthur Boulevard. All are now open and occupied.

On August 29, 2013 the AFRH hosted a community open house to allow visitors, partners, and active duty military to tour the new Scott Building. It also gave our friends a chance to tour the historic Sherman Building and stroll past the renovated Quarters clear over to the statue of General Scott overlooking the golf course. One of our community partners, President Lincoln’s Cottage, lent great support.

The entire day was filled with joy, thanks, and praise—not to mention patriotic bands, carnival games, and a petting zoo. Thanks to GSA and DoD, along with Jacobs Engineering and Hensel Phelps, the “GREAT SCOTT!” event was a grand celebration of the General’s early vision. What’s more, it marked the beginning of a brand new era at the AFRH.

“Taste a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! A Capital View of the Future. A Capital View of the Future. A Capital View of the Future. Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home! Take a stroll through history at the landmark sites of the Soldiers’ Home!
The new Scott Building is a modern wonder in senior health and housing. It features spectacular, panoramic views of our Nation’s Capital and a progressive design that is resident-centered. The 2nd and 3rd floors feature the new “small house” design where Long Term Care and Memory Support residents share common living and activity spaces. Also, residents are now in much closer proximity to friends in Independent Living and Assisted Living, which builds a stronger sense of community.

Our Future

The building’s design further empowers our staff to deliver “Person-centered Care”, where extensive support revolves around each resident’s needs. Now, instead of traveling to a doctor, therapist, or nutritionist, the care comes right to the residents! This brand of care is helping more residents stay at the AFRH-W for much longer instead of moving to a nursing home. And that helps save money and preserve resident independence.

Since 2008, we’ve worked with GSA to manage every detail of the The Scott Project—a grand plan to design / build a new complex plus reprogram housing during the old building’s demolition. Residents and staff are thrilled with this fine new building—the Great Scott. (And we’re already planning enhancements to please residents who desire adjustments.) In the end, the advanced care that our veterans are now receiving has exceeded everyone’s expectations.

This new complex is a glimpse of the future of the AFRH. Ultimately, we aim to replicate this great facility and our thriving model of care at new AFRH campuses. Desirable retirement locations might include America’s Southwest or the Pacific Northwest. New AFRH communities will be an oasis for many American veterans and retired military, who are presently underserved yet highly deserving.

“Partnering

“We partnered with the best design / build team to create a wonderful complex for our former service members.”
—Justin Seffens
(AFRH Facilities Manager)

“Our new medical center is high-tech and high-touch.

“We love the new medical center.”
—Omar Baker
(AFRH Medical Director)

“Outdoor garden patios offer sunshine and solace.

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—Dave Lewis
(AFRH-W Administrator)

“A new therapeutic pool will provide vital exercise and rehab.

“A new therapeutic pool will provide vital exercise and rehab.
—Kimberly Wolfe
(AFRH-W Recreation Coordinator)

“A new fitness center is Army strong.

“A new fitness center is Army strong.
—Francis Lewis
(AFRH-W)

The residents’ common area. In the background, our colorful “Bed of Flowers.”

16 17 18
In 1960, Joseph became an Air Force Computer Operator. The last computer Joseph used in 1980 was a mainframe computer. “It took up an entire room and only had 180,000 bytes of memory. Now my iPad mini has 32 billion bytes!”

Joseph's been at the AFRH-W since 2007 and just loves the advances in new building. He's the chaplain office manager and employs technology in his daily tasks. If he wants to put the screen down or close the curtains, he does so through his iPad. Joseph also produces DVDs. “I have many pictures of the Home and residents I've taken, and I put them to patriotic music.”

Joseph appreciates that each common room has its own Wi-Fi signal. In his own personal room, he has a Blu-ray player, an iMac monitor, and a MacBook Pro. He uses Apple FaceTime to keep in touch with family. “I'm never without my iPad. I have a computer wherever I'm going to be.”

“The new building is more technologically advanced.”
—Joseph Frogge, (Air Force, AFRH-W)
Many organizations, groups, and individuals partner with the AFRH to provide key services and activities that otherwise would not be available to the residents. All told, the AFRH has attracted thousands of great volunteers over the years to assist, enliven, entertain, and support our veterans.

In 2013, we enjoyed the privilege of 500 to 600 volunteers per month in Gulfport and benefited from 25,000+ hours of community and resident volunteering in Washington.

The generous folks who gave their time include active duty military and civilians of all ages from churches, schools, communities, Veteran Service Organizations, businesses, hotels, restaurants, scouts, the entertainment industry, military organizations, and government agencies. All in all, our numerous associations have enriched the residents’ lives and enhanced the Agency’s quality.

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**Bureau of the Fiscal Service (BFS)**
— formerly Bureau of Public Debt (BPD)*
— Administrative Resource Center (ARC): Government-to-Government Shared Services (Financial, Human Resources)
— Department of Air Force, Joint Base Andrews, MD, Office of the Staff Judge Advocate 11th Wing: Legal Services
— General Services Administration (GSA): Construction, Real Estate planning
— Keesler Air Force Base, Biloxi, MS

**Interior Business Center (IBC): Information Technology**
**Department of Navy, Human Resources: Non-Appropriated Funds**
— Veterans’ Administration Hospital, Biloxi, MS
— Veterans’ Administration Hospital, Washington, DC
— Walter Reed Army Hospital, Bethesda, MD

*BPD’s name change occurred mid-year.

**Military Services**

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**AIR FORCE**

Chief Master Sergeant of the Air Force James A. Roy joins the Gulfport residents for an October birthday dinner celebration. With him are resident Vincent Hammerlund (Air Force) and AFRH-G Ombudsman MCPO Ron Kartz. CMS Roy retired from the Air Force in January after more than 30 years of successful service. We wish him well in his new civilian life.

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**ARMY**

The AFRH has plenty of former Army members. So, naturally, many groups of US Army enlisted come visit the AFRH-W to support resident activities. They work with Long Term Care and Memory Support residents and also assist with holiday events, special events, and socials. In fact, the US Army Band makes an annual appearance at the AFRH-G to entertain residents and staff.

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**Government Organizations**

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**PARTNERING**

— Bureau of the Fiscal Service (BFS)
— Administrative Resource Center (ARC): Government-to-Government Shared Services (Financial, Human Resources)
— Department of Air Force, Joint Base Andrews, MD, Office of the Staff Judge Advocate 11th Wing: Legal Services
— General Services Administration (GSA): Construction, Real Estate planning
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Joseph Wachter meets Colonel Dana G. Venenga, Administrator of the 81st Medical Group, Keesler AFB, and member of the AFRH Advisory Council.

Sergeant Major of the Army Raymond F. Chandler III meets with Edward Davis (Army, Pearl Harbor survivor, AFRH-W).
COAST GUARD

In April, the AFRH ponds are cleaned by nearly 70 volunteers from the US Coast Guard Chief Warrant Officers Association, Chief Petty Officers Association, and the Coast Guard Enlisted Association. Since adopting this Project in 2003, the Coast Guard has enclosed the pavilion and built a new bridge, boardwalk, and railing. Plus they also clear brush, stain, paint, and trim.

MARINE CORPS

Sgt. Maj. Battaglia (Senior Enlisted Advisor to the Chairman of the Joint Chiefs of Staff) visits the AFRH-G. He is the principal military advisor to the Chairman and Secretary of Defense. Battaglia joins Claude St. Julien, Harold Sattlethight, Diana Dopp, Frederick Bower, Bill Parker, Chuck Dickerson (AFRH-G Administrator), Bette Lakatos, James Stockstill and Rupert Maxwell.

SEABEES

The Seabees (US Navy Construction Battalion, or CB) have a rich history of erecting military bases, building thousands of miles of roadways and airstrips, and completing an array of projects in many military theaters dating back to World War II. They support the AFRH-G on many construction projects at our annual Community Day, on Flag Day, and throughout the year.

“"All my time in the service was great. I met some really nice people.””
—Jean Ringuette
(Army, AFRH-W)

Jean served in the Army from 1943-1963 and had three overseas tours: North Africa, Italy / Germany, and Okinawa. “WWII was very exciting. I was working as an operator on the switchboard when the war ended in Europe.”

She spent 17 months in Okinawa working in the quartermaster’s office. “I was responsible to see that 600 men were paid properly each month. It was a nice, easy job, and I thoroughly enjoyed it.” After serving, Jean worked at the State Employment Office in Massachusetts doing various administrative duties.

Throughout her many adventures, Jean credits great people along the journey for ensuring her enjoyment of life. And, at the AFRH-W, it is no different. “The staff and residents here are wonderful.”
Autumn 2012: the AFRH-W holds its “Inaugural Family Day”. This event is born out of a deep desire to bring members of the community back onto our grounds—just as it was more than a century ago here at the “Old Soldiers’ Home”. Altogether, 400 neighbors and friends are here to meet residents and have a blast. And 210 enjoy guided tours of our sprawling, historic grounds.

David Watkins (AFRH-W Administrator) makes apple butter with youngsters at our Oktoberfest celebration. Attendees include new pals in the Petworth neighborhood and Friends of the Soldiers’ Home (our garden volunteers). Tasty craft beer is on tap for the adults, while arts & crafts are available for kids. DJ music also flows courtesy of Billy White (Navy, AFRH-W).

The Inaugural Ladies Tea at the Lincoln Cottage in December. Brisk indeed.

We are so fortunate to have many volunteers from Keesler AFB. These enthusiastic helpers make regularly scheduled visits for a total of 50 hours each week at the AFRH-G. They come from many different units and even from different military services. Other area organizations like the Top Three Medical Group bring in assistance two-to-three times per month regularly.

AFRH-G, Branch 3070 FRA, earns 3 National Member Awards for feats such as:

- A 70% increase in membership
- 1,384 years of continuous membership
- 43% of members are 80+ years of age
- 9,238 lbs. of donations to Seabee food drive
- One 60-year member: James Ryan
- One 57-year member: Roland Smith
- One 56-year member: Richard Halloran
- One 50-year member: Wilson Gale

FRA President Mark Kilgore visits John Difilippo and AFRH-W Naval retirees.

Keesler AFB staff and Marvin Heth (Air Force, AFRH-G) prep for a fun bus trip.

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- 43% of members are 80+ years of age
- 9,238 lbs. of donations to Seabee food drive
- One 60-year member: James Ryan
- One 57-year member: Roland Smith
- One 56-year member: Richard Halloran
- One 50-year member: Wilson Gale

FRA President Mark Kilgore visits John Difilippo and AFRH-W Naval retirees.

Keesler AFB staff and Marvin Heth (Air Force, AFRH-G) prep for a fun bus trip.
Residents cross the pond to visit our English counterpart, Royal Hospital Chelsea—founded in 1682 by King Charles II to provide soldiers a proper retirement. An international exchange, RHC pensioners will also visit the AFRH-W and tour Washington, DC. Ken Faller, Corrine Robinson, Nelson Jamison, and Billy White join RHC pensioners on a London tour in November.

July 26, 2013: 70 S. Korean delegates tour the AFRH-W to foster international exchange and fortify post-war relations. Visitors include members of the S. Korean Congress and Joint Chiefs of Staff as well as senior VIPs. The S. Korean “Little Angels” perform for AFRH-W residents as 4-star General Jung, Seung Jo, Chairman of the Joint Chiefs of Staff, meets Korean War veteran Norman Godfrey (Army, AFRH-W).

Jerry spends most of his days in the AFRH-G Garden Center, and he is responsible for the new Orchid House—a little ecosystem with thriving orchids. “We’ve had a lot of support. We got a grant from Home Depot for seedlings, growing lamps, extension cords, and cleaning equipment.” Jerry noted that many residents donate time and money to get the garden projects off the ground.

Some residents even take horticultural classes at Southern MS University to be Master Gardeners. Plus, local organizations such as Horticulture for Humanity and other gardening clubs are a huge help. “They visit, give us pointers, and give us seeds. We help them, too, by sharing our expertise on making compost.”

It’s about teaming up with the community to create more green spaces.

Residents, including Jerry, are working in the local city parks to make organic gardens. “We’re planting fruits and vegetables and cleaning out a stream and getting the ecology part of it done properly.”

“I am interested in gardening and love looking up new things on the Internet.”
—Jerry Doga, (Navy, AFRH-G)
Many capital improvement projects were planned and completed this year at the AFRH-G. They include: automatic door openers, parking garage signage, an exterior security camera system, and padded corners on dining hall columns.

Further, raised gardens and cell phone repeaters were installed to make residents’ lives much easier. Work continues on the Master Landscape Plan and enhancements to the Hall of Honors.

Entrance Walkway
This essential capital improvement project is improving everyone’s safety. The goal of the Entrance Walkway Project: to provide safe passage for residents and to protect pedestrians as they enter the AFRH-G. Now vehicles, bicyclists, and walkers will all be safe from potential mishaps in this vital area.

Plants & Gardens
Lovely plants abound all over the AFRH-G, and gardens are flourishing thanks to the RAC Beautification / Gardens Committee. Our raised flowerbed on the northeast side of campus is a delight to behold, and residents appreciate not having to bend over very far. Citizens of Gulfport are welcome to visit!

Improved Security
We implemented a vital capital improvement: an exterior security camera system. This high-tech addition will arm our security detail with 360-degree surveillance of the entire campus. Now we can safeguard the residents, protect our new building, and preserve our garden and flower investments from unwanted intruders.

State Flags
The AFRH-G now has 50 state flags proudly waving in gentle Gulf breezes—paid for and donated by AFRH-G RAC members. Each Tuesday evening a new state flag is raised on the sixth pole from the Home’s entrance. Special thanks go to Harry Rhizor and American Legion Post 33 for their kindness and generosity.
Charlie Jenkins (Navy, AFRH-G)

Charlie devotes time to children, schools, and the community—and for that he was awarded 2013 Kiwanian of the Year by the Gulfport Kiwanis Club. The citation read: "Jenkins has worked for years as an example of the true meaning of Kiwanis, a global organization dedicated to changing the world one child and one community at a time.” Charlie remarked: “I feel so honored to have earned it. I received this same honor 30 years ago in Albany, GA.” Charlie loves activities and socializing in the AFRH-G pub Fiddler’s Green. He entertains visitors with his masterful tongue twister “Mrs. Potts hissing in a pit”—his rehabilitation exercise after suffering a brain injury in a car accident. Way to go Charlie!

Kiwanian of the Year: Charlie Jenkins (Navy, AFRH-G)

A high school dropout, Chuck was drawn to that well-known poster: “Uncle Sam wants you”. He jokes about how he reacted: “At least somebody does!” Chuck promptly joined the Army’s Air Defense Artillery. Later, he was a Hawk missile instructor and received awards for superior instruction.

He retired from the service in 1977 and lived in Homer, Alaska for 22 years where he began carving large wood pieces like this welcome sign. Other creations: an 18-inch totem pole, and a 3-foot tall “self portrait”.

Chuck bowls and makes coffee in the alleys everyday. He exercises twice daily. And, he recently discovered his woodcarving “Virginia Pilot Ship 1805” procured a winning place in the National Veterans Creative Arts Festival this year.

“Girl Power” by Woolf Kiessling (Navy, AFRH-G) is a finalist in the National Veterans Creative Arts Festival.

Larry Colbruno (Air Force, AFRH-G) nabs 1st place for his assemblage art in a regional festival.

Hugh Wingo (Navy, AFRH-G) remembers his service at Pearl Harbor during the attack Dec. 7, 1941.

Emil Byke (Army, AFRH-W) receives the top bowling award from Jerry Carter, AFRH-W Fitness Specialist.

“My days here are so full!” —Chuck Merlino (Army, AFRH-W)
**AFRH Snapshot**

**DELINEATED**

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<tr>
<td><strong>Organization</strong></td>
<td>AFRH Corporate Headquarters (Washington, DC), manages two distinct communities:</td>
</tr>
</tbody>
</table>
| **Current Locations** | AFRH-G, Gulfport, MS (approx. 40 acres)  
AFRH-W, Washington, DC (272 acres) |
| **Resident Capacity** | Gulfport, MS: 584  
Washington, DC: 568 |
| **Avg. Resident Age** | 82 Years |
| **Main Funding** | Congressional Authorizations from a Government Held Trust Fund fed by Resident Fees, Military Withheld Pay from Active Duty Enlisted & Warrant Officers, Fines and Forfeitures, and Investment Income |
| **AFRH Trust Fund** | $69 Million (as of 30 Sep. 2013) |
| **Care Levels** | Independent Living  
Independent Living Plus  
Assisted Living  
Memory Support Day Care  
Long Term Care |
| **General Services** | Private Rooms & Showers  
Medical, Dental & Vision Care  
Dining Facilities  
Senior Activities & Programs  
Recreational Activities  
Shuttle & Public Transportation |
| **Major Amenities** | 6-lane Bowling Center  
9-hole Golf Course  
Community Activity Room  
Computer Center  
Fish Pond  
Fitness Center  
Full-service Library  
Hobby Shops  
LifeTrail Course  
Media Room  
Swimming Pool  
Walking Trails |
Part 1
Management’s Discussion and Analysis (MD&A): a sum of our performance and finances as well as achievements and challenges. It includes compliance with key legal requirements.

Part 2
Performance: a detailed outline of the AFRH Goals and Objectives. It showcases our successes and our shortfalls as well as the measures and trends of our High-priority Performance Goals.

Part 3
Financial: a detailed outline of our finances. It includes the audit opinion, financial statements, disclosures, and notes regarding all the AFRH fiduciary activities over the past fiscal year and the prior year.

Part 4
Accompanying Info: the IG Statement, management challenges, improper payments, and acronyms. It also features special thanks to those who make the AFRH great and our fond farewell.

AFRH employees & contractors prepared this Report per Federal guidelines.

3 We are required to report performance to Congress and the public. Here in the PAR 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, 2012 – Sep 30, 2013. It has four parts that outline exactly how the AFRH is succeeding and how our efforts benefit those who served America. Their dedicated sacrifices, combined with their payroll contributions, have earned them a special place to call “home.” We are excited to report that we are providing them with a superior retirement.

Thank you for your support of the AFRH.
John began gardening at seven years of age when he pulled weeds early in the morning with siblings before school. “We grew vegetables and fruits and kept them in jars as our food supply. We also raised hogs, cows, and chickens.”

Personal growth was also appealing, and the thrill of travel drove John to join the Navy in 1958. In a 20-year career, he journeyed to South America, Northern Europe, Africa, and Asia. He served as a Senior Chief Sonar Technician and taught electronics. Afterwards, he worked 20 years for a defense contractor.

At the AFRH-W, John drives people in golf carts to their gardens and mows the grass. He grows potatoes, onions, radishes, peas, and corn. “We cook them in the chapel kitchen and give leftovers to the homeless and the VA hospital.”

John relishes our partnership with garden volunteers from Friends of the Soldiers’ Home. With their dedicated support, more residents can fully reap the joys of gardening.

Neighbors volunteer three hours per week in exchange for a garden plot.

— John Russo (Navy, AFRH-W)
It’s been a banner year for the AFRH. During FY 2013, we achieved major capital improvement objectives at the AFRH-W, which have elevated this campus to vibrancy. And, at the AFRH-G, we admitted many new residents with high participation levels, which has invigorated that community, too. Add to that our business and community partners, who are contributing on all levels, and the AFRH is truly energized.

One realistic drawback to revitalization is the significant cost of the Scott Project, which has brought the AFRH Trust Fund balance to a low level that must be replenished. So, management is driving new efficiencies to build up the Trust Fund, while being ever mindful that we must maintain our excellent service, too.

One vital way to increase the Trust Fund is to revisit a strategy from a few years ago: to sell or lease excess property at the AFRH-W by 2017. This strategy was put on hold during the downturn of the real estate market, but today we are confident that commercial real estate in the DC area is on solid ground. This MD&A, as required per Federal law, serves as a concise Agency overview. In this section management will summarize ongoing Agency efforts, explain our dynamic business approach, and recap our success in meeting the AFRH Strategic Goals. The MD&A is the most important part of this Report. On behalf of the AFRH residents and staff, thank you very much for your support and interest.

A gang of 14 bubbly gals from the AFRH-G took it all off to create a “pin-up girl” calendar in the name of charity. Check it out: people are paying good money to buy it. “The Calendar Girls” are raising money for Feed my Sheep, which benefits hungry South Mississippi families. And, they’re doing so in the most fun and flirty way they could imagine. They photographed, designed, and printed a calendar called “Women of the AFRH”. It’s been on sale for $15 at local malls, grocery stores, sporting events, and the AFRH-G. At last count, the girls have raised $20,000, plenty of spirits, and a lot of eyebrows. Our male residents are certainly titillated, and the gals definitely had heaps of fun while doing plenty of good for a great cause.

Now, people are hungry for more. There are rumors floating around campus that the Calendar Girls are creating a bigger, better calendar for next year. You go, girls!

“You can’t ask for anything more.”
—Barbara Dannaher
(Navy, AFRH-W)

“It’s fun being a military pin-up girl in your 90s!”
—Dorothy “Gigi” Malone
(Navy, AFRH-G)
ORGANIZATION & MISSION

INTERNAL STRUCTURE

Dating back to 1834, the US Naval Home and the US Soldiers’ and Airmen Home have cared for thousands of former military personnel. Both Homes have evolved distinctly over the past 200 years. Today the two are united as the AFRH, which is configured as an independent Agency in the Federal Executive branch (established under 24 USC Chapter 10).

The AFRH is classified as a CCRC, and it is operated just like many retirement homes. The COO and his experienced staff manage corporate affairs, and they are responsible for developing overall policy and procedures for the Agency and its two communities. Corporate makes strategic decisions that advance the Agency and provide effective communications to keep Congress and constituents informed.

The COO is subject to the authority, direction, and control of the Secretary of Defense, delegated to the Under Secretary of Defense (Personnel & Readiness) and the Assistant Secretary of Defense (Readiness and Force Management).

Both the AFRH-Gulfport and AFRH-Washington campuses are managed by an Administrator who reports to the AFRH COO. Administrators manage the day-to-day activities of their facilities, and respond to local resident needs. Our recent revitalization is testimony to the effectiveness of our visionary leadership.

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

[From Public Law] – 24 USC 10, Section 411 Establishment of Armed Forces Retirement Home (b) Purpose – The purpose of the Retirement Home is to provide, through the Armed Forces Retirement Home-Washington and the Armed Forces Retirement Home-Gulfport, residences and related services for certain retired and former members of the Armed Forces.

EXTERNAL EXPERTISE

The AFRH Advisory Council provides smart guidance and key recommendations on how to administer quality care to our residents. Council membership criteria are specified per Federal legislation, and it entails selecting outside experts on military life, veterans affairs, and medical services. Council members are both civilian and military.

Two meetings are held annually (one at the AFRH-G, one at the AFRH-W). Managers and Council members share knowledge and opinions about Agency goals, objectives, challenges, and opportunities. The Council contributes military- and medical-related expertise to all aspects of senior living, and it produces an Annual Report to DoD with keen observations and recommendations.

To save on travel, we held our May 2013 Council meeting via videoconference.

UNIVERSAL CARE

Both AFRH communities operate under a standard business structure called the “One Model”. This means we have the same policies, procedures, staffing, and standards at each community. So, both campuses provide comparable modern amenities and similar quality services. The One Model ensures that residents receive the same high level of care no matter which community they choose for retirement. And, if a resident chooses to transfer, they’ll still get the same advanced care.

“AFRH Staff members truly operate under the Person-centered Care philosophy and are considered valued members of the management team.”

—Advisory Council Annual Report
The AFRH One Model for Operations

Ron is now bolstering relationships among residents and facilitating new ones between the Home and Gulfport city. A few key 2013 achievements:

— Honor Guard: residents were trained in hospice to truly understand the death process. Now, if we have a terminal resident, and family is unavailable, Honor Guard creates a schedule of two- to four-hour shifts for volunteer companionship. No comrade shall ever be left alone.

— Humane Society: residents collect recycled paper, shred it, and donate it to the Society to line the animals’ cages. In return, the Society brings animals each week so residents can walk and play with them. Pet therapy is proven to lift people’s spirits—and our residents love animal rescue efforts.

— Garden Committee: Mississippi Southern University supports our rooftop gardens. And residents do serious farming on off-campus plots via the MS Renaissance Garden Foundation. Campus-wide: wildflowers and azaleas thrive, one resident donated crepe myrtles, and orchids adorn our garden room. Perfect for community open houses.

“As the new RAC Chair, Ron is exploring issues and finding solutions.”

— Chuck Dickerson (AFRH-G Administrator) praises Ron Harding (Air Force, AFRH-G, Resident Advisory Committee [RAC] Chair)
The AFRH is a high-performance agency thanks to its wonderful staff. Our recent culture change to Person-centered Care was a tremendous success thanks to their dedication and flexibility. This comes as no surprise to visitors or volunteers at the Home, who often remark that our staff members truly care about America’s veterans and often go “all-out”.

Now, our staff is coordinating and delivering excellent care right in the residents’ homes—at their convenience. From mobility assistance and nutritional counseling to medical care and physical therapy, our staff is providing great service to America’s veterans and fulfilling the AFRH mission.

Most staff members work in healthcare services. Given the special needs of elderly residents, more staff is required in healthcare 24 / 7. Still, the AFRH also employs many specialists in recreation, security, facilities, and more. Ensuring smooth operations at the AFRH requires all hands to be active and engaged.

A blend of contract workers and Federal employees help manage other services such as transportation, maintenance, landscaping, healthcare, personnel, finance, food service, communications, and IT. Ultimately, true partnership is realized through a dynamic mix of contractors, staff, volunteers, and stakeholders working in unison. During 2013, DoD administered an organizational climate survey developed by Defense Equal Opportunity Management Institute (DEOMI). Management and staff completed this survey, a useful tool that is helping managers assess factors that can boost effectiveness.

The survey offered several opportunities for respondents to enter personal comments. The feedback that we received has helped management pinpoint key issues to address. Action plans will be implemented starting in FY 2014 along with more team building.

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Our Locations

BEAUTIFIED

This year, we finally achieved our grand vision to have modern buildings with equal amenities at both locations. Now, both buildings are highly energy-efficient. Plus, both feature a small house concept in the healthcare residences, which has empowered the staff to deliver Person-centered Care.

Now, the AFRH is no longer a regimented institution— but rather a true home—comfortable and accessible.

The most wonderful part is that many residents actively contribute to the beautification of our facilities through volunteering and the RAC. Now, we are proud to say that the AFRH is the new standard in senior care.

Gulfport, MS
Scenic Oceanfront Retreat

The AFRH-G is located on 47 acres on the Mississippi Sound in a relaxed southern setting. Sandy beaches, waterfront views, beautiful sunrises, and a charming town surround our Gulfport home. The old building, which was destroyed by Hurricane Katrina in 2005, was replaced with an energy-efficient facility with modern conveniences.

We opened this advanced senior living facility in October 2010. The building was designed to withstand Category 5 hurricane force winds, and it was tested in August 2012 during Hurricane Isaac. As expected, damage was very minor as a few outside shades were torn.

Since the Grand Opening, residency has swelled to near capacity. We have expanded our staff to meet the needs of this growing population. Our Gulf Coasters are lively and energetic, and they have put a stamp on their home with new gardens, trees, flags, and memorabilia.

“İt’s like a 5 star hotel. We’ve got all the amenities.”
—Richard Clinton
(Navy, AFRH-G)

Explore the AFRH-Washington https://www.afrh.gov/af rh/wash/washcampus.htm

Washington, DC
Dynamic Urban Haven

The AFRH-W sits on 272 acres featuring beautiful trees, majestic views, tranquil wildlife, and historic landmarks. In a warm country setting, this Home is nestled in the heart of our Nation’s Capital, a vibrant metropolis. Venture off campus and you’re just minutes from public transportation, the White House, monuments, theaters, museums, and more.

The Scott Project is complete at the AFRH-W. We replaced the outdated and inefficient 1950’s dormitory with the modern Scott Building for healthcare, recreation, and dining. Its modern design is now empowering our staff to deliver Person-centered Care—where services and resources revolve around the residents’ needs.

In FY 2013, the 1850s-era Sherman Building and historic Quarters were renovated (after incurring damage from the August 2011 earthquake). The historic Eagle Gate was redesigned, and the Sheridan residences were renovated to offer Assisted Living. Now this community is welcoming more visitors and volunteers than ever before.

“İ think this home is the cat’s meow.”
—Leonard Lehman
(Navy, AFRH-W)
Our Residents

REVERED

Our residents are a diverse group of men and women with one common bond: devoted service to country. They all feel very fortunate to live at the AFRH, yet in truth they have earned it. All AFRH residents have served America either as a 20-year service member or by fighting in a war theater.

Many residents continue to serve by volunteering inside the Home—and others give back outside the home in the local community. Some create crafts, compete athletically, and perform artistically, while others organize committees, run events, or manage programs.

The AFRH residents maintain vitality in a variety of interesting ways. Many participate in activities and events, while others volunteer alongside partners to improve campus life. From cultivating gardens and playing music to building shelves or repairing bikes, our residents are a thriving bunch.

Meanwhile, our staff provides the residents with a full range of exercise programs, travel opportunities, and special events to keep them engaged and young in spirit. Finally, our world-class healthcare keeps the residents going strong through it all.

Volunteer school children from the DC Metro area show great support for our veterans.

AFRH ELIGIBILITY

Persons eligible to be residents: persons who served as members of the US Armed Forces, at least one-half of whose service was not active commissioned service (other than as a Warrant Officer or Limited-duty Officer), are eligible to become residents of the Retirement Home.

— Persons who are 60 years of age or over; and were discharged or released from service in the Armed Forces under honorable conditions after 20 or more years of active service.

— Persons who are determined under rules prescribed by the Chief Operating Officer to be incapable of earning a livelihood because of a service-connected disability incurred in the line of duty in the Armed Forces.

— Persons who served in a war theater during a time of war declared by Congress or were discharged or released from service in the Armed Forces under honorable conditions; and are determined under rules prescribed by the Chief Operating Officer to be incapable of earning a livelihood because of injuries, disease, or disability.

— Persons who served in a women’s component of the Armed Forces before June 12, 1948; and are determined under rules prescribed by the Chief Operating Officer to be eligible for admission because of compelling personal circumstances.

Married couples: both must be individually eligible.

Persons ineligible to be residents: a person who has been convicted of a felony or is not free of drug, alcohol, or psychiatric problems shall be ineligible to become a resident of the Retirement Home. [Per 24 USC 10, Section 412]

To help fund the AFRH, $.50 / month is deducted from the pay of Enlisted and Warrant Officer active duty service members.
Pete served 20 rewarding years in the Air Force’s Medical Administration and travelled all around the world. “I had R & R in Hong Kong, skied in Austria, and saw the Berlin Wall.” Pete later earned college degrees in Political Science and Public Administration and worked at Andrews Air Force Base.

An avid bowler and certified instructor, Pete moved to Vegas: “the bowling capital of the world”. He also volunteered at the Vegas VA Medical Center. At the AFRH-W since 2009, Pete was the bowling coach and rolls in the Boling Air Force Base league. He also participates in the annual Military Championship Tournament in Vegas.

At the Home, Pete makes time for fitness classes three times a week and volunteers in the chaplain’s office and chapel. “We have everything on campus that we need. It’s the ideal place for a retiree.” When reflecting on the 80 years he’s lived so far he says, “God has been good to me.”

“War Theater”

<table>
<thead>
<tr>
<th>War Theater</th>
<th>#</th>
<th>%</th>
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<tbody>
<tr>
<td>World War II</td>
<td>340</td>
<td>25%</td>
</tr>
<tr>
<td>Korean War</td>
<td>448</td>
<td>34%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>523</td>
<td>39%</td>
</tr>
<tr>
<td>Grenada</td>
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<tr>
<td>Panama</td>
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</tr>
<tr>
<td>Gulf War</td>
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“Eligibility”

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<tr>
<th>Eligibility</th>
<th>#</th>
<th>%</th>
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<tbody>
<tr>
<td>Retiree</td>
<td>870</td>
<td>82%</td>
</tr>
<tr>
<td>Service-connected Disability</td>
<td>49</td>
<td>5%</td>
</tr>
<tr>
<td>War Theater</td>
<td>89</td>
<td>8%</td>
</tr>
<tr>
<td>Female (serving before 1948)</td>
<td>51</td>
<td>5%</td>
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</table>

*Some were in more than 1 war

**About 1/4 retirees also have service-connected disabilities

“War theater? You name one— I served in it.”

—Delbert Brown (AFRH-W)
At the heart of our corporate strategy is a passionate drive to improve Agency performance. So, the AFRH Strategic Goals and objectives are 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.

The 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 the 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.

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**See Inside Front Cover or AFRH Strategy**

**See the full AFRH Strategic Plan**

**Learn more about Person Centered Care**

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"I would have done anything to earn a medal in the military."

—Barbara Copare (Army, AFRH-W)

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"I'm overwhelmed with pride to know Barbara Copare. I sat next to her during the Army Birthday ceremony and she quickly noticed my military medals (which I normally don't wear). She was so intrigued looking at them that, when the program began, I had to quiet her down. Barbara explained, 'When I was in the military, women couldn't get medals.' I said: 'I was able to earn these medals because of you. I'm grateful to you and the other women that paved the way.'

Well, at the close of the ceremony Barbara was presented with an AFRH medal—and there are no words to describe her joy. Generations after she left the military, here at the AFRH, she exclaimed, 'I finally got a medal!'. Barbara immediately put it on...and I think she's still wearing it. This was one of the most important days of my military life. I wonder if anyone really knows how important this was for Barbara."

—Gwen Hendly (Army, AFRH-W)
Strategic Platform

VISUALIZED

STRATEGIC GOALS

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

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

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

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

OBJECTIVES

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

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.

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.

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.

Stephanie took the initiative to implement new dining procedures in the AFRH-G Long Term Care and Memory Support units that are highly person-centered. Now, residents can eat afterhours from a “To-Order” menu.

Residents can also choose what they want for each meal. “They can sleep in and eat breakfast at 2 PM. This is their restaurant!” We have finger foods for people that cannot use utensils, and a picture menu allows those with eyesight issues to point to items.

Stephanie taught a session to nurses, CNAs, recreation, and housekeeping explaining the procedures. She stressed that food allergies or possible drug interactions must be strictly monitored. “I got everybody involved, because we all serve the residents.”

The program was so successful that Stephanie went to the AFRH-W to help implement it. She and the staff are happy to improve the dining experience—and residents are appreciative. According to one resident: “I can get breakfast anytime? What an upgrade to my life!”

“The residents enjoy having a voice and some independence.”

—Stephanie Jenkins
(Dietician, AFRH-G)
Management is pleased to report great progress on all of our Strategic Goals. In fact we made tremendous gains on objectives that directly impact resident care and living spaces. Today our beautiful, modern, and energy-efficient environments are boosting resident happiness while promoting a person-centered environment. Below are the Home’s specific FY 2013 achievements.

**GOAL 1**
Embrace Resident-centered Care
Healthcare “small houses” give residents a friendly, home-like community.

**GOAL 2**
Maintain Exceptional Stewardship
The Scott Project vision becomes reality at our open house to the public.

**GOAL 3**
Promote Staff-centered Environment
Our full-time staff are grateful for the new flexible work schedules that are now available.

**GOAL 4**
Leverage External Stakeholders
Seabees build projects in Gulfport, and neighbors enjoy our grounds in DC.

“I enjoyed the Air Force. They were good to me, and I was good to them.”
—Emil Krudy
(Air Force, AFRH-W)
HUMAN CAPITAL

The AFRH Human Capital Strategic Plan (HCSP) for FY 2009-14 is yet another extension of our commitment to staff. It provides a clear summary of Human Capital Goals and key actions. The Human Capital Management Report (HCMR) recounts our achieved results each year with planned enhancements.

In addition to the survey from DEOMI, the AFRH administers the annual Employee Satisfaction Survey developed by Office of Personal Management (OPM). These tools are encouraging staff to air concerns, and management is listening.

PRESENT STATUS

People at every level of the AFRH are advancing our strategic performance efforts. Specific measures and targets stemming from the AFRH strategy are written into individual staff performance plans. Our corporate Internal Control Board and campus-level performance improvement programs both identify and monitor high risks. Plus, the AFRH is inspected annually by external entities.

Moreover, in FY 2013, DoD Personnel and Readiness (P&R) exercised their oversight duties by reviewing operations and making recommendations for improvement. The chart, to the right, summarizes measures that are reported in detail in PERFORMANCE.

### High-priority Performance Goals FY 2013

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

Larry Colbruno (Air Force, AFRH-G) creates signs for the garden project.
Financial Highlights

STABILIZED

All budget allocations that are approved by Congress are funded completely by the AFRH Trust Fund. The income that feeds the Trust Fund comes from a variety of sources, some of which are unfortunately declining.

FY 2013 BUDGET: $65.7 MILLION

This Congressional budget request for FY 2013 includes $63.8 million in O&M and $1.9 million in Capital Improvements. Recently, operating costs have increased each year due to inflation while revenues are in decline. There are several reasons for this ongoing trend:

- Military Fines & Forfeitures [In Decline]
- Interest earned on the AFRH Trust Fund Balance
- Withheld pay ($6/year from Warrant Officers & Enlisted)
- Resident fees (based on individual income)
- Sale / Lease / Other (underutilized buildings)
- Sale / Lease / Other (underutilized buildings)

Revenue Sources

AFRH FY 2013 Revenue <$53M

IN MILLIONS OF DOLLARS

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fines &amp; Forfeitures</td>
<td>$29.8M</td>
</tr>
<tr>
<td>Resident Fees</td>
<td>$13.0M</td>
</tr>
<tr>
<td>Withheld Pay</td>
<td>$7.2M</td>
</tr>
<tr>
<td>Sales / Leases / Other</td>
<td>&lt;$0.3M</td>
</tr>
<tr>
<td>Interest on investment</td>
<td>$2.3M</td>
</tr>
</tbody>
</table>

5-year Trend in AFRH Revenue

IN MILLIONS OF DOLLARS

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td>$69.8</td>
</tr>
<tr>
<td>FY10</td>
<td>$64.2</td>
</tr>
<tr>
<td>FY11</td>
<td>$63.9</td>
</tr>
<tr>
<td>FY12</td>
<td>$60.2</td>
</tr>
<tr>
<td>FY13</td>
<td>$52.6</td>
</tr>
</tbody>
</table>

Revenue Impediments

#1 Our largest source of revenue, Fines & Forfeitures, fluctuates yearly, has declined recently, and is beyond our control, ultimately. At the end of FY 2013, revenue was $8 million lower than in FY 2010 and $5 million lower than in FY 2012. This revenue source peaked at $45 million (in FY 2005 and FY 2006) but has not been nearly this low since 2001 ($32 million). So, we must continue to seek creative ways to contain costs and raise new revenue.

#2 In FY 2013 the sequestration and across-the-board (ATB) reductions impacted the Federal Government. These cuts required the AFRH to modify contracts, freeze hiring (except vital healthcare), cease travel and training opportunities, and suspend AFRH performance awards. Capital improvements, however, were unaffected.

Bottom line: we must enact even tighter financial stewardship.

Revenue Strategies

#1 New Facility Savings: management is addressing its fiscal challenges through one AFRH Strategic Goal “Maintain Exceptional Stewardship.” The AFRH-G has already demonstrated significant savings, and the new AFRH-W Scott Building is expected to produce far-reaching efficiencies. Meanwhile our wellness and Aging in Place philosophies are staving off expensive Long Term Care so even more savings will be realized.

#2 Trust Fund Solvency: this is the leading measure of effectiveness under our Goal “Maintain Exceptional Stewardship.” The 2012 Trust Fund solvency analysis assured solvency from FY 2012-22 assuming base case assumptions. Management has substantially reduced operating costs and completed major construction projects with Trust Fund dollars. So, cultivating new revenue is a priority.

End Net Position: Decreased (reflects Scott Project investments)

With the Federal appropriation enacted in March 2013, sequestration was lifted, and management eased its hiring freeze, prepared to close the Power Plant, and began water infrastructure renovations.
Below is an analysis of the data in the AFRH FY 2013 financial statements, which appear in FINANCIAL. 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, the AFRH is proud to have received an “Unmodified / Unqualified” (clean) opinion on its 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 Report.

LIMITATIONS OF THE FINANCIAL STATEMENTS
Our statements report the financial position and operating results of the 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.

They treat us like kings and queens!
—Frank Haney (Army, Air Force, AFRH-G)
MOST SPENDING IS ON RESIDENT-CENTERED CARE

In FY 2009, management began tracking all expenditures to Strategic Goals via our accounting system. In FY 2011, with the start of our new Strategic Plan, the AFRH accounting system did not reflect Strategic Goal name changes until FY 2013. Trending data reflects our former Goals, and a chart mapping old Goals to the new ones is included below. The distribution of expenses over all years tracked clearly shows a clear majority of expenditures fund Strategic Goal 1 “Embrace Resident-centered Care”.

AFRH SPENDING PER OLD STRATEGIC GOALS

<table>
<thead>
<tr>
<th></th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture of Integrity</td>
<td>$1.5</td>
<td>$2.8</td>
<td>$3.6</td>
<td>$3.6</td>
</tr>
<tr>
<td>Exceptional Service</td>
<td>$50.6</td>
<td>$48.5</td>
<td>$49.8</td>
<td>$49.8</td>
</tr>
<tr>
<td>Financial Growth</td>
<td>$0.0</td>
<td>$0.3</td>
<td>$0.2</td>
<td>$0.2</td>
</tr>
<tr>
<td>Improved Processes</td>
<td>$8.0</td>
<td>$8.4</td>
<td>$9.7</td>
<td>$9.7</td>
</tr>
<tr>
<td>Learning &amp; Growth</td>
<td>$0.0</td>
<td>$0.2</td>
<td>$0.9</td>
<td>$0.9</td>
</tr>
</tbody>
</table>

THE AFRH OLD STRATEGIC GOALS HAVE EVOLVED

(FY 2009-2011 Strategic Goals) are now FY 2012-2013 High-priority Performance Goals

- Exceptional Service is now 1) Embrace Resident-centered Care
- Financial Growth + Improved Processes is now 2) Maintain Exceptional Stewardship
- Culture of Integrity + Learning & Growth is now 3) Promote Staff-centered Environment
- N/A 4) Leverage External Stakeholders

STATEMENT OF CHANGES IN NET POSITION

This statement outlines the accounting items that caused net position to change from the beginning of the fiscal year to the end. AFRH income decreased due to changes in the US military, a reduction in collected fines and forfeitures, plus fewer sales and gifts.

STATEMENT OF BUDGETARY RESOURCES

This statement presents what budgetary resources were available as of September 30, 2013 and September 30, 2012 as well as their status. The AFRH reported total budgetary authority of $84.2 million on September 30, 2013 as compared to $133.2 million on September 30, 2012.

AFRH FY 2013 SPENDING PER STRATEGIC GOAL

- External Stakeholders $1.4M
- Staff-centered Environment $1.8M
- Exceptional Stewardship $11.5M
- Resident-centered Care $42.9M

In 1943, Lois joined the Navy and worked in intelligence as a Cryptologist. Her main duty was decoding enemy messages. She and her unit broke the Japanese code right before the Battle of Midway during WWII. “Life would have been quite different if they had won the war.” Lois has lived happily at the AFRH-G since 2008. She loves the Gulf Coast and thinks the Home is just beautiful. Lois plays quite a bit of shuffleboard, takes enjoyable walks, and regularly attends bingo. Painting and crafts are also hobbies that she enjoys.

There’s never a dull moment here, according to Lois. “They take good care of us and are always throwing parties for us. And, the food is just great.”

“It’s the finest home in the whole world.”

—Lois Hogan (Navy, AFRH-G)
The AFRH implements the Federal Managers’ Financial Integrity Act (FMFIA) via its own Internal Controls and Financial Systems as well as through compliance with laws and Regulations. Rigorous controls are integrated into our financial reporting system through our partners BPD and National Finance Center (NFC).

Our Strategic Goal, “Maintain Exceptional Stewardship”, targets what must be achieved to keep operations at the AFRH cost effective. It also helps us envision our financial direction for the future.

An AFRH Senior Assessment Team, established by the CFO, has maintained oversight of our Internal Control (IC) program since 2006. Each manager on this Team oversees an area of responsibility and reports issues and concerns at quarterly meetings where risks are assessed and action plans are created. An annual IC survey is administered to all AFRH employees to check the viability of AFRH controls.

The AFRH can provide qualified assurance that controls on financial reporting were operating effectively as of Sep 30, 2013.

AFRH Internal Controls (required by law):
1) Control Environment: Agency structure & culture
2) Risk Assessment: I.D. factors that hinder objectives
3) Control Activities: policies, procedures & mechanisms
4) Information & Communications: effective flow of info
5) Monitoring: regular periodic assessments

To prepare for the AFRH annual Statement of Assurance, we request staff to respond to an annual survey, which includes detailed questions about their ICs. This information, along with input from financial managers, performance improvement managers, and the Agency Internal Control Board (ICB), help give the COO a clear picture of the Agency’s financial integrity.

Assurance Letter

Management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers’ Financial Integrity Act (FMFIA) of 1982 and OMB Circular A-123 - Management’s Responsibility for Internal Control (IC).

AFRH managers, along with our partners BFS (formerly BPD) and the NFC, actively participate in all IC. The AFRH is in full compliance with applicable regulations.

Based on our annual analysis, the AFRH provides reasonable assurance FMFIA objectives have been met. Also, no material weaknesses have been reported in our IC or financial reporting. Given our comprehensive management controls, I am pleased to certify with reasonable assurance that:

• The AFRH financial reporting is reliable. Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with GAAP. Assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
• The AFRH ICs are effective for both the financial reporting through our partner BPD and for our campus operations through our corporate IC Board.
• The AFRH is in compliance with all applicable laws and regulations under FMFIA, FFMIA, and FISMA. Financial and business exchanges are executed in accordance with laws governing the use of budget authority as well as laws and regulations that could have a direct and material effect on the financial statements.
• The AFRH performance reporting is reliable. Performance measures are properly recorded, processed and summarized to permit information preparation per criteria established by AFRH management.

Additionally, during our 2011 CARF accreditation, the surveyors verified that several financial ratios are above the median, which indicates that the AFRH adheres to industry standards. This is welcome news.

Sincerely,

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

“AFRH can provide reasonable assurance FMFIA objectives have been met.”

—Steven G. McManus (AFRH COO)
Federal Manager’s Financial Integrity Act (FMFIA)

This Act requires each agency to report the health and integrity of its financial, program, and related activities. It ensures that resources are consistent with the overall mission, that programs achieve intended results, and that both are free of waste, fraud, and mismanagement. Further, the Agency COO must ensure that laws and regulations are followed and that fiscal management complies with Federal standards. FMFIA sets requirements for internal controls as well as requests yearly evaluation of the control and financial systems to protect their integrity. The AFRH performs these evaluations annually and is pleased to report no “material weaknesses” have been found in FY 2013.

An independent audit was performed on BPD’s financial management systems (i.e., the controls placed on the financial management systems). This assurance via Type 2 SSAE 16 validates the integrity of AFRH management controls and our compliance with Federal financial systems standards.

Federal Financial Management Improvement Act (FFMIA)

This Act requires all Federal agencies to provide reliable, consistent disclosure of data per GAAP. For FY 2013, the AFRH is in substantial compliance. BPD-ARC established our accounting process, and they are also in compliance with the regulations are followed and that fiscal management complies with Federal standards. FMFIA sets requirements for internal controls as well as requests yearly evaluation of the control and financial systems to protect their integrity. The AFRH performs these evaluations annually and is pleased to report no “material weaknesses” have been found in FY 2013.

The AFRH-G campus came online. In FY 2011, the AFRH-W campus became operational. In FY 2011, the AFRH-G campus came online.

IBC’s steadfast support includes:
- Applying relevant updates or patches
- Configuring servers and user accounts securely
- Installing / operating firewalls & network monitoring
- Providing virus defense & incident response
- Offering periodic vulnerability assessments, and
- Ensuring a complete Network Interconnect Agreement

The AFRH had a Certification and Accreditation conducted on its IT Infrastructure and was granted a full Authority to Operate in FY 2012 after successfully completing the process.

Federal Information Security Management Act (FISMA)

This Law requires a competence review of information security and privacy policies, procedures, and practices. One of its primary objectives is to ensure the effectiveness of information security controls. The AFRH has worked since FY 2006 to achieve a FISMA-compliant environment.

Currently, Department of Interior (DOI) Interior Business Center (IBC), through a Memorandum of Understanding, provides FISMA-compliant desktop support and hosting services consolidation for AFRH Information Technology (IT). The AFRH has been FISMA compliant since 2006. In FY 2010, under IBC as the network provider, the AFRH-W campus became operational. In FY 2011, the AFRH-G campus came online. The AFRH staff will have full access to these applications from any computer anywhere (office, home, library, etc.). Office 365 also provides end-users with desktop videoconferencing and instant messaging. These features allow end-users to establish videoconferences with, or send instant messages to, other AFRH staff or resource partners that are using the Office 365. The AFRH staff will also store, share, and access files within the cloud through the use of SharePoint.

The exciting new addition to the AFRH IT infrastructure will help our Agency move to a more cloud-based environment, which allows more flexibility for staff to telework, while remaining compliant to FISMA requirements.

Electronic Resident Information System

During FY 2012, the AFRH evaluated the proposals of four Electronic Health Records System (EHRs) vendors. In FY 2013, the AFRH selected the Dr. Cloud EHRs based upon the system’s flexibility and the vendor’s ability to modify their existing software to meet AFRH requirements. Dr. Cloud is a cloud-based application that offers diverse functionality (Healthcare, Billing, Admissions, Safety, Therapy, Public Affairs, and Security) that interlinks all AFRH programs and offices. Staff training occurred at the Washington, DC and Gulfport, MS facilities in August 2013. The Dr. Cloud system was deployed on September 16, 2013. The AFRH will continue to operate its legacy-based system, UltraCare, during the transition phase and will shut down this system about 60 days after deploying Dr. Cloud, which meets and is compliant with FISMA requirements.

Financial Management Systems

The AFRH uses financial systems via its partner BPD-ARC (Oracle financials 12, Oracle Assets, PRISM, and WebTA). ARC personnel operate and maintain the system, ensuring top-notch support. Plus, they provide value-added services that interface with Oracle Federal Financials (e-payroll, procurement, purchase card, e-travel, Federal investment, and IPAC transactions).

All told, ARC is responsible for the financial integrity and security of this system. However, NFC handles payroll transactions, and they are integrated with the above-mentioned systems.
External Healthcare Controls

With the National Defense Authorization Act of FY 2009, the AFRH was required to secure and maintain accreditation by a nationally recognized civilian entity for every aspect of each facility of the Home (including medical and dental care, pharmacy, Independent Living, Assisted Living, and nursing care).

The AFRH maintains a national accreditation and must be inspected annually. In the years the accrediting body does not inspect, the DoD IG assesses the Agency. After its opening in 2010, AFRH-G was inspected both by CARF and the DoD IG with very positive outcomes.

**CARF Accreditation: Valid through 2016**
CARF is one of the national accrediting bodies for CCRCs. CARF helps ensure that retirement homes fulfill their promise of quality, residential care to seniors. The AFRH initially achieved this accreditation in September 2008 for a five-year period ending in 2013. CARF performed inspections (corporate and campus) in September 2010 for AFRH-W and for both AFRH-G and AFRH-W in 2011. Although there were no findings, written recommendations emphasized Person-centered Care, safety, breaking down silos, and more definitive guidelines for resident transitions.

**DoD IG Inspection: In Progress**
FY 2012 was the year that CARF did not inspect. The IG inspection team reviewed corporate and both campuses in August and September 2012. Results were not available at the end of this fiscal year.

**DoD: In FY 2013, DoD P&R conducted a series of oversight activities of AFRH operations to supplement the nationally accredited retirement living inspections. Their recommendations were reviewed. Then action plans were created and implemented in 3rd and 4th quarters. P&R is monitoring the progress of these improvements as they were made. Oversight will continue in FY 2014.**

**OPM: The AFRH is also under an inspection schedule by OPM for its Human Capital Goals and progress.**

**AFRH Advisory Council:** This body develops and publishes an annual assessment. In FY 2013 the Council provided positive comments and recommendations in its FY 2012 Annual Report.

**Accreditation for Ambulatory Care:** in October 2013, we will work with the Joint Commission Resources, Inc. (JCRINC) to ensure accreditation as well as healthcare operational performance success. Legislation requires the AFRH to be accredited in all levels of care including ambulatory services.

Both Homes will be assessed by the JCRINC in preparation for an accreditation survey that will be conducted by The Joint Commission (TJC) in September 2014. To ensure the integrity of both operations there is a firewall between the services provided by JCRINC and TJC.

The Navy Seals put Louis through the mill to make the team with months of training and treacherous obstacle courses. In nine years in the Navy, Louis performed 150 missions with the Seal team. “We’d go out for hours in South Vietnam to ambush the bad guys.”

Louis even earned two silver stars for carrying sick, dead, and wounded soldiers out of battle, into a boat, and then home. “We were being fired at. It was tough with them on my shoulders, but we made it.”

In 1971 he was shot and retired. Though he must use canes and crutches to walk he gets around the Scott Building fairly well in a scooter thanks to its person-centered construction and layout.
The AFRH actively works on the challenges associated with predicting, understanding, and managing potential risks to resident service. One Goal, "Maintain Exceptional Stewardship", creates innovative ways to deflect, reduce, and manage external risk. Ultimately, managers work to maximize assets, resources, and programs in order to fulfill needs, wants, and desires of current and future residents.

Some of the risks facing the AFRH: potential disruptions of service due to weather, fluctuations in revenues, changes in the economy, and internal issues regarding the care of aging residents in frail health. The corporate ICB is responsible for managing risk. At each campus, Process Improvement (PI) committees oversee high, medium, and low risks. In FY 2013 the only risks deemed to be high (and now monitored at the corporate level) are those in the healthcare arena.

Our Stewardship objectives aim to minimize risk and increase financial stability. The Long Range Financial Plan spearheaded by the CFO sets forth a solid strategy to keep the AFRH Trust Fund stable so it can continue to provide financial resources.

Original objectives to contain costs:

— Reduce our footprint & infrastructure
— Revitalize our two facilities
— Enrich staff knowledge & skills
— Right-size our population
— Seek energy efficiencies, and
— Streamline contract scope / requirements

"I’m on cloud nine!"
—James Berotti
(Army Air Corps, AFRH-W)

#1) The AFRH Trust Fund
In FY 2013, investments to revitalize property and buildings significantly lowered the Trust Fund Balance. Our past history of revenue helped forecast the viability of this approach. Yet, Fines & Forfeitures (consistently over 50% of AFRH revenue) have varied substantially and declined overall.

A reduction in this revenue source is a significant risk, so our risk analysis considers the impact of reduced revenue to determine what is required to maintain Trust Fund solvency. All of our risk strategies below are intended to maintain a healthy balance in the Trust Fund.

#2) Capital Improvement Plan
A focal point of our risk management strategy is to reduce our footprint and optimize our infrastructure. At the corporate level, the AFRH monitors expansive, long-term plans aimed at reducing risk.

The AFRH Capital Improvement Plan (CIP) contains improvement tactics for both campuses over a 10-year period. The focus is to create a smaller footprint in Washington, reduce environmental impacts, and enhance our successful programs in Person-centered Care and Aging in Place.

#3) Long Range Financial Plan (LRFP)
The LRFP includes a Master Landscape Plan and a Strategic Sustainability Plan. Landscape projects such as trails, gardens, and water usage are now under Outdoor Programming, and ideas are continually vetted with residents. The environmental initiatives to meet Executive Orders 13423 and 13514 are tracked.

The LRFP considers detailed forecasts of planned efforts to reduce operating costs and improve resident wellness. The update also recalculates the Trust Fund balance projection using a variety of future economic scenarios such as inflation, interest rates, and reductions in revenue from active duty. The most significant achievement of FY 2013 has been the completion of the Scott Project.

#4) The Scott Project
This dynamic endeavor will lower costs via:

— Eliminating on-campus transportation
— Lowering custodial requirements
— Reducing facility maintenance
— Closing one dining facility & its operations
— Shrinking subsistence costs
— Lowering inefficient utilities costs
— Right-sizing nursing staff by nearly 50%
— Closing the LaGarde Building
— Shuttering the aging Power Plant
George was an Airborne Radio Operator in the Air Force for just over 20 years. He flew airplanes, worked with Morse code and radar, and eventually made first sergeant. “I never had a bad assignment. Very few people can say that.” After retiring, he worked for the Baltimore Sun newspaper for several years and moved to the AFRH-W in March ‘13.

Following the advice of the Home’s Optometry Center, he received new lenses at Walter Reed hospital. “It’s a bright, new world after this operation.”

The eye clinic has plenty of new equipment. Tests that residents used to have to receive off-campus now are done here. And, the equipment is connected to electronic records so results are automatically loaded into patients’ records.

With his vision improved, George is looking forward to getting involved in volunteering and activities. He’s already made some friends and is getting used to relaxing: “I get my meals prepared, and I don’t have to do dishes!”

“I got great people taking care of me.”
—George Freburger
(Air Force, AFRH-W)

Risk Management continued

#5) Aging-in-Place Initiative

Healthcare is a major cost driver at the AFRH. One recent initiative, Aging-in-Place (AIP), is keeping high costs at bay. AIP means that custom care and support come to the residents—so they can remain in their own comfortable living environment for as long as possible.

At the AFRH, the AIP movement has been branded as Independent Living Plus (ILP). This program helps our residents live as independently as possible with the help of smart environmental design, tailored support services, advanced medical technology, and much more.

Such custom care improves health, lowers costs, and ultimately reduces Agency risk. So far, ILP has proven to be very effective. ILP is enabling our residents to age gracefully without disrupting the lifestyles to which they have grown accustomed.

Further, ILP has shown positive impacts to the staffing requirements for Long Term Care. Now, higher levels of care are required less often, thus offsetting the need for additional staffing.

End Game: At the end of FY 2013, the Scott Project made capacity and service between AFRH-G and AFRH-W similar. With modern designs, both facilities are enhancing wellness, which in the long run will reduce the cost of healthcare.
#6) **Plant Closure**

**MODERNIZED**

**Evolving energy**

Since 1907, the AFRH Power Plant has supplied heat and electricity to America’s veterans, the Home’s governors, and the organization’s devoted staff. In a bold move to cut energy costs and modernize our infrastructure, we built a new power generation system and closed this aging relic. It was the last remaining above ground industrial element in the Home’s vast physical plant and infrastructure.

The plant was isolated from the AFRH-W community and historic landmarks, plus it was subjected to recent inappropriate additions. Ultimately, it symbolized an old, outdated mode of service to America’s veterans. Our strategy to create a self-contained community within a modern facility called for two new critical networks: energy and transportation.

**Eliminating risk**

The old heating system relied on an aging, fragile infrastructure. It was inefficient, resulting in high annual heating costs, and it required extensive and costly maintenance. Also, there was no system redundancy, which constituted a major safety risk for operations. In fact, service disruptions were an ongoing concern.

Moreover, aging and inconsistent power presents a big risk to serving elderly or infirm residents, where reliable power is essential.

Further, the AFRH must comply with DC Title V to maintain a large central heating system. Compliance required personnel to be on-site at all times. Plus, there were related costs and extensive paperwork for annual certification.

Today, maintaining proper environmental conditions for seniors is critical for earning the CARF accreditation.

**After much research, we concluded that installing a distributed boiler system would improve fuel combustion efficiency, reduce system failure, and lower overall natural gas consumption. Such a system would also reduce energy consumption and greenhouse gas emissions while meeting new targets under Executive Orders 13423 and 13514.**

What’s more, the installation of a brand new boiler would eliminate the requirements to maintain Title V certification—saving the Agency even more in fees and administration.

**Energizing Efficiency**

Before decommissioning the old plant, we first had to install the new boiler system. Five new boilers were installed in Sheridan Building to service that residence. Then, two more boilers were installed in the North Converter Room to service Sherman Building, Sherman Annex, Sherman North, Quarters 1-6, Quarters 8-9, Quarters 21, and Stanley Chapel.

The Old Security Building was removed from the system and existing pipes delivered heat to it from the North Converter Room. Then, the heating for Rose Chapel, Quarters 40, Quarters 41, and Quarters 45 was also changed (as heat is now pushed from Sheridan).

With new equipment in place, the associated converters were removed and plant operations were terminated. Now, all creativity and innovation at the AFRH is being powered by a modern system.

**Historic heating**

In handwritten minutes of the Old Soldiers’ Home (April 1887), authority was granted to explore creation of a Power Plant. The structure was eventually built in 1907 to generate heat, light, and power for the Home and its working farm. Later, the plant would process laundry for an expanding population.

Designed by Captain John Stephens Sewell of the Army Corps of Engineers, its location parallel to North Capitol Street established a precedent for more utilitarian buildings on this site. Machinery was obtained from the US Naval Academy.

The ornate brick plant was designed in the Romanesque Revival style, with parapeted gables, oculus windows, a pedimented entry bay, and stone water table. It was altered in 1948 and again in 1951 to accommodate a dry cleaning service.

All told, this plant fueled modern farming practices and powered America’s veteran care movement for 105 years. Its service to our nation’s heroes is admirable.

“The Plant was the heart and pulse of the institution.”

—A Soldiers’ Home Official (circa 1951)
#7) Washington Master Plan
The National Defense Authorization Act for FY 2002 (as modified by Public Law 111-084) permitted the AFRH, via DoD, to sell, lease, or otherwise dispose of underutilized buildings and property. Therefore, we launched the Washington Master Plan as the basis of the AFRH risk management strategy. The goal of this Plan is to preserve and improve the AFRH for residents and to generate new revenue for the Trust Fund. Per our LRFP, we expect to sell or lease excess property by 2015.

The AFRH-W New Operational Footprint

#8) Environmental Initiatives
The AFRH is committed to sustainability in core operations. Per Federal mandates (Executive Orders 13514 and 13423), the Agency completed its second evaluation of energy usage and greenhouse emissions this year. The new AFRH-W Scott Building is now certified LEED Gold—as is the AFRH-G facility. Further, the Agency has a number of sustainability initiatives now in progress and all are recorded and tracked in the CIP. The Agency submitted its second Strategic Sustainability Report in FY 2013. Our new energy efforts, combined with a reduced AFRH-W footprint, are already producing great savings.

Our next big challenge: divert 50 percent of total waste from landfills on an annual basis, by the year 2015. To this end, the AFRH has begun a resident education program to increase recycling. Community awareness is another strategy to reach our conservation goals, so an AFRH “green logo” was developed and training has begun.

FUTURE OUTLOOK
In conclusion, the AFRH must advance its new, two-tiered strategy to maintain solvency. First: cut costs and improve efficiencies. Second: generate new revenue to replace diminished sources and preserve the Trust Fund.

For efficiency, management predicted a cost reduction of 23% at the AFRH-W, and we have achieved this goal. We realized a 24% reduction between the 2009 and 2013 O&M budgets.

Regarding growth, two tactics will generate additional income. 1) determine the best course to sell / lease an excess 77 acres at the AFRH-W. And 2) work closely with our partners to increase private contributions and gifts.

We are excited about the prospects of both strategies to continue the revitalization of the Agency. Thank you for your support of our comprehensive plans to create a dynamic and more efficient AFRH.
Bernice's family moved from Boston to White Plains, NY because her father was stationed at the Naval base. “As a child I was lucky enough to study under a French horn player from the New York Philharmonic Symphony.” At 15, she branched out into the Symphony Orchestra to prepare herself for a career in music.

Later, she joined the Women’s Army Corps band in which she performed for 23 years. She played several different instruments and was a conductor. Every two years they put together a full concert and travelled all over the country. “We were the only female band when I was there, and we played some very significant performances like at the White House.”

Bernice loves being able to play keyboard and also does a little art. She can’t think of any other place she’d rather be. “I feel really fortunate that my time in the service lead me to this place. Every morning I wake up happy.”

“I play keyboard for special events—it keeps me doing what I love.”
—Bernice Goldstein
(Women’s Army Corps, AFRH-G)
Performance Overview

DRIVEN

Here in PERFORMANCE we will outline how the AFRH is achieving its mission via these goals and objectives. The results will demonstrate this year’s staff performance and resident perceptions as well as summarize the results of our human capital goals and objectives.

Successful performance is the result of positive synergy among staff, contractors, and outside resources. The AFRH chooses partners that can support our mission to care for America’s veterans and retired military effectively. We are pleased with the results of most goals. Our greatest challenge is to build better work environments for AFRH staff (under goal: Promote Staff-centered Environment). This has been challenging over the past few years during the major revitalization projects at both communities. However, now that these intensive projects are complete, we can focus on staff improvements.

We will also include details behind our performance such as: trend data, various resources, basic strategies, the procedures to verify and validate data, and factors impacting performance. The results empower AFRH managers to reflect on our programs and procedures and make the necessary adjustments for improvement. The AFRH ensures this performance data is complete, accurate, and consistent.

“Everyone with my last name, from my grandfather on down, wore a uniform.”
—Walter “Smokey” Prussman
(Air Force, AFRH-W)

Smokey’s father fought in WWII, and his four brothers served in the Army, Air Force, Coast Guard, and Navy. He was drafted into the Army during his first year at Penn State as a geology major. He saw active combat in Vietnam and also served in Okinawa and Korea. He earned two purple hearts and a combat infantryman badge.

Smokey helps run the bowling alley and is a RAC member. He loves traveling to Cape Hatteras, NC to fish and drive on the beach with his JEEP—which he is always improving, as car repair is his hobby. In fact, he manages the auto shop and helps others learn auto repair skills: “You just do it—and you learn.”

“The new medical center is gorgeous—it’s everything I hoped for.”
—Dr. Kailash Chopra
(AFRH-W Chief Medical Officer)
The Government Performance and Results Act of 1993 (GPRA) established a standard structure for Federal agencies to report annual progress. The GPRA Modernization Act of 2010 revised that process to require Federal agencies to align their strategic plans with broader presidential priorities.

A recent Executive branch initiative requires all Federal agencies to track and measure goals that are mission critical, or “high-priority.”

To simplify our reporting, management took the AFRH Strategic Goals and made them the exact same as our High-priority Performance Goals.

We manage performance via the AFRH Strategic Plan. Throughout FY 2013 the AFRH has been adjusting its strategies and will publish a new strategic plan in alignment with the administration’s requirements.

### TAILORING PROCESSES

Each performance cycle begins with our strategy. Next we associate each goal with achievable objectives and set high-priority measures for each goal. Then, a business plan is created with specific actions assigned to individuals.

During the development of individual performance plans (IPPs), each AFRH staff member is given specific actions that are linked to our goals. To complete the cycle we accumulate results, review progress, and report the outcomes here in the PAR.

In FY 2013 we realigned our performance reporting cycle to strengthen links to our Strategic Goals. We expanded the cycle dates from January 2013 to July 2014 to ease the learning curve required for staff, to comply with Union requirements, and to continue to meet objectives effectively.

**AFRH Strategic Goals = Federal High-priority Performance Goals**

### PARTNERING

The Armed Forces Families Foundation supports resident swings as well as putts.

A bowling ramp helps Angelo “Larry” Papale (Air Force, AFRH-G) bowl with Keesler AFB Volunteers.
The AFRH is pleased that we achieved all but one of our goals and associated objectives in FY 2013. Below are the Agency’s High-priority Performance Goals—which mirror the AFRH Strategic Goals and are rooted in a culture of change that revolves around the resident and staff: Person-centered Care (PCC).

This movement involves the careful consideration of resident needs while we develop proactive plans of care and deliver meaningful services.

Here, residents are active participants in guiding and charting their lives. PCC does not imply all desires are to be met without regard to available resources or our ability to meet them successfully.

**Goal 1: 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.

**Goal 2: Maintain Exceptional Stewardship**

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

**Goal 3: Promote Staff-centered Environment**

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

**Goal 4: Leverage External Stakeholders**

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

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Steven McManus (COO) lunches with the Gulfport ladies at our Kentucky Derby Tea.

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**Focused Objectives**

**Improve Communication**

Promote person-centered ideals

Expand AFRH safety awareness

Broaden communication capabilities

**Train Workforce**

Broaden PCC expertise

Educate staff on the link between strategy & performance

**Promote Wellness**

Maintain optimum resident health

Shrink footprint to reduce travel

Expand pro-health amenities

Promote independence via ILP

Educate residents about PCC

---

**Measure**

<table>
<thead>
<tr>
<th>CARF accreditation</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓ (valid thru FY 2016)</td>
</tr>
</tbody>
</table>

**Achievements**

**Agency**

— Implemented new Senior TV

— Deployed Agency Communication Plan

— Achieved 508 compliance on website

— Began AIP cost / staffing analysis for ILP

— Continued resident sustainability education

**AFRH-G**

— Improved ILP Pilot (41 residents)

— Earned positive resident feedback (3 yr. mark)

— Enhanced PCC dining in AL, MS & LTC

— Opened AL units successfully

**AFRH-W**

— Enhanced ILP Pilot (57 residents)

— Completed The Scott Project

— Closed LaGarde 200-unit healthcare facility

— Moved AL to renovated Sheridan

— Opened modern Scott Building

— Moved LTC & MS to new Scott

— Realized small house concept: AL, LTC & MS

— Reduced travel distance via shorter tunnel

— Deployed PCC dining at AFRH-W

— Implemented new Senior TV

— Opened Scott Dental Clinic (no more mobile van)

---

**LEGEND:**

ILP = Independent Living Plus

AIP = Aging in Place

LTC = Long-Term Care

AL = Assisted Living

MS = Memory Support

PCC = Person-centered Care

— Federal mandate to accommodate vision impaired readers with pop-up descriptions
### AFRH FY 2013 Performance Snapshot

#### GOAL 1: EMBRACE RESIDENT-CENTERED CARE

<table>
<thead>
<tr>
<th>Performance Measures by Strategic Goals</th>
<th>Baseline Measure established FY 2011</th>
<th>Description</th>
<th>FY 2013 MET</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARF Accreditation</td>
<td>In good standing</td>
<td>Per 10 USC 24, the 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).</td>
<td>—</td>
</tr>
<tr>
<td>Resident Satisfaction</td>
<td>70%</td>
<td>Annual Recreation &amp; Leisure surveys help measure resident satisfaction with activities. Both communities ≥ 70%. Trend analysis shows we consistently met this measure over the past 5 years.</td>
<td>—</td>
</tr>
<tr>
<td>Resident Assessments</td>
<td>95%</td>
<td>All new residents have an assessment plan. All healthcare residents have them completed annually. If residents have annual health assessments from either the AFRH or another medical facility, consistently, the AFRH meets this measure.</td>
<td>—</td>
</tr>
</tbody>
</table>

#### GOAL 2: MAINTAIN EXCEPTIONAL STEWARDSHIP

<table>
<thead>
<tr>
<th>Performance Measures by Strategic Goals</th>
<th>Baseline Measure established FY 2011</th>
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<th>FY 2013 MET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Fund Solvency</td>
<td>Even balance of resources vs. obligations</td>
<td>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 the AFRH-W to promote long-term financial solvency.</td>
<td>—</td>
</tr>
<tr>
<td>Financial Reporting Accuracy</td>
<td>Unqualified audit opinion</td>
<td>An independent audit found that the financial statements present fairly, in all material aspects, the financial position of the AFRH in line with GAAP. The audit included a trial examination of evidence supporting the amounts and disclosures in the financial statement. The AFRH received an unqualified audit opinion for the 9th consecutive year.</td>
<td>—</td>
</tr>
<tr>
<td>Housing for Veterans</td>
<td>On schedule and within budget</td>
<td>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 goals for improved resident care and energy efficiency.</td>
<td>—</td>
</tr>
<tr>
<td>Trust Fund Growth</td>
<td>Positive result of Washington Master Plan</td>
<td>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.</td>
<td>—</td>
</tr>
<tr>
<td>Cost Avoidance</td>
<td>1 Per Year</td>
<td>The Scott Project enabled the AFRH to close the Power Plant, which previously fulfilled energy requirements for both the old Scott dormitory and the now closed LaGarde Building. Closing both saves us energy, labor, and housekeeping fees.</td>
<td>—</td>
</tr>
</tbody>
</table>

### Performance Measures by Strategic Goals

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<tr>
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<th>FY 2013 MET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Training</td>
<td>80% participation in 4 required classes</td>
<td>Mandatory staff courses: EEO, No Fear Act, Workers’ Comp., Ethics, IT Security, Performance Management, PCC, and Suicide Prevention. This year we exceed 85% participation.</td>
<td>—</td>
</tr>
<tr>
<td>Employee Satisfaction</td>
<td>80% Satisfied Overall</td>
<td>Two climate surveys were given in 2013. The DEOM 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 DEOM reveal that improvements must be made in the AFRH work environment.</td>
<td>—</td>
</tr>
<tr>
<td>Workforce Growth (beyond work)</td>
<td>Development Plans</td>
<td>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).</td>
<td>—</td>
</tr>
<tr>
<td>Achievable PCC</td>
<td>Two initiatives per year</td>
<td>One major Staff wish was Flexible work schedules, which were implemented in 2013 at both campuses in different manners. At the AFRH-G a Wellness program for the staff was implemented.</td>
<td>—</td>
</tr>
<tr>
<td>Congressional contacts</td>
<td>Quarterly</td>
<td>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.</td>
<td>—</td>
</tr>
<tr>
<td>Annual community events</td>
<td>2 per campus per year (surpassed)</td>
<td>The AFRH-W Annual Antique Car Show and the AFRH-G Custer’ Coast events fulfilled 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.</td>
<td>—</td>
</tr>
</tbody>
</table>
GOAL 2 Maintain Exceptional Stewardship

Focused Objectives

Lower Costs
Leverage partnerships
Improve efficiencies
Expand conservation initiatives

Stabilize Finances
Follow and update the LRFP
Execute Washington Master Plan
Implement the two unique CIPs

Leverage Metrics
Measure key cost drivers monthly
Manage receivables accurately
Reduce auto-closure of credit cards

Raise Revenue
Develop grant petitions
Establish fundraising program
Sell / Lease underutilized land

Improve Service
Complete the Scott Project
Finish earthquake damage repairs
Execute facility requirements
Enhance the AFRH strategy

Optimize IT
Track resident data electronically
Develop long-term IT strategy
Improve security oversight
Enhance Agency communication

Improve Operations
Be proactive with inspections
Improve current policies
Report financials effectively
Improve budget request documentation
Focus on Internal Controls
Deploy Communication Plan
Manage risk continually

Achievements

— Explored methods to obtain a National Park Service grant
— Initiated proposal via Department of Energy’s Energy Savings Performance Contract (ESPC)
— Reported carbon footprint & energy usage via EOs
— Opened & occupied the AFRH-W Scott Building
— Achieved LEED Gold certification for the Scott
— Transferred manning and control of the AFRH-W Gate to the Veterans Administration (VA)
— Renovated the AFRH-W Eagle Gate
— Appraised excess AFRH-W acreage for lease / sale

— Renovated the historic Sherman Building
— Installed boilers in occupied buildings
— Facilitated closure of the Power Plant
— Reached final stages in development of the IT Strategic Plan
— Adopted Microsoft 365 web-based email system
— Trained all employees in Microsoft 365
— Moved to Electronic Health Record System (EHRs)
— Trained all staff on Dr. Cloud (EHRs)
— Updated Federal directives Agency-wide

A campus operations status board shows progress on AFRH-G capital improvement projects.

Measures

<table>
<thead>
<tr>
<th>Measures</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Fund Solvency</td>
<td>✓ (Solvent long term)</td>
</tr>
<tr>
<td>Financial Reporting Accuracy</td>
<td>✓ (Unqualified Audit Opinion)</td>
</tr>
<tr>
<td>Housing for Veterans</td>
<td>✓ (Scott Project on budget &amp; schedule)</td>
</tr>
<tr>
<td>Trust Fund Growth</td>
<td>X (No foreseeable immediate growth)</td>
</tr>
<tr>
<td>Cost Avoidance</td>
<td>✓ (LaGarde &amp; Power Plant closures)</td>
</tr>
</tbody>
</table>

Bill Striegel (Performance Improvement, AFRH-W) teams with Dr. Karen Tillman-McCombs (AFRH Performance Improvement Integrator).
GOAL 3  Promote Staff-centered Environment

Focused Objectives

Educate Staff
Enhance staff training on PCC
Deploy PCC dining and healthcare living
Improve credentialing process

Encourage Initiative
Push personal initiative & accountability
Improve processes via PI committees

Link Performance
Improve performance management

Encourage Growth
Expand multi-cultural, cross-generational activities
Plan for personal education & growth
Implement staff-centered initiatives

Comply Federally
Implement goals for SHCP
Adhere to environmental goals

Only 95 / 297 staff responded. So, we must promote and solicit more feedback.

Measures | Results
--- | ---
Mandatory Training | ✓ (85% participation in 4 required classes)
Employee Satisfaction | ✓ (83% of personnel satisfied overall)*
Workforce Growth | ✓ (Development plans well underway)
Achievable PCC | ✓ (Two initiatives per year – surpassed)

Nicole Chappell (AFRH-W Recreation) brightens the day of Herbert Kahrer (Marine Corps, AFRH-G).

Rosco Hankins (Air Force, AFRH-W) and Carol Mitchell (AFRH-W Recreation Therapy) create.

Frank Bermudez (Safety) guides AFRH-G through its annual fire drill.

Our old saying is: happy staff, happy residents.

Achievements
— Implemented staff-centered initiatives:
  • Flexible work schedule
  • Employee break rooms in Scott
  • Exercise classes for staff
— Improved our credentialing and privileging process
— Updated Performance Management deployment plan:
  • Introduced new performance cycle: July 1 – June 30 annually
  • Improved performance form to be electronically fillable
— Held many multi-cultural, cross-generational programs

Being iced after physical therapy is standard. But, being chilly certainly is not.
GOAL 4 Leverage External Stakeholders

Focused Objectives

Grow Advisory Council
Engage new members for smart ideas

Cultivate Partners
Reach out to Congressional staffers
Attract & engage more VSOs
Expand veteran community events
Identify donors and solicit gifts

Instill Confidence
Send positive messages to stakeholders
Reassure residents & family members

Achievements

Sustained Congressional contact (re: earthquake repairs)

Hold more Community events (AFRH-G):
  — Cruisin’ the Coast event (Oct. 2012)
  — Veterans Day Community event (Nov. 2012)
    Community Open House Memorial Day
    (June 2013)

Hold more Community events (AFRH-W):
Friends of the Home - LaGarde Bingo
  (Ongoing)
  — Annual Antique Auto Show (Oct. 2012)
  — Joint Friends and AFRH-W Tree Lighting
    (Dec. 2012)
  — 4th of July Community Day (July 2013)
  — Open House for the Scott Building (Aug. 2013)
  — AFRH & Lincoln’s Cottage Community Day
    (Sept. 2013)

Measures
Make Congressional Contacts
Hold Annual Community Events

Results
✓ (Increased quarterly communication)
✓ (2+ per campus per year)

Adelina Hay-Sowell (AFRH-G Volunteer Coordinator) and Carolyn Haug (AFRH-W Volunteer Coordinator) attract partners from their respective regions.

Our partner Costco plays Santa by delivering gifts to AFRH-W residents.

The Anheiser-Busch Clydesdales are ready to trot the AFRH-G driveway.

Congressman James E. Clyburn (D-SC) helps us celebrate Black History Month.

The AFRH-G Mardi Gras gala is simply grand with a float by partner AbilityWorks.
Mary’s older brother was in the Navy, and she wanted to be just like him. “In the ‘40s it was the patriotic thing to do. Everyone was trying to do their part.” Her first six years of service were spent as a photographer. She then moved to San Diego and managed the photo identification lab at a training center.

Later, Mary went to dental technical school and spent 14 years as an Oral Surgery Technician in Florida, Maryland, South Carolina, and Tennessee. Along the way she married a former Korean War POW. After retiring from the Navy and the Fleet Reserve, Mary returned to college and received a couple degrees.

Mary arrived at the AFRH-G in March 2013. “We have a close-knit group of women here. I’ve been very lucky.” She has become involved in sewing, art, and playing pool. And, she sure enjoys the wide variety of food, which one might find on a cruise. “Every time I turn around it’s time to eat!”

“It’s like a cruise ship. All these activities to choose from.”
—Mary Vodinelich (Navy, AFRH-G)
Performance Measures

For several years, management has used a variety of effective tools to gather feedback on our effectiveness. These tools show us how much improvement we have made (or how much more we still need to do).

To assess Agency progress we gather feedback from many perspectives. The top determination of success (or deficiency) comes from the measures of our High-priority Performance Goals. We also receive assessments from the AFRH Advisory Council, DoD, the AFRH IG, and we confer with residents and staff.

KEY GAUGES

1) HIGH-PRIORITY PERFORMANCE MEASURES

Our trend over the past five years has been 80+% achievement. Since FY 2011, we have consistently had one measure that was not attainable, Trust Fund Growth, due to our withdrawals for the Scott Project.

Further, this year we again exceeded our target, “70% satisfaction”, in the annual Employee Climate Survey (under Goal 3: Promote Staff-centered Environment). However, participation was only about 30%. Several factors affected this: two climate surveys were administered thus creating confusion; the AFRH-W staff was right-sized, which caused a redistribution of jobs; and a Reduction-in-Force (RIF) was conducted when the LaGarde healthcare facility was closed.

Moving forward, a top priority will be to improve staff perceptions and to create a more open and positive work climate.

2) ADVISORY COUNCIL ANNUAL REPORT


In this Report, the Council noted increased personal involvement of the COO with community partnerships in both Gulfport and Washington. The report stated: “These partnerships are a vibrant addition to the atmosphere at both Homes.”

The Council is working on expanding collaboration between the Defense Health Agency (DHA) and the AFRH. Teamwork between Council members and our healthcare staff is increasing as the Home benefits from Council members’ vast healthcare expertise.

3) IG CHALLENGES

See ACCOMPANYING INFO for in-depth coverage.

They told me ‘Pack your bags you’re going back into combat’.”
—Raymond Chatterton
(Army, AFRH-W)

Raymond worked with the Civil Conservation Corps developing natural resources before joining the Army Calvary in 1940. He was in active combat in WWII, including the Invasion of Normandy. “I saw death everyday. Bridges exploded in front of us.”

After the war, Raymond was a chef in Japan at a resort hotel for officers and diplomats. When another war erupted in Korea, he was quickly sent there and assigned 68 Korean schoolboys. “They volunteered to save their country. I taught them to use guns and took them patrolling for miles.”

Together they protected the artillery suppressing the North Koreans. Though ultimately victorious, they faced grueling conditions: “I never saw a bed. We dug foxholes to sleep in and hide.” For his bravery, Raymond was later awarded combat medals.

Now, at the AFRH-W, Raymond enjoys relaxing and spending time with his fellow comrades. He values being able to exchange stories with others who understand what it’s like to serve our great country.
PERFORMANCE MEASURES (CONTINUED)

4) RESIDENT INPUT

Our managers place great value on resident feedback. We gather it through focus groups, town hall meetings, the AFRH RAC, suggestion boxes, official surveys, workgroups, and simple, honest conversation in designated communication areas.

Each year we survey the residents to understand their opinions and learn how we may deliver better service. Surveys for 2013 on both campuses include Dining, Facilities, Activities, Customer Service, and Recreation Therapy.

SURVEY: DINING SERVICES

During FY 2013 both communities implemented PCC recommendations to design a new and exciting dining experience for the residents. Those advances include: extended dining hours, short-order grills, healthcare country kitchens, and expanded food variety.

The AFRH-G conducts an annual Dining Survey for all levels of care. The AFRH-W conducts its dining survey every two years. The current survey was held July–August 2013 for the new Scott Dining Facility and four country kitchens in the Scott and Sheridan Buildings.

Gulfport: Victory:
Problem: food temperature was a notable concern.
Solution: a food improvement action plan was written.
Results: Person-centered dining really satisfies.

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<thead>
<tr>
<th>Overall Experience “Excellent” or “Good”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surveys Returned</td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>AFRH-G:</td>
</tr>
<tr>
<td>AFRH-W:</td>
</tr>
</tbody>
</table>

Washington: Improved PCC Dining Shows Higher Ratings

<table>
<thead>
<tr>
<th>Excellent &amp; Good ratings</th>
<th>2011</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Menu selection options</td>
<td>Not surveyed</td>
<td>83.9 %</td>
</tr>
<tr>
<td>Quality of the food served</td>
<td>70.9 %</td>
<td>86.6 %</td>
</tr>
<tr>
<td>Quality of the service</td>
<td>82.9 %</td>
<td>91.4 %</td>
</tr>
<tr>
<td>Extended hours for meals</td>
<td>Not surveyed</td>
<td>78.5 %</td>
</tr>
<tr>
<td>Temperature of the food</td>
<td>Not surveyed</td>
<td>73.1 %</td>
</tr>
<tr>
<td>Overall dining experience</td>
<td>71.9 %</td>
<td>88.7 %</td>
</tr>
</tbody>
</table>

SURVEY: CUSTOMER SERVICE

Our mission is to deliver exceptional service to America’s retired military. This comprehensive survey solicited the residents’ feelings on how they are being treated daily. To maintain excellent service, we only measure responses of “Excellent” or “Good”. (Anything less is unacceptable.)

<table>
<thead>
<tr>
<th>Customer Service “Excellent” or “Good”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
</tr>
<tr>
<td>AFRH-G:</td>
</tr>
<tr>
<td>AFRH-W:</td>
</tr>
</tbody>
</table>

SURVEY: RECREATION THERAPY

This entails activities and support by trained specialists for our residents in Long-term Care, Memory Support, and Assisted Living. Both campuses use survey data to adjust recreation therapy to meet resident preferences. The data is highly specific, so we are only presenting customer service opinions here.

<table>
<thead>
<tr>
<th>Customer Service “Excellent” or “Good”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
</tr>
<tr>
<td>AFRH-G:</td>
</tr>
<tr>
<td>AFRH-W:</td>
</tr>
</tbody>
</table>

Our first picnic outside the new Scott Building features music and food.

The best view on the Mississippi coast is from the grounds of the AFRH-G.
Both AFRH communities administer this annual survey to Independent Living residents. This detailed survey asked questions about the residents’ preferences for facilities, programs, daytrips, and hours. The results are listed below in order of preference.

<table>
<thead>
<tr>
<th>Preferred Facilities</th>
<th>Favorite Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AFRH-G</strong></td>
<td></td>
</tr>
<tr>
<td>Fitness Center &amp; Exercise</td>
<td>Birthday Celebrations</td>
</tr>
<tr>
<td>Community Center</td>
<td>Daytrips</td>
</tr>
<tr>
<td>Walking Trails</td>
<td>Ice Cream Socials</td>
</tr>
<tr>
<td>The Library</td>
<td>Cookouts</td>
</tr>
<tr>
<td></td>
<td>July 4th Celebration</td>
</tr>
<tr>
<td><strong>AFRH-W</strong></td>
<td></td>
</tr>
<tr>
<td>The Library*</td>
<td></td>
</tr>
<tr>
<td>Movie Theater*</td>
<td></td>
</tr>
<tr>
<td>Fitness Center &amp; Exercise*</td>
<td></td>
</tr>
<tr>
<td>Community Center*</td>
<td></td>
</tr>
<tr>
<td>Thrift Store*</td>
<td></td>
</tr>
<tr>
<td>*New Scott Building</td>
<td></td>
</tr>
</tbody>
</table>

DC residents love the new library with its epic books and sweeping views. Gulfport residents love fitness classes, bike riding, walking, and swimming.

“All my relatives who visit are jealous!"  
—Helen Bieda (Navy, AFRH-G)

A Biloxi native, Helen joined the Navy during WWII and was stationed in Cleveland, printing war bonds. “I was always near major metropolitan areas and had opportunities to travel, which I may not have done if it weren’t for serving.” Through the GI Bill, Helen later studied recreation at a university in New Orleans.

She quickly found a job in Tokyo as a Recreation Director on a base for the 7th cavalry regiment. “I oversaw the leisure activities—it was exciting.” Years later she held a similar position at Keesler Air Force Base. Then, Katrina destroyed her home, causing her to move into AFRH-G when it reopened.

“The Home was where I needed to be.” At age 90 Helen is busier than ever. She’s a RAC floor representative and Chairman of the Morale, Welfare, and Recreation Committee. She also exercises and plays bridge. “Our social life is so great. It improves our quality of life and makes us live longer.”
TREND ANALYSIS: CUSTOMER SERVICE
Once again AFRH Customer Service, based on our PCC initiatives, is showing overwhelming satisfaction. Since 2010 so many changes were made to the population size and composition on both campuses. Furthermore, new facilities opened at the AFRH-W at the completion of the Scott Project. Given all of the disruptions and inconveniences to our residents, they still provided us with data that shows a positive trend—and our Customer Service is still rated very highly. This is strong evidence to the dedication of the AFRH staff. We also gather trend data in our upper levels of care, although these populations are smaller. Their positive opinions are a true testament to the high quality of care being delivered.

The AFRH trend for high customer service endures

AFRH-W Administrator David Watkins embodies Person-centered Care at the Scott open house.

5) EMPLOYEE INPUT
The annual OPM Climate Survey was administered in September 2013. The responses indicate that we need to make improvements in our working environment. One caveat: the OPM Survey response rate was very low—perhaps because the DEOMI had also been given recently in the third quarter. All told, only 95 out of 297 employees responded (32%).

Another new initiative: creating a Communications Plan for residents / staff to ensure adequate information flow. All the while, we emphasized the importance of giving and receiving facts and news as well as creating positive dialogue between management, the residents, and the staff.
The AFRH Strategic Human Capital Plan (SHCP) identifies strategies to address key performance challenges. Those strategies are linked to the AFRH Strategic Goals and reflect the spirit of the AFRH Guiding Principles. The SHCP, finalized in FY 2010, stresses the vital importance of mission achievement to our dedicated workforce.

**SHCP GOALS**

**Goal 1: Foster mission-focused human capital planning**
- Maintain a strategic human capital framework

**Goal 2: Cultivate a leadership culture that fosters excellence and mission achievement**
- Design a succession management plan focused on leadership development
- Promote a standard of integrity centered on achieving the AFRH mission

**Goal 3: Ensure a culture of Person-centered Care excellence**
- Implement, monitor, and enhance a clear, concise, and measurable performance management system aligned with the AFRH mission
- Emphasize employee accountability Agency-wide

**Goal 4: Recruit, develop, and retain a capable workforce committed to caring for residents**
- Recruit and hire employees with the skills required for mission achievement
- Link employee professional development to AFRH mission needs
- Retain valuable employees with a strong performance history

**Goal 5: Promote Human Capital Accountability**
- Implement an Accountability Plan to track human capital accomplishments

**FY 2013 HIGHLIGHTS**

**AFRH-G**
The new Administrator joined us in the summer of 2012. At the start of FY 2013, management honed the AFRH-G vision. Recommendations for team building included ongoing group activities such as a management book club. Staff grappled with the ideas presented to improve working conditions. Ultimately, they were the first to test a flexible work schedule, which was later adopted by the AFRH corporate office.

**Performance**
A revised Personnel Management Plan with timeline was finalized in September. Process changes included a) workflow adjustments to ensure recurring / timely employee performance evaluation and counseling, b) automation to improve the processing of Performance Plans, evaluations, and counseling, c) adjustment of the rating cycle, d) establishment of a more manageable number of critical elements (3-5), and e) AFRH Human Resources staffing adjustments to the workload.

**Staff Environment**
We shaped up communication vehicles to increase flow of information to the staff. We continued education on the “small house” concept in dining and living models. Plus, emergency operations were emphasized. The new employee newsletter was created for distribution on October 1.

**Workforce**
All job descriptions were reviewed and updated. Hiring key staff members became a high priority. Corporate: recruiting for the Executive Support Officer, the Chief Financial Officer, and the Inspector General began. Campus: filling the positions of Chief, Resident Services and Chief, Healthcare Services at the AFRH-W was finalized. With the opening of the Scott and the closing of the Power Plant, planning for appropriate AFRH-W staffing began. Care was given to minimize RIFs and leverage staff skills, albeit a RIF took place in healthcare due to the population decreases in higher care levels.

**Donna Smith (AFRH Chief Human Capital Officer) monitors all employee concerns.**

Donna Smith (AFRH Chief Human Capital Officer) monitors all employee concerns.

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**Goal 5: Promote Human Capital Accountability**
- Implement an Accountability Plan to track human capital accomplishments
James spent 20 years in the Navy as an engineer on nuclear-powered submarines. “We made our own electricity and turned seawater into drinking water with nuclear power.” He and his shipmates were also able to make oxygen that way and stay out at sea for 1,000 days.

In 2002, James came to the AFRH-G. Last year, he got permission to build an archery bow. “I learned by following instructions on a CD.” He started with a 2 X 4 and used sanders and tools from the wood shop. He’s built quite a few so far. The AFRH newspaper, *The Communicator*, recently ran an article on James, and he is hopeful it will drum up more interest in creating an archery club.

**Verification & Validation**

Federal agencies are required to certify completeness and reliability of performance data. The financial data and performance results in this Report enable the AFRH to administer its programs, gauge their success, and make adjustments to improve program quality. The COO Message assures our constituents that the financial and performance data presented in this report are complete and reliable. The AFRH has several means of external, independent reviews including OPM, BPD, CARF / CCAC, and the DoD IG.

Further, the AFRH holds program managers accountable by setting meaningful and realistic targets and ensuring regular monitoring. Corporate and campus managers review performance measures throughout the fiscal year via the Business Plans and the PI Committees. The ICB also reviews high risks quarterly and proposes mitigations, if applicable. The financial data systems operated via BPD check for reasonableness, consistency, and accuracy. Throughout the year all managers check the financials via a budget review process.

**SUCCESS MEASURES**

**Customer Satisfaction**
- Improvement in Survey Results
- Advances in Health & Wellness
- Enhancements to Facilities
- Supplemental Services

**Employee Satisfaction**
- Boost in Performance Evaluations
- Positive Staff Climate Survey Results
- Updated Policies & Directives (FY 2013)

<table>
<thead>
<tr>
<th>Policy Statements</th>
<th>Notices</th>
<th>Directives</th>
<th>Fact Sheets</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>9</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>

**Business Measures**
- Solvency of the Trust Fund
- Stability in Resident Occupancy
- Cost Savings via Initiatives
- Reductions in Land & Space (“right-sizing”)
- Donations & Volunteering

**Financial Data**
- Annual Reviews of Fiscal Status & Reporting Devices (BPD & external auditor)
- Published Financial Management Notice and Draft Financial Directive

**External Benchmarks**
- Maintenance of CARF / CCAC Accreditation
- Inspection by DoD IG (last one: Aug – Sep 2012)
- Inspection by CARF (last one: Sep 2011)

James spent 20 years in the Navy as an engineer on nuclear-powered submarines. “We made our own electricity and turned seawater into drinking water with nuclear power.” He and his shipmates were also able to make oxygen that way and stay out at sea for 1,000 days. In 2002, James came to the AFRH-G. Last year, he got permission to build an archery bow. “I learned by following instructions on a CD.” He started with a 2 X 4 and used sanders and tools from the wood shop. He’s built quite a few so far. The AFRH newspaper, *The Communicator*, recently ran an article on James, and he is hopeful it will drum up more interest in creating an archery club.
A self-described, former “wise guy”, Charles joined the Air Force at age 17 in the 1940s. Shortly after, he went AWOL for 10 days. “I came back shaking like a leaf and scared of the consequences. But, after that I grew up. Good old Uncle Sam!” He then served 22 years in flight traffic and fire/rescue.

Charles retired in 1968 and worked in civil aviation at a Michigan airport for six years. He then landed a golden opportunity to work at Central Wisconsin Airport as Chief of Operations overseeing everything including snow removal, which he says was tough.

During this time, Charles taught himself all about investing and the stock market at the library. He saved a lot, made investments, and even developed a scholarship fund. Charles donated $300,000 to the “Charles Vouaux Scholarship” at Embry Riddle Aeronautical University. “I couldn’t have been so successful without the help of good people—so I like to pass it on.”
Fiscal Overview

Here in Part 3, FINANCIAL, we will show our constituents and the US Congress how we used AFRH resources to meet our Objectives and achieve our Strategic Goals. We’ll also summarize our plans to improve our financial position in the near future.

In general, the AFRH continued to keep its costs down, its services high, and its finances stable in FY 2013. The achievements that you read about in MD&A and PERFORMANCE were made possible by smart and effective financial stewardship.

Moreover, the recent financial investments that we have made in our facilities and programs will soon be reaping positive returns. These gains will be apparent in the form of greater resident wellness, stronger customer service, and long-term cost savings.

The independent accounting firm Brown & Company CPAs PLLC expressed an Unmodified10 (clean) Opinion on our comparative FY 2013 and FY 2012 Financial Statements, Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position and Statement of Budgetary Resources. This opinion is testament to effective fiscal management at the AFRH.

10Effective for FY 2013, US auditing standards call for the term “unmodified” opinion instead of “unqualified” opinion

Stanley’s parents emigrated from Japan to the US settling in central Washington. Stanley was born and grew up on the family farm with eight siblings. During WWII, Japanese-Americans were feared, so the entire family was sent into an interment camp. “They uprooted us and confined us to barracks.” For two years Stanley worked within the camp for little money.

After being released his family no longer owned their farm. They had no real income. Then Stanley was drafted into the Army Airborne in 1944. He went to Europe and Germany and was paid $50 per parachute jump. “I sent my money home to my family because they needed it more.”

After The War, Stanley served at McChord Air Force Base in Tacoma, WA. For the first seven years of retirement, he lived at the AFRH-W. Then he moved to Gulfport, swapping rooms with a resident who wanted to move to Washington. Today, he exercises everyday mostly swimming or bike riding.

“My whole life was two years behind everyone else’s.”
—Stanley Sagara (Army, AFRH-G)
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
Chief Financial Officer (CFO)

December 16, 2013
INDEPENDENT AUDITOR’S REPORT

Brown & Company CPAs, PLLC
Certified Public Accountants and Management Consultants

 Armed Forces Retirement Home
Washington, DC

Report on the Financial Statements

We have audited the accompanying balance sheets of the Armed Forces Retirement Home (AFRH) as of September 30, 2013 and 2012, 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), and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Bulletin No. 14-02, Audit Requirements for Federal Financial Statements, as amended. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected and the substance of the audit evidence obtained depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AFRH as of September 30, 2013 and 2012, and in net cost, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the information in the Management’s Discussion and Analysis (MD&A), and Required Supplementary Information (RSI) sections be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board, who 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AFRH’s internal control over financial reporting (internal control) to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AFRH’s internal control. Accordingly, we do not express an opinion on the effectiveness of AFRH’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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, or 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. In our fiscal year 2013 audit, we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AFRH’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or OMB Bulletin No. 14-02.

Management’s Responsibility for Internal Control and Compliance

AFRH’s management is responsible for (1) evaluating effectiveness of internal control over financial reporting based on criteria established under the Federal Managers Financial Integrity Act (FMFIA), (2)
A retired member of the Army, B7-years-young Roger is an avid gardener at the AFRH-W. “I’m the only gardener at this campus who grows flowers.” All the other residents plant vegetables and grass to keep the ground moist.

After Roger goes out to purchase flowers, he enlists the help of local landscaper, Carter Stallard. Carter tills the land, and then Roger digs the holes and plants the flowers. Some of the flowers he keeps in his new raised gardens include: yellow and orange azaleas, gladiola, dahlia, lavender, lilacs, and lilies.

Roger has also been a proud member of Potomac Lily Society for 23 years, which allows him to keep up on the latest gardening techniques and meet with fellow flower aficionados.

“I learned to garden from my mother at age 10.”

—Roger Pohemus (Army, AFRH-W)
AFRH AUDITED FINANCIAL STATEMENTS

The AFRH management is responsible for the fair presentation of information contained in the principal Financial Statements. The independent accounting firm Brown & Co. CPAs PLLC audited the Financial Statements for FY 2013 presented here in this section. The Statements and data presented here have been prepared from the Agency’s accounting records in accordance with GAAP for Federal agencies—the standards prescribed by FASAB.

These Statements should be read with the understanding they are for a component of the US Government, a sovereign entity.

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

In a public-to-public partnership, BPD ARC has administered all of our FY 2013 financial management activities including:

- Accounting
- Budget
- Payments
- Purchasing
- Travel

Richard Huether (Air Force, AFRH-W) raises his favorite beer stein from his service days in Germany.

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

Armed Forces Retirement Home
BALANCE SHEET
as of September 30, 2013 AND 2012
(In Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intragovernment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance With Treasury (Note 2)</td>
<td>$3,541,350</td>
<td>$17,836,404</td>
</tr>
<tr>
<td>Investments (Note 2, 3)</td>
<td>66,296,115</td>
<td>112,674,756</td>
</tr>
<tr>
<td>Accounts Receivable (Note 4)</td>
<td>1,453,563</td>
<td>1,520,495</td>
</tr>
<tr>
<td>Total Intragovernment</td>
<td>71,291,028</td>
<td>132,031,655</td>
</tr>
<tr>
<td>Accounts Receivable, Net (Note 4)</td>
<td>508,656</td>
<td>249,362</td>
</tr>
<tr>
<td>Property, Equipment, and Software, Net (Note 5)</td>
<td>364,827,269</td>
<td>339,774,479</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$436,626,953</td>
<td>$472,055,496</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIABILITIES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intragovernment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>-</td>
<td>$282,173</td>
</tr>
<tr>
<td>Other (Note 8)</td>
<td>1,577,420</td>
<td>1,907,034</td>
</tr>
<tr>
<td>Total Intragovernment</td>
<td>1,577,420</td>
<td>2,189,207</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>1,342,906</td>
<td>16,835,098</td>
</tr>
<tr>
<td>Federal Employee and Veterans’ Benefits (Note 6,7)</td>
<td>7,943,494</td>
<td>8,453,239</td>
</tr>
<tr>
<td>Other (Note 8)</td>
<td>1,621,000</td>
<td>2,330,946</td>
</tr>
<tr>
<td>Total Liabilities (Note 6)</td>
<td>$12,484,820</td>
<td>$29,808,490</td>
</tr>
</tbody>
</table>

Net Position:
Cumulative Results of Operations - Funds from Dedicated Collections | $424,142,133 | $442,247,006 |

Total Net Position (Note 10) | 424,142,133 | 442,247,006 |

Total Liabilities and Net Position | $436,626,953 | $472,055,496 |

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

**STATEMENT OF NET COST**

For the Fiscal Years Ended September 30, 2013 AND 2012

(In Dollars)

<table>
<thead>
<tr>
<th>Program Costs:</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program: Embrace Resident-centered Care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Costs</td>
<td>$54,204,183</td>
<td>$57,030,276</td>
</tr>
<tr>
<td>Less: Earned Revenue</td>
<td>(11,278,617)</td>
<td>(11,456,604)</td>
</tr>
<tr>
<td>Net Program Costs</td>
<td>$42,925,566</td>
<td>$45,573,668</td>
</tr>
<tr>
<td>Program: Maintain Exceptional Stewardship</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Costs</td>
<td>$14,250,151</td>
<td>$14,993,124</td>
</tr>
<tr>
<td>Less: Earned Revenue</td>
<td>(2,965,122)</td>
<td>(3,011,915)</td>
</tr>
<tr>
<td>Net Program Costs</td>
<td>$11,285,029</td>
<td>$11,981,209</td>
</tr>
<tr>
<td>Program: Promote Staff-centered Environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Costs</td>
<td>$2,224,096</td>
<td>$2,340,055</td>
</tr>
<tr>
<td>Less: Earned Revenue</td>
<td>(462,782)</td>
<td>(470,085)</td>
</tr>
<tr>
<td>Net Program Costs</td>
<td>$1,761,314</td>
<td>$1,869,970</td>
</tr>
<tr>
<td>Program: Leverage External Stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Costs</td>
<td>$1,767,685</td>
<td>$1,859,849</td>
</tr>
<tr>
<td>Less: Earned Revenue</td>
<td>(367,814)</td>
<td>(373,618)</td>
</tr>
<tr>
<td>Net Program Costs</td>
<td>$1,399,871</td>
<td>$1,486,231</td>
</tr>
</tbody>
</table>

**NET COST OF OPERATIONS**

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$57,371,780</td>
<td>$60,911,078</td>
</tr>
</tbody>
</table>

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

---

Residents and staff harvest an abundance of fresh, healthy vegetables at AFRH-G.
### Armed Forces Retirement Home
**STATEMENT OF BUDGETARY RESOURCES**
For the Fiscal Years Ended September 30, 2013 AND 2012

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budgetary Resources:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unobligated Balance Brought Forward, October 1</td>
<td>$33,800,963</td>
<td>$29,089,054</td>
</tr>
<tr>
<td>Recoveries of Prior Year Unpaid Obligations</td>
<td>$3,964,294</td>
<td>7,187,512</td>
</tr>
<tr>
<td>Unobligated balance from prior year budget authority, net</td>
<td>37,765,257</td>
<td>36,276,566</td>
</tr>
<tr>
<td>Appropriations</td>
<td>46,387,126</td>
<td>96,960,000</td>
</tr>
<tr>
<td>Spending authority from offsetting collections</td>
<td>5,511</td>
<td>471</td>
</tr>
<tr>
<td><strong>Total Budgetary Resources</strong></td>
<td><strong>$84,157,894</strong></td>
<td><strong>$135,237,037</strong></td>
</tr>
</tbody>
</table>

| **Status of Budgetary Resources:** |            |            |
| Obligations Incurred | $67,021,317 | 99,436,074 |
| Unobligated balance, end of year: |            |            |
| Apportioned | 13,148,375 | 32,832,056 |
| Unapportioned | 3,988,202 | 968,907    |
| **Total unobligated balance, end of year (Note 2)** | **$17,136,577** | **$33,800,963** |
| **Total Budgetary Resources** | **$84,157,894** | **$135,237,037** |

| **Change in Obligated Balance** |            |            |
| Unexpended Obligations: |            |            |
| Unpaid Obligations, Brought Forward, October 1 | $66,531,621 | 96,955,229 |
| Obligations Incurred (Note 14, 16) | 67,021,317 | 99,436,074 |
| Outlays (gross) | (113,220,494) | (122,712,170) |
| Recoveries of Prior Year Unpaid Obligations (Note 16) | (3,964,294) | (7,187,512) |
| **Obligated Balance, End of Year (Note 2)** | **$16,368,150** | **$66,531,621** |

| **Budget Authority and Outlays, Net:** |            |            |
| Budget authority, gross | $46,387,126 | 96,960,000 |
| Actual offsetting collections | (5,511) | (471) |
| **Budget Authority, net** | **$46,387,126** | **$96,960,000** |
| Outlays, gross | $113,220,494 | 122,712,170 |
| Actual offsetting collections | (5,511) | (471) |
| Outlays, net | 113,214,983 | 122,711,699 |
| Distributed Offsettting Receipts | 16,642,628 | (27,330,935) |
| Agency outlays, net | $129,857,611 | 95,380,764 |

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

### A. Reporting Entity

The Armed Forces Retirement Home (AFRH) was incorporated on November 1, 1991, by section 411(a) of 24U.S.C. The AFRH is an independent agency in the executive branch of the Federal Government. The AFRH has two facilities. One is located in Gulfport, MS and the other is located in Washington, D.C.

The AFRH mission is to fulfill our nation’s Promise to its veterans by providing a premier retirement community with exceptional residential care and extensive support services. We support our residents’ independence, dignity, distinction, heritage and future of continued life-enriching experiences. Together, the AFRH family of residents and staff create a place of caring and continual learning. We are committed to providing the best housing and support services possible and creating a true community of accomplished, independent residents, who are free to explore their talents, pursue their interests and follow their dreams.

The 1991 Defense Authorization Act created an AFRH Trust Fund (Trust Fund). Governed by limitations determined annually by the U.S. Congress, the Trust Fund is used to finance operating expenses as well as capital expenditures of the AFRH on an annual and no year basis. The AFRH has rights and ownership of all assets reported in these financial statements. The AFRH does not possess any non-entity assets.

### B. Basis of Presentation

The financial statements were prepared to report the financial position and results of operations at the AFRH. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency’s operating results; the Statement of Changes in Net Position displays the changes in the agency’s equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency’s resources and follows the rules for the Budget of the United States Government.

### D. Revenues & Other Financing Sources

#### Exchange Revenue

Exchange Revenues are inflows of resources to a government entity that the entity has earned. Exchange revenue is derived from the rendering of services, the sale of resources, and the use by others of entity assets yielding interest or dividends. The AFRH’s exchange revenue consists primarily of resident fees, rental income, leases and sales, meal tickets, and interest earned on Treasury securities. Revenue from resident fees is recognized when services are provided and is invested for future funding requirements.

#### Non-Exchange Revenue

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

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

### Notes to the Audited Financial Statements

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### A. Reporting Entity

The Armed Forces Retirement Home (AFRH) was incorporated on November 1, 1991, by section 411(a) of 24U.S.C. The AFRH is an independent agency in the executive branch of the Federal Government. The AFRH has two facilities. One is located in Gulfport, MS and the other is located in Washington, D.C.

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The 1991 Defense Authorization Act created an AFRH Trust Fund (Trust Fund). Governed by limitations determined annually by the U.S. Congress, the Trust Fund is used to finance operating expenses as well as capital expenditures of the AFRH on an annual and no year basis. The AFRH has rights and ownership of all assets reported in these financial statements. The AFRH does not possess any non-entity assets.

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The financial statements were prepared to report the financial position and results of operations at the AFRH. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency’s operating results; the Statement of Changes in Net Position displays the changes in the agency’s equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency’s resources and follows the rules for the Budget of the United States Government.

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 the AFRH in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, as amended, and the 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 the AFRH 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. 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.

#### D. Revenues & Other Financing Sources

**Exchange Revenue**

Exchange Revenues are inflows of resources to a government entity that the entity has earned. Exchange revenue is derived from the rendering of services, the sale of resources, and the use by others of entity assets yielding interest or dividends. The AFRH’s exchange revenue consists primarily of resident fees, rental income, leases and sales, meal tickets, and interest earned on Treasury securities. Revenue from resident fees is recognized when services are provided and is invested for future funding requirements.

**Non-Exchange Revenue**

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

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

**Financing Sources**

The AFRH receives the majority of funding needed to support operations and capital expenditures from the Trust Fund. The Trust Fund is financed by military fines and forfeitures, monthly payroll deductions from eligible enlisted military personnel and Warrant Officers, resident fees, sales and leases, interest earned on Treasury securities, and donations. Congress enacts annual, multi-year, and no-year appropriations to be used, within statutory limits, for operating, capital and grant expenditures. Additional amounts are obtained from service fees and reimbursements from other government entities and the public.
Accounts receivable from the public include reimbursements due from Federal agencies are considered fully collectible. Accounts receivable consists of amounts owed to the AFRH as trading securities. See Note 3 for additional information.

The AFRH may, from time to time, hold an investment in a 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 the securities.

The 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 the AFRH for current period expense reporting. OPM also provides information regarding the total cost of health and life insurance benefits.

M. Retirement Plans
The AFRH employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of AFRH matching contributions, 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. Both CSRS and FERS employees may participate in the entity or person that is not a federal agency, including:

- Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay, and the AFRH matches any employee contribution up to an additional four percent of pay. For FERS participants, the AFRH also contributes the employee’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, the AFRH remits the employer’s share of the required contribution.

The 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 the AFRH for current period expense reporting. OPM also provides information regarding the total 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 excess amounts covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

N. Other Post-Employment Benefits
The AFRH employees eligible to participate in the Federal Employee’s Health Benefits Plan (FEHBP) and the Federal Employees’ Group Life Insurance Program (FELIP) 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.
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 fund balance on hand. (Also see Note 15.)

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2013 and 2012 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FUND BALANCES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust Funds</td>
<td>$3,541,350</td>
<td>$17,836,404</td>
</tr>
<tr>
<td>Investments</td>
<td>$66,296,115</td>
<td>$112,674,756</td>
</tr>
<tr>
<td>Less: Accrued Interest and Unamortized</td>
<td>($963,986)</td>
<td>($1,042,279)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$68,873,479</td>
<td>$129,468,881</td>
</tr>
</tbody>
</table>

Status of Fund Balance with Treasury:

Unobligated Balance:

Available | $17,136,577 | $33,800,963 |
Unavailable | $35,368,752 | $29,136,297 |
Obligated Balance Not Yet Disbursed | $16,368,150 | $66,531,621 |

**Total** | $68,873,479 | $129,468,881 |

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

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 fund balance on hand. (Also see Note 15.)

NOTE 3. INVESTMENTS

Investments as of September 30, 2013 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Amortization Method</th>
<th>Amortized (Premium) Discount</th>
<th>Interest Receivable</th>
<th>Investments Net</th>
<th>Market Value Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intragovernmental Securities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable</td>
<td>65,338,335</td>
<td>Interest</td>
<td>119,501</td>
<td>838,279</td>
<td>66,296,115</td>
<td>70,443,619</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>65,338,335</td>
<td>Interest</td>
<td>119,501</td>
<td>838,279</td>
<td>66,296,115</td>
<td>70,443,619</td>
</tr>
</tbody>
</table>

Investments as of September 30, 2012 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Amortization Method</th>
<th>Amortized (Premium) Discount</th>
<th>Interest Receivable</th>
<th>Investments Net</th>
<th>Market Value Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intragovernmental Securities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable</td>
<td>111,638,684</td>
<td>Interest</td>
<td>197,605</td>
<td>838,467</td>
<td>112,674,756</td>
<td>118,868,218</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>111,638,684</td>
<td>Interest</td>
<td>197,605</td>
<td>838,467</td>
<td>112,674,756</td>
<td>118,868,218</td>
</tr>
</tbody>
</table>

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 2013 and 2012 range from July 1, 2013 and May 15, 2014 to May 15, 2016 respectively, and interest rates for the same fiscal years range from .020 percent and 4.750 percent respectively.

The Federal Government does not set aside assets to finances all other expenditures. This is the same way that the Government makes future benefit payments or other expenditures. When the Agency name requires redemption of these securities to make future 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.

The Federal Government also incurs 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 2013 and 2012 to the extent directed by accounting standards.

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 2013 and 2012 to the extent directed by accounting standards.

**We partner with area programs to showcase our veterans’ amazing art.**

—Lori Thompson
(Art Specialist, AFRH-W)
NOTE 4. ACCOUNTS RECEIVABLE
Accounts receivable balances as of September 30, 2013 and 2012 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$1,453,563</td>
<td>$1,520,495</td>
</tr>
<tr>
<td><strong>Total Intragovernmental Accounts Receivable</strong></td>
<td><strong>$1,453,563</strong></td>
<td><strong>$1,520,495</strong></td>
</tr>
<tr>
<td>With the Public:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$508,656</td>
<td>$249,362</td>
</tr>
<tr>
<td><strong>Total Public Accounts Receivable</strong></td>
<td><strong>$508,656</strong></td>
<td><strong>$249,362</strong></td>
</tr>
<tr>
<td><strong>Total Accounts Receivable</strong></td>
<td><strong>$1,962,219</strong></td>
<td><strong>$1,769,857</strong></td>
</tr>
</tbody>
</table>

The Intragovernmental accounts receivable is primarily made up of fines and forfeitures from the Army, Air Force, Navy, Marine Corps, and 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, 2013 and 2012.

NOTE 5. PROPERTY, EQUIPMENT, AND SOFTWARE
Schedule of Property, Equipment, and Software as of September 30, 2013

<table>
<thead>
<tr>
<th>Major Class</th>
<th>Acquisition Cost</th>
<th>Accumulated Amortization/Depreciation</th>
<th>Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>$481,470,134</td>
<td>$149,006,221</td>
<td>$332,463,913</td>
</tr>
<tr>
<td>Land and Improvements</td>
<td>$11,006,566</td>
<td>$10,523,845</td>
<td>$482,721</td>
</tr>
<tr>
<td>Furniture &amp; Equipment</td>
<td>$11,664,813</td>
<td>$5,532,011</td>
<td>$6,132,802</td>
</tr>
<tr>
<td>Construction-in-Progress</td>
<td>$25,747,833</td>
<td>-</td>
<td>$25,747,833</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$529,889,346</strong></td>
<td><strong>$165,062,077</strong></td>
<td><strong>$364,827,269</strong></td>
</tr>
</tbody>
</table>

Schedule of Property, Equipment, and Software as of September 30, 2012

<table>
<thead>
<tr>
<th>Major Class</th>
<th>Acquisition Cost</th>
<th>Accumulated Amortization/Depreciation</th>
<th>Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>$390,168,413</td>
<td>$139,525,552</td>
<td>$250,642,861</td>
</tr>
<tr>
<td>Land and Improvements</td>
<td>$11,006,567</td>
<td>$10,481,142</td>
<td>$525,425</td>
</tr>
<tr>
<td>Furniture &amp; Equipment</td>
<td>$11,664,814</td>
<td>$4,567,148</td>
<td>$7,097,666</td>
</tr>
<tr>
<td>Construction-in-Progress</td>
<td>$81,508,527</td>
<td>-</td>
<td>$81,508,527</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$494,348,321</strong></td>
<td><strong>$154,573,842</strong></td>
<td><strong>$339,774,479</strong></td>
</tr>
</tbody>
</table>

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES
The liabilities for AFRH as of September 30, 2013 and 2012 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.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental - FECA</td>
<td>$1,460,526</td>
<td>$1,636,446</td>
</tr>
<tr>
<td>Unfunded Leave</td>
<td>$1,212,690</td>
<td>$1,319,304</td>
</tr>
<tr>
<td>Actuarial FECA</td>
<td>$7,943,494</td>
<td>$8,453,239</td>
</tr>
<tr>
<td><strong>Total Liabilities Not Covered by Budgetary Resources</strong></td>
<td><strong>$10,616,710</strong></td>
<td><strong>$11,408,989</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities Covered by Budgetary Resources</strong></td>
<td><strong>$1,868,110</strong></td>
<td><strong>$18,399,501</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$12,484,820</strong></td>
<td><strong>$29,808,490</strong></td>
</tr>
</tbody>
</table>

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on AFRH behalf and payable to the DOL. AFRH also records an actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

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 beneficiaries 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 AFRH when funding becomes available.

AFRH bases its estimate for FECA actuarial liability on the DOL’s FECA model. The DOL method of determining the liability uses historical benefits payment patterns for a specific incurred period to predict the ultimate payments for the period. Based on the information provided by the DOL, AFRH’s liability as of June 30, 2013 and 2012, was $7.9 million and $8.4 million, respectively.

Wildlife abounds all across our wooded Washington campus, as captured here on film by one resident, Marvin E. Miles.
NOTE 8. OTHER LIABILITIES
Other liabilities account balances as of September 30, 2013 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Non Current</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FECA Liability</td>
<td>$159,670</td>
<td>$1,300,856</td>
<td>$1,460,526</td>
</tr>
<tr>
<td>Payroll Taxes Payable</td>
<td>116,894</td>
<td>-</td>
<td>116,894</td>
</tr>
<tr>
<td><strong>Total Intragovernmental Other Liabilities</strong></td>
<td><strong>$276,564</strong></td>
<td><strong>$1,300,856</strong></td>
<td><strong>$1,577,420</strong></td>
</tr>
</tbody>
</table>

Other liabilities account balances as of September 30, 2012 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Non Current</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FECA Liability</td>
<td>$118,036</td>
<td>$1,518,410</td>
<td>$1,636,446</td>
</tr>
<tr>
<td>Payroll Taxes Payable</td>
<td>270,588</td>
<td>-</td>
<td>270,588</td>
</tr>
<tr>
<td><strong>Total Intragovernmental Other Liabilities</strong></td>
<td><strong>$388,624</strong></td>
<td><strong>$1,518,410</strong></td>
<td><strong>$1,907,034</strong></td>
</tr>
</tbody>
</table>

NOTE 9. LEASES
AFRH leases several of its buildings for use as office space as well as parking areas associated with those buildings. All leases as of September 30, 2013 are month to month.

NOTE 10. DEDICATED COLLECTIONS
AFRH has dedicated collections that fall into the following categories: Capital Fund, Hurricane Katrina Fund, and the Operations & Maintenance Fund. Governed by limitations determined annually by the U.S. Congress, the Trust Fund is used to finance operating expenses as well as capital expenditures of the AFRH on an annual and no year basis, while the Hurricane Katrina monies were appropriated on an emergency basis 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.

Schedule of Dedicated Collections as of September 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>Capital Fund</th>
<th>Earthquake Fund</th>
<th>Hurricane Katrina Fund</th>
<th>Operations &amp; Maintenance Fund</th>
<th>Total Dedicated Collections</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance with Treasury</td>
<td>($34,464,564)</td>
<td>138,764</td>
<td>70,740</td>
<td>37,796,410</td>
<td>3,541,350</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>66,296,115</td>
<td>66,296,115</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,962,219</td>
<td>1,962,219</td>
</tr>
<tr>
<td>Property, Equipment, and Software</td>
<td>134,921,352</td>
<td>14,497,476</td>
<td>215,408,441</td>
<td>-</td>
<td>364,827,269</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$100,456,789</td>
<td>$14,636,240</td>
<td>$215,479,181</td>
<td>$106,054,743</td>
<td>$436,626,953</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>($17,400)</td>
<td>($70,419)</td>
<td>-</td>
<td>($1,430,725)</td>
<td>($1,342,906)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,141,914</td>
<td>11,141,914</td>
</tr>
<tr>
<td>Cumulative Results of Operations</td>
<td>100,474,189</td>
<td>14,706,659</td>
<td>215,479,181</td>
<td>93,482,104</td>
<td>424,342,133</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Position</strong></td>
<td><strong>$100,456,789</strong></td>
<td><strong>$14,636,240</strong></td>
<td><strong>$215,479,181</strong></td>
<td><strong>$106,054,743</strong></td>
<td><strong>$436,626,953</strong></td>
</tr>
<tr>
<td><strong>Statement of Net Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Costs</td>
<td>$3,784,557</td>
<td>-</td>
<td>$4,119,014</td>
<td>64,542,544</td>
<td>72,446,115</td>
</tr>
<tr>
<td>Less: Earned Revenues</td>
<td>-</td>
<td>-</td>
<td>($15,074,335)</td>
<td>($15,074,335)</td>
<td></td>
</tr>
<tr>
<td>Net Program Costs</td>
<td>$3,784,557</td>
<td>-</td>
<td>$4,119,014</td>
<td>49,468,209</td>
<td>57,371,780</td>
</tr>
<tr>
<td><strong>Net Cost of Operations</strong></td>
<td>$3,784,557</td>
<td>-</td>
<td>$4,119,014</td>
<td>$49,468,209</td>
<td>$57,371,780</td>
</tr>
</tbody>
</table>

NOTE 10. DEDICATED COLLECTIONS (CONT'D)

<table>
<thead>
<tr>
<th></th>
<th>Capital Fund</th>
<th>Earthquake Fund</th>
<th>Hurricane Katrina Fund</th>
<th>Operations &amp; Maintenance Fund</th>
<th>Total Dedicated Collections</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of Changes in Net Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Position Beginning of Period</td>
<td>$18,937,255</td>
<td>($14,630,000)</td>
<td>$227,190,014</td>
<td>$210,749,737</td>
<td>$442,247,006</td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>($3,784,557)</td>
<td>-</td>
<td>($4,119,014)</td>
<td>($49,468,209)</td>
<td>($57,371,780)</td>
</tr>
<tr>
<td>Taxes and Other Nonexchange Revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>37,677,053</td>
<td>37,677,053</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,589,854</td>
<td>1,589,854</td>
</tr>
<tr>
<td>Changes in Net Position</td>
<td>($3,784,557)</td>
<td>-</td>
<td>($4,119,014)</td>
<td>($10,201,301)</td>
<td>($18,104,873)</td>
</tr>
<tr>
<td><strong>Net Position End of Period</strong></td>
<td>$15,152,698</td>
<td>($14,630,000)</td>
<td>$223,071,000</td>
<td>$200,546,436</td>
<td>$424,142,133</td>
</tr>
</tbody>
</table>
### NOTE 10. DEDICATED COLLECTIONS

Schedule of Dedicated Collections as of September 30, 2012

<table>
<thead>
<tr>
<th>Capital Fund</th>
<th>Earthquake Fund</th>
<th>Hurricane Katrina Fund</th>
<th>Operations &amp; Maintenance Fund</th>
<th>Total Dedicated Collections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance with Treasury</td>
<td>$ (43,217,085)</td>
<td>$ 13,323,316</td>
<td>$ 726,795</td>
<td>$ 47,003,378</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 112,674,756</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 1,769,857</td>
</tr>
<tr>
<td>Property, Equipment, and Software</td>
<td>$ 105,874,019</td>
<td>$ 13,000,000</td>
<td>-</td>
<td>$ 220,900,460</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 62,656,934</td>
<td>$ 26,323,316</td>
<td>$ 726,795</td>
<td>$ 382,348,451</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$ 502,594</td>
<td>$ 11,693,316</td>
<td>-</td>
<td>$ 4,921,361</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 12,691,219</td>
</tr>
<tr>
<td>Cumulative Results of Operations</td>
<td>$ 62,154,340</td>
<td>$ 14,630,000</td>
<td>$ 726,795</td>
<td>$ 364,735,871</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Position</strong></td>
<td>$ 62,656,934</td>
<td>$ 26,323,316</td>
<td>$ 726,795</td>
<td>$ 382,348,451</td>
</tr>
</tbody>
</table>

**Statement of Net Cost**

- **Program Costs**: $ 5,074,389
- **Less: Earned Revenues**: -
  - **Less**: ($ 15,312,225)
  - **Net Program Costs**: $ 5,074,389

**Net Cost of Operations**: $ 5,074,389

**Statement of Changes in Net Position**

- **Net Position Beginning of Period**: $ 67,228,729
- **Net Cost of Operations**: ($ 227,190,014)
- **Net Income**: $ 150,599,836
- **Net Position End of Period**: $ 445,018,579

### NOTE 11. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and revenue represent exchange transactions between AFRH and other Federal government entities and are in contrast to those with non-Federal entities (the public). Such costs and revenue are summarized as follows:

<table>
<thead>
<tr>
<th>Program: Embrace Resident-centered Care</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental Costs</td>
<td>$ 8,901,546</td>
<td>$ 9,028,815</td>
</tr>
<tr>
<td>Public Costs</td>
<td>45,302,637</td>
<td>48,001,461</td>
</tr>
<tr>
<td><strong>Total Program Costs</strong></td>
<td>54,204,183</td>
<td>57,030,276</td>
</tr>
<tr>
<td>Intragovernmental Earned Revenue</td>
<td>(1,634,914)</td>
<td>(2,196,106)</td>
</tr>
<tr>
<td>Public Earned Revenue</td>
<td>(9,643,703)</td>
<td>(9,260,502)</td>
</tr>
<tr>
<td><strong>Net Program Costs</strong></td>
<td>42,925,566</td>
<td>45,573,668</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program: Maintain Exceptional Stewardship</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental Costs</td>
<td>2,340,196</td>
<td>2,373,654</td>
</tr>
<tr>
<td>Public Costs</td>
<td>11,909,955</td>
<td>12,619,470</td>
</tr>
<tr>
<td><strong>Total Program Costs</strong></td>
<td>14,250,151</td>
<td>14,993,124</td>
</tr>
<tr>
<td>Intragovernmental Earned Revenue</td>
<td>(429,815)</td>
<td>(577,351)</td>
</tr>
<tr>
<td>Public Earned Revenue</td>
<td>(2,535,307)</td>
<td>(2,434,564)</td>
</tr>
<tr>
<td><strong>Net Program Costs</strong></td>
<td>11,285,029</td>
<td>11,981,209</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program: Promote Staff-centered Environment</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental Costs</td>
<td>365,247</td>
<td>370,468</td>
</tr>
<tr>
<td>Public Costs</td>
<td>1,858,849</td>
<td>1,969,587</td>
</tr>
<tr>
<td><strong>Total Program Costs</strong></td>
<td>2,224,096</td>
<td>2,340,055</td>
</tr>
<tr>
<td>Intragovernmental Earned Revenue</td>
<td>(67,083)</td>
<td>(90,110)</td>
</tr>
<tr>
<td>Public Earned Revenue</td>
<td>(395,699)</td>
<td>(379,975)</td>
</tr>
<tr>
<td><strong>Net Program Costs</strong></td>
<td>1,761,314</td>
<td>1,869,970</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program: Leverage External Stakeholders</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental Costs</td>
<td>290,293</td>
<td>294,444</td>
</tr>
<tr>
<td>Public Costs</td>
<td>1,477,392</td>
<td>1,565,405</td>
</tr>
<tr>
<td><strong>Total Program Costs</strong></td>
<td>1,767,685</td>
<td>1,859,849</td>
</tr>
<tr>
<td>Intragovernmental Earned Revenue</td>
<td>(377,317)</td>
<td>(71,618)</td>
</tr>
<tr>
<td>Public Earned Revenue</td>
<td>(314,497)</td>
<td>(302,000)</td>
</tr>
<tr>
<td><strong>Net Program Costs</strong></td>
<td>1,399,871</td>
<td>1,486,231</td>
</tr>
</tbody>
</table>

| Total Intragovernmental Costs           | 11,897,281 | 12,067,381 |
| Total Public Costs                      | 60,548,834 | 64,155,923 |
| **Total Costs**                         | 72,446,115 | 76,233,304 |
| Intragovernmental Earned Revenue        | (2,185,129) | (2,935,184) |
| Public Earned Revenue                   | (12,889,205) | (12,377,041) |
| **Total Net Costs**                     | $ 57,371,780 | $ 60,911,078 |
NOTE 12. IMPUTED FINANCING SOURCES
AFRH recognizes as imputed financing the amount of accrued pension and post-retirement benefit expenses for current staff. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the nine months ended September 30, 2013 and 2012, respectively, imputed financing was as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Personnel Management</td>
<td>$1,589,854</td>
<td>$1,661,380</td>
</tr>
<tr>
<td>Total Imputed Financing Sources</td>
<td>$1,589,854</td>
<td>$1,661,380</td>
</tr>
</tbody>
</table>

NOTE 13. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT
The President’s Budget that will include fiscal year 2013 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in February 2014 and can be found at the Web site: http://www.whitehouse.gov/omb/. The 2013 Budget of the United States Government, with the “Actual” column completed for 2012, 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 2013 and 2012 consisted of the following:

<table>
<thead>
<tr>
<th>Category</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Obligations, Category A</td>
<td>$62,531,720</td>
<td>$65,444,019</td>
</tr>
<tr>
<td>Direct Obligations, Category B</td>
<td>$4,489,597</td>
<td>$19,362,055</td>
</tr>
<tr>
<td>Direct Obligations, Category C</td>
<td>$</td>
<td>$14,630,000</td>
</tr>
<tr>
<td>Total Obligations incurred</td>
<td>$67,021,317</td>
<td>$99,436,074</td>
</tr>
</tbody>
</table>

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.
Category C apportionments may be used to apportion funds into future fiscal years.

NOTE 15. UNDELIVERED ORDERS AT THE END OF THE PERIOD
For the fiscal years ended September 30, 2013 and 2012, budgetary resources obligated for undelivered orders amounted to $14,522,586 and $48,170,100, 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.

<table>
<thead>
<tr>
<th>Category</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations Incurred</td>
<td>$67,021,317</td>
<td>$99,436,074</td>
</tr>
<tr>
<td>Spending Authority From Offsetting Collections and Recoveries</td>
<td>(3,964,294)</td>
<td>(7,187,512)</td>
</tr>
<tr>
<td>Offsetting Receipts</td>
<td>16,642,628</td>
<td>(27,330,935)</td>
</tr>
<tr>
<td>Net Obligations</td>
<td>79,699,651</td>
<td>64,917,627</td>
</tr>
<tr>
<td>Other Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imputed Financing From Costs Absorbed By Others</td>
<td>$1,589,854</td>
<td>$1,661,380</td>
</tr>
<tr>
<td>Other Resources</td>
<td>341,968</td>
<td>-</td>
</tr>
<tr>
<td>Net Other Resources Used to Finance Activities</td>
<td>1,931,822</td>
<td>1,661,380</td>
</tr>
<tr>
<td>Total Resources Used to Finance Activities</td>
<td>81,631,473</td>
<td>66,579,007</td>
</tr>
<tr>
<td>Resources Used to Finance Items Not Part of the Net Cost of Operations</td>
<td>(34,975,828)</td>
<td>(16,792,302)</td>
</tr>
<tr>
<td>Total Resources Used to Finance the Net Cost of Operations</td>
<td>46,655,645</td>
<td>49,786,705</td>
</tr>
<tr>
<td>Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>$57,371,780</td>
<td>$60,911,078</td>
</tr>
</tbody>
</table>

James Pulliam (Navy, AFRH-G) catches up on American history and current events in the Library.
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. The most relevant information about heritage assets is their existence, so 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.

Andy was born and raised in Holland when it was German-occupied from 1940 to 1945. In 1957, he came to the US, and within six months he was required to register for the draft. He ultimately served 20 years in the Army and later worked for Greyhound.

At the AFRH-G, Andy enjoys gardening in the raised plots that residents take turns using through a lottery system. “Our partner, the Mississippi Renaissance Garden Foundation, helps us a great deal with the beautification of our gardens.” Andy has planted broccoli, tomatoes, and habanera peppers. He eats his vegetables raw in his room where he makes a light ranch dipping sauce.

Volunteering in the library is another pastime of Andy’s. He also enjoys watching Holland soccer games on the computer and TV. “I have a subscription to get every game that’s played in the league.” Andy further honors his Dutch heritage with visits to Holland to see family once or twice a year.

“Time flies when you have fun. And we have fun here.”
—Andy Lemstra (Army, AFRH-G)
Tony and his brother Richard grew up near Philadelphia. Their father served in the Navy. In 1955, Tony followed suit and enlisted. He served aboard three ships over 20 years, some during the Korean War. Yet, according to Tony: “The only action I saw was when a girlfriend’s father shot at me!”

Tony and his father set a fine example by serving in the Navy, so little brother Richard decided that’s what he should do, too. He served 22 years on four different small ships in the Mediterranean and the Caribbean as an electronics technician.

A few years ago, Tony was driving on U.S. Route 90 and saw our sign for the “Naval Home”. He was age 61, and his wife had recently passed. So he decided to come aboard.

Later, Richard followed in Tony’s footsteps again. “Having family right here makes it more ‘homey’ for us”, says Richard. They enjoy activities together and spend quality time in our pub, Fiddler’s Green. Tony enjoys spreading the word about the AFRH: “I’m one of the Home’s best, unpaid salesmen. I always tell people to get on the wait list.”

Richard says the Home is even better than he imagined. “Residents have so much in common whether it’s the loss of a spouse or just serving our country. And it’s easy to make friends.” Both are grateful for the time they have together—and they toast to it often in Fiddler’s Green.

“The best thing that has happened to us is being here together.”
—Tony Ortolano (Navy, AFRH-G)

“Tony was my guiding light. Without him I wouldn’t be here.”
—Richard Ortolano (Navy, AFRH-G)
Walter enjoys volunteering in the Auto Shop. Last September, he was buying supplies at Advanced Auto Parts. As he approached the checkout counter a man suddenly rushed him. “Seconds later he was on me! We struggled intensely and knocked over product displays.”

The man ultimately overpowered and cuffed Walter. He and his armed accomplice fled with cash and escaped through the back parking lot. Walter quickly managed to free one hand and dialed 911.

The police were en-route promptly. The thug with the stolen money heard sirens, removed his shirt, and hid the cash inside it. The cops arrived and quickly discovered the cash-stuffed shirt. “It had the criminal’s workplace stitched on it so he was easily found. The police were outstanding”, said Walter.

Walter had some bruises but nothing serious. The crooks are in jail awaiting trial and could serve 25 years. We asked Walter if he’d do it again: “I didn’t give up then, and I never will.”

“I’d rather go down fighting than just cower in a corner.”
—Walter Fisher (Army, Air Force, AFRH-W)
IG Overview

DEDICATED

The AFRH Office of the Inspector General (OIG) is an independent office within the AFRH that detects and prevents fraud, waste, abuse, and mismanagement or the perception thereof.

The AFRH Office of the IG is governed by the Inspector General Act of 1978, as amended (5 U.S.C. App. 3). This Act established the Federal offices of Inspectors General as independent and objective units that shall:

1. Conduct and supervise audits and investigations
2. Review existing / proposed legislation and regulations
3. Advise policies to promote economy, efficiency, and effectiveness
4. Prevent and detect Agency waste, fraud, and abuse
5. Keep the COO and Congress abreast of problems / deficiencies, and
6. Advise on the necessity for, and progress of, corrective actions

In FY 2013 the AFRH IG conducted several initial accountability audits at both AFRH communities. Several audits were conducted: Quarter Lease Agreements, Employee timecards / overtime, Medical Equipment Maintenance Management Program, and Mass Transportation Benefits.

The AFRH IG held one-on-one meetings available to all residents and staff. This new initiative allows both parties to express concerns over fraud, waste, abuse, mismanagement or the perception thereof.

Another AFRH IG initiative: an active walkthrough at both Homes to get a birds-eye view of all procedures and processes. The IG found this to be a much more efficient way to address issues and prevent problems.

Vision: To be the best in service and oversight in order to create a better AFRH for tomorrow.

Mission: To promote efficiencies and effectiveness while detecting fraud, waste, abuse, and mismanagement via the independent oversight of AFRH programs and operations.

Sheila Abarr (AFRH IG) dedicates her efforts to make the AFRH more effective and efficient.

What’s not to like about this place? I wouldn’t change a thing.
—Bernie Hipchen (Army, AFRH-G)
### FY 2014 Challenges Identified by the AFRH IG:

<table>
<thead>
<tr>
<th>Management Challenges</th>
<th>Recommended Actions</th>
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<tbody>
<tr>
<td><strong>FINANCIAL</strong></td>
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<tr>
<td>Ensure Trust Fund solvency and work within mandated budget reductions</td>
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<tr>
<td>— Maintain oversight of budget development and execution to contain costs as planned</td>
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<tr>
<td>— Place added emphasis on Internal Controls</td>
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<td>— Monitor revenue streams and develop alternative strategies as issues arise</td>
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<td>— Increase voluntary contributions to the Agency</td>
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<tr>
<td>— Implement the Washington Master Plan</td>
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<tr>
<th><strong>INFORMATION TECHNOLOGY</strong></th>
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<tr>
<td>Establish and maintain an optimal technology operating environment</td>
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<tr>
<td>— Implement widespread usage of the EHRS, improve electronic forms, and provide staff training</td>
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<td>— Upgrade employee tools to be more high-tech</td>
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<tr>
<td>— Deploy knowledge management through SharePoint and provide staff training</td>
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<tr>
<td>— Overcome time stoppages in using new IT / old equipment and processes</td>
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<tr>
<td>— Show results of IT strategic objectives</td>
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<th><strong>ACREDITATION</strong></th>
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<tr>
<td>Maintain CARF and Joint Commission accreditation</td>
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<tr>
<td>— Establish milestones to be prepared in accordance with accreditation timelines</td>
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<tr>
<td>— Implement and maintain recommendations from CARF Quality Improvement Plans</td>
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<tr>
<td>— Implement recommendations from consultants in preparation for Joint Commission accreditation</td>
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<tr>
<th><strong>PERFORMANCE CHALLENGES</strong></th>
<th><strong>RECOMMENDED ACTIONS</strong></th>
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<tr>
<td><strong>PERSON-CENTERED CARE (PCC)</strong></td>
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<tr>
<td>Continue progress in PCC operations to enhance service delivery</td>
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<tr>
<td>— Define measurements for better results in PCC</td>
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<tr>
<td>— Empower staff by expanding PCC knowledge and skills</td>
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<tr>
<td>— Achieve acceptable performance and alter services as needed</td>
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<tr>
<th><strong>STAFF-CENTERED ENVIRONMENT</strong></th>
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<tr>
<td>Address staff issues and concerns to improve working environment</td>
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<tr>
<td>— Fill key AFRH positions</td>
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<tr>
<td>— Train staff on processes and Strategic Goals / Objectives</td>
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<tr>
<td>— Maintain leadership by reducing turnover in key positions</td>
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<tr>
<td>— Ensure continuity of effort (overcome problems encountered in Oct. 2013 furlough)</td>
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<tr>
<th><strong>AGING IN PLACE</strong></th>
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<tr>
<td>Continue expansion and improvement of Aging in Place initiative</td>
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<tr>
<td>— Ensure more accountability between the transitions from one care level to another</td>
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<tr>
<td>— Track costs by level of care and determine staff time usage in all levels</td>
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AFRH staff members employ a variety of activities to keep residents’ minds active.

Stan Whitehead (IT Manager) and Antar Ali (IT Specialist) keep our systems tip-top.
Management response to the IG’s FY 2013 Challenges

2013 MANAGEMENT CHALLENGES

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

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 2013 IMPROPER PAYMENTS

The Improper Payments Information Act (IPIA) of 2002 (PL 107-300), as amended by the Improper Payments Elimination & Recovery Act (IPERA) of 2010, was enacted to elicit estimates and reports of improper payments by Federal agencies. The Act requires that Federal agencies estimate improper payments and report on actions to reduce them. An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. The Act requires that Federal agencies estimate improper payments and report on actions to reduce them. An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

Each year, our partner BPD reviews each AFRH business program for improper and erroneous payments. Effective in November 2011, the AFRH transitioned to the Internet Payment Platform that eliminated manual processes and greatly reduce inefficiencies in the approval process.

The process flows from BPD when they catch erroneous payments and correct them. Then, BPD notifies the AFRH Business Office, Contracting Officer’s Representatives (CORs), and technicians. In FY 2013 our efforts in improved processes proved successful resulting in no Improper Payments.

AFRH IP Trends:

<table>
<thead>
<tr>
<th>Year</th>
<th>Improper Payments</th>
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<tbody>
<tr>
<td>FY 2013</td>
<td>0</td>
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<tr>
<td>FY 2012</td>
<td>0</td>
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<tr>
<td>FY 2011</td>
<td>4</td>
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<tr>
<td>FY 2010</td>
<td>2</td>
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<tr>
<td>FY 2009</td>
<td>179*</td>
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<td>FY 2008</td>
<td>4</td>
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<td>FY 2007</td>
<td>4</td>
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<td>FY 2006</td>
<td>30</td>
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<td>FY 2005</td>
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*172 by McKesson over 2 fiscal years (detected in FY 2009)

“They are going to have to carry me out of here.”

—Mencho Hernandez, (Navy, AFRH-G)
This year, the auditors found no material weaknesses. Management Assurances for FMPFIA are presented in the MD&A. The COO is pleased to report that neither non-compliance nor non-conformity is present at the AFRH.
“Some residents compete in the games just to get a shirt.”
—Charlie Baird (Navy, AFRH-G)

One AFRH-G resident donated an expensive, cutting-edge embroidery machine. So, Charlie researched how to operate it. “It has an instructional software program. Still, it’s been ‘learn as I go’.”

First Charlie designs the artwork on his computer. Then the machine reads the image and stitches the design onto a shirt.

Charlie recently designed shirt patches for the Spring and Fall Games at the AFRH-G. Those who participate in four or more games get shirts. “It really gets residents excited to participate in the games when they see these nice shirts. It makes them feel special.”

He also makes time to volunteer for the Fleet Reserve Association, which is comprised of retired and active duty service members who lobby for improved benefits.

The AFRH is a special place where residents, staff, family members, partners, volunteers, and contractors all gather together to share memories, celebrations, happiness, ideas, camaraderie, and support. Our lives are enriched by our daily encounters at both of our similar, yet unique Homes.

So, in closing, we wish to thank each and every person who gave time and energy from his or her busy life to support the AFRH. We could not have achieved so much this year without you.

Thanks, Partner.

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