



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.

Workforce Growth

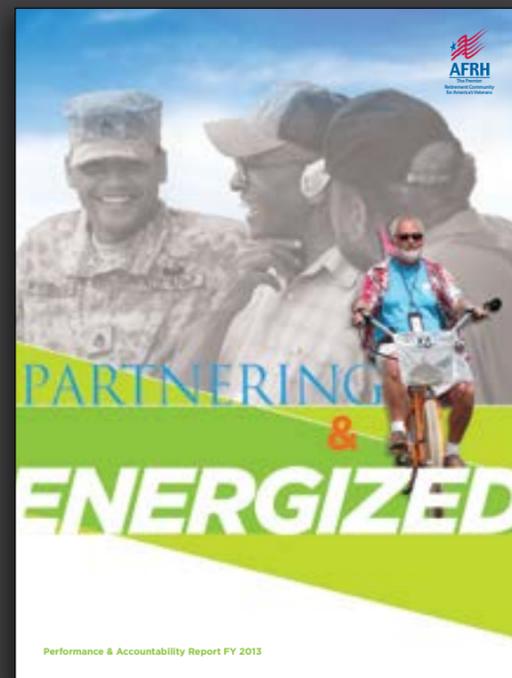
We strive to hire and retain the most qualified people. We maximize their success through training and development as well as maintain and promote open communication.

Honor Heritage

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

Inspire Excellence

We continuously work to improve each process and service, as well as the delivery of outstanding performance in all we do. We expect excellence and reward it.



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.**

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TABLE OF CONTENTS



Master Chief Donald Kirk (Navy, AFRH-G Ombudsman) savors the rich history of AFRH-Washington in our Hall of Honor.

Introduction:

COO Message	6-7
Building Connections	8
Leveraging Success	10
2013 Highpoints	11
“GREAT SCOTT!”	13-20
Vital Partners	22-25
Special Events	26-27
Enhancing AFRH-G	30-31
Shining Stars	32-33
AFRH Snapshot	34-35
Warm Welcome	36-37

Part 1: Management’s Discussion & Analysis

Yearly Overview	40
Organization & Mission	42-44
Staff & Locations	46-49
Residents	50-53
Performance Highlights	54
Strategic Platform	56
Performance Results	58-59
Human Capital	60
Financial Highlights	62-63
Revenue Sources	62-63
Trust Fund Balance	63
Statement Summaries	64-65
Spending: Strategic Goals	66-67
Management Assurances	68
Assurance Letter	69
Various Controls	70-72
Risk Management	74-80
Future Outlook	81

Part 2: Performance

Performance Overview	84
Performance Management	86-87
Performance Results	88-97
Budget Integration	98
Performance Measures	100-107
Human Capital	108-109
Verification & Validation	110

Part 3: Financial

Fiscal Overview	114
CFO Message	116-117
Independent Auditor’s Report	118-120
Financial Statements	122-126
Notes to the Financial Statements	127-139
Required Supplementary Information	140

Part 4: Accompanying Info

Final Requirements	144
The IG Letter	147
2014 Management & Performance Challenges	148-149
Response to 2013 Challenges	150
Improper Payments	151
Summary of Financial Statement Audit & Assurances	152
Various Acronyms	152-153
Special Thanks	155

INTRODUCTION

PARTNERING



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
- Building Connections
- Leveraging Success
- 2013 Highpoints
- “GREAT SCOTT!”
- Vital Partners
- Special Events
- Enhancing AFRH-G
- Shining Stars
- AFRH Snapshot
- Warm Welcome



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 CCRC¹ by one of the leading healthcare authorities, CARF². This organization makes key observations and offers invaluable feedback on our efforts across the board. The AFRH also responds to recommendations for improvement via the oversight of Department of Defense (DoD) and advice from the AFRH Advisory Council and Defense Health Agency.

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

—Steven McManus (COO)

**REFOCUSED**

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

While managing these financial challenges, we still earned a ninth consecutive “unmodified³” (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

¹ Continuing Care Retirement Community

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

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

BUILDING CONNECTIONS

PARTNERING

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?



"This place is great for people without families. This is our family."

*—Martha Williams
(Women's Army Corps,
AFRH-W) with Fred Hornsby
(Dining Service Administrator
for Gulf Coast Enterprises),
our long term partner for
food services at both homes*



"There's nothing like dedication, sincerity, and motivation."

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

PARTNERING



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.

LEVERAGING SUCCESS

ENERGIZED

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)



2013 Highpoints

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 2012 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
- 50 rotating state flags are proudly displayed at entrance
- New walkway and path installed at the facility 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.



“I just can’t sit down! I think if I did I’d go to sleep.”

*—Charles Moore
(Navy, AFRH-G)*



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.

“GREAT SCOTT!”

A CAPITAL VIEW OF THE FUTURE



SPECIAL SUPPLEMENT | AFRH-W OPEN HOUSE | AUGUST 29, 2013

OUR FOUNDER

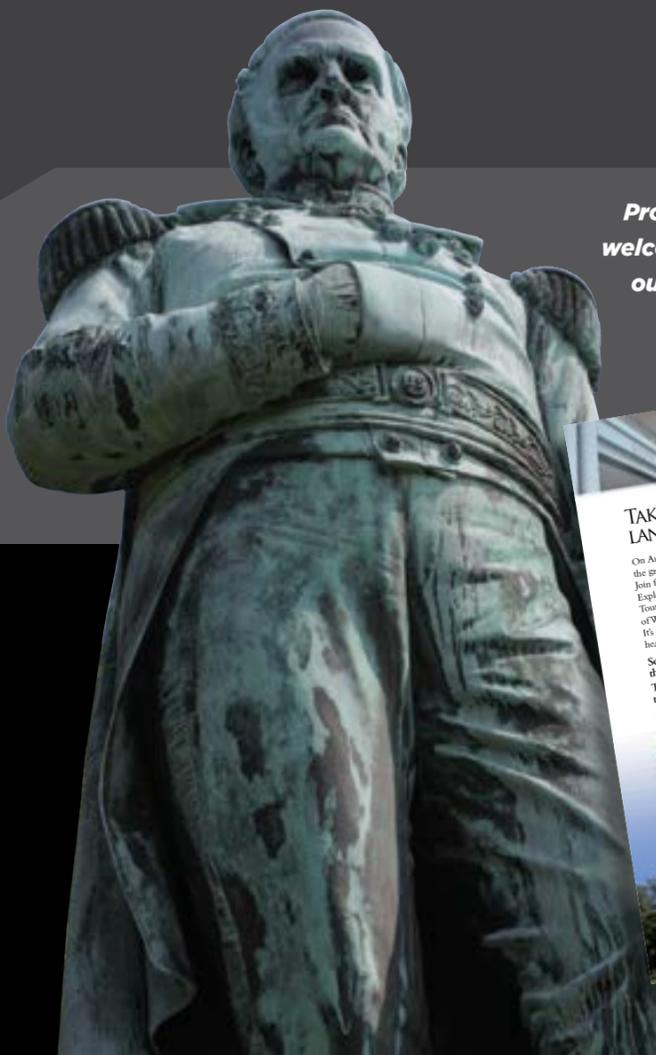
General Winfield Scott was a revered 19th-century Army commander. He was intensely loyal to his men, and Scott waged many gallant campaigns. He returned from the Mexican-American War in 1848 with reparations in lieu of ransacking Mexico City. He gave ample funds to his troops and the rest to Congress. 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.

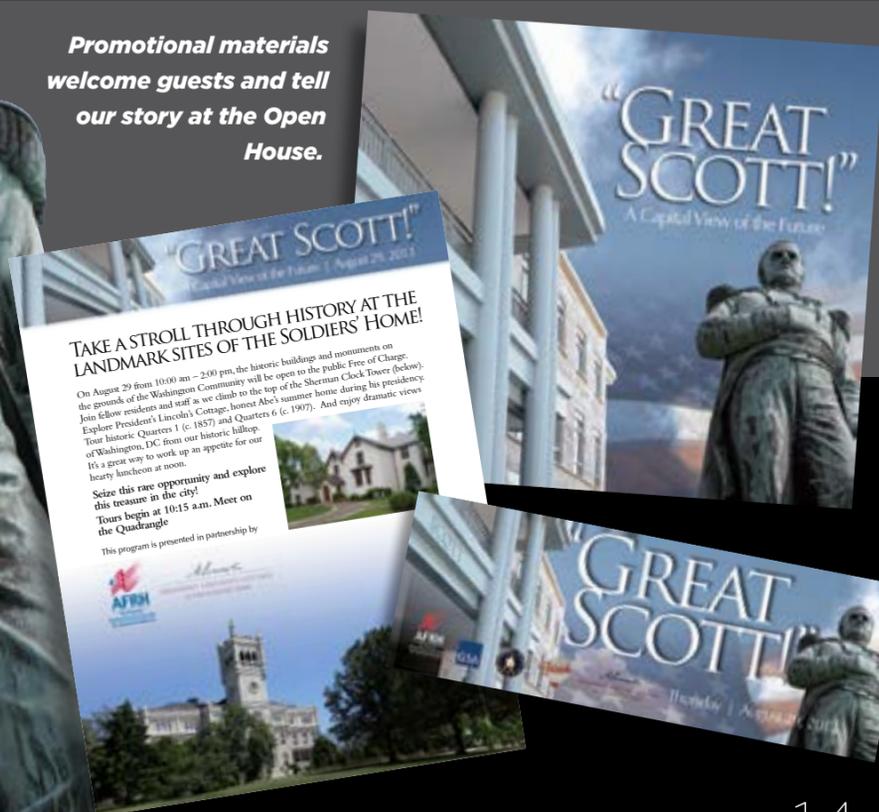
In a sense, General Scott's original vision and the success of this facility helped pave the way for other veteran programs in America. General Scott's wisdom was immense—much like his ample girth and boundless character. So, when it came time to name our open house event for the new Scott Building,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

"If there is any one who deserves to have his pathway made smooth and pleasant, it is the old soldier who was ever ready to sacrifice his life in defence of his country."

- General Winfield Scott, AFRH Founder (1786 -1866)



Promotional materials welcome guests and tell our story at the Open House.



OUR FORTUNE

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.



"So many people do so many wonderful things for me here."

-Margaret Jirak (Navy, AFRH-W)



"The design reflects ideas from resident focus groups, senior care research, and green design trends."

-Steven McManus (AFRH COO)



This new complex is vital to fulfilling our mission and extending resident longevity.

OUR FUTURE

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.

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 resident. This brand of care is helping more residents stay at the AFRH-W 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 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 would allow us to serve even more American veterans and retired military, who are presently underserved yet highly deserved.



"We partnered with the best design / build firms 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.

Outdoor garden patios offer sunshine and solace.



"The new fitness center is Army strong."

—Francis Lewis
(Army, AFRH-W)

A new therapeutic pool will provide vital exercise and rehab.

The AFRH-W Hall of Honor—to remember and revere.

The residents' comrade, Al Mori (AFRH-W Ombudsman), on right.



Nurses assess a resident's Plan of Care.

Balconies offer sweeping views of our Nation's Capital.



"The new building is more technologically advanced."

—Joseph Frogge, (Air Force, AFRH-W)



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."

VITAL PARTNERS

FORTIFIED

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.

GOVERNMENT ORGANIZATIONS

PARTNERING



- 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



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.



Joseph Wachter meets Colonel Dana G. Venenga, Administrator of the 81st Medical Group, Keesler AFB, and member of the AFRH Advisory Council.

ARMY

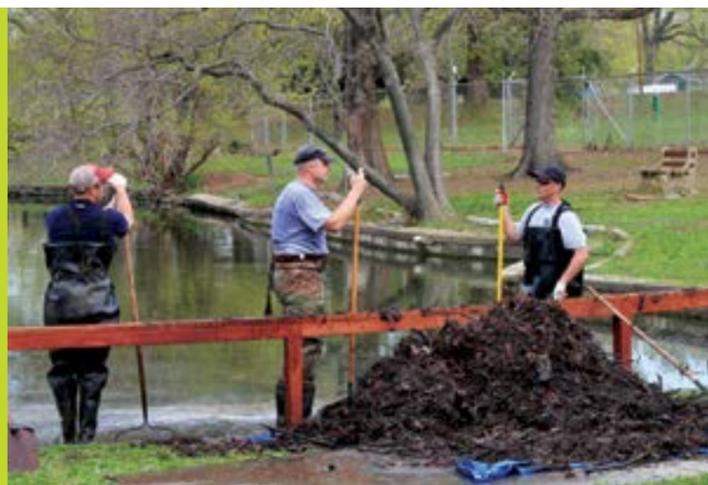
The AFRH has plenty of former Army members. So, naturally, many groups of US Army enlisted come visit the AFRH-W to support resident activities. They work with Long Term Care and Memory Support residents and also assist with holiday events, special events, and socials. In fact, the US Army Band makes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



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.



Coastie Jonathan Lally is producing a multi-media project on the life stories of residents such as Willa Farrell (Marine Corps, AFRH-W).

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.



AFRH-G residents join Seabee CO Captain Rick Burgess in a cake cutting.

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.



The US Marine Corps Band of New Orleans performs for the AFRH-G in November.

“All my time in the service was great. I met some really fine 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.”

PARTNERING



SPECIAL EVENTS

New friends and old soldiers celebrate America's independence.



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



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).



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.



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



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.



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



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

INTERNATIONAL LIAISONS



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.

Four residents trek to S. Korea courtesy of the Korean War Veterans Association.



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).

“I am interested in gardening and love looking up new things on the Internet.”

—Jerry Doga,
(Navy, AFRH-G)



PARTNERING



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.”



ENHANCING AFRH-G

REFRESHED

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.

SHINING STARS

CELEBRATED



Kiwanian of the Year: 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.”

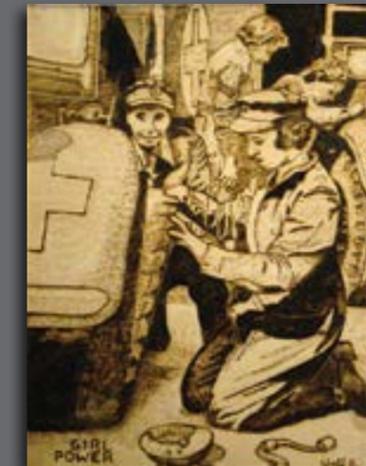
Charlie remarked: “I feel so honored to have earned it. I received this same honor 30 years ago in Albany, GA.” Charlie loves activities and socializing in the AFRH-G pub Fiddler’s Green. He entertains visitors with his masterful tongue twister “Mrs. Potts hissing in a pit”—his rehabilitation exercise after suffering a brain injury in a car accident. Way to go Charlie!



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

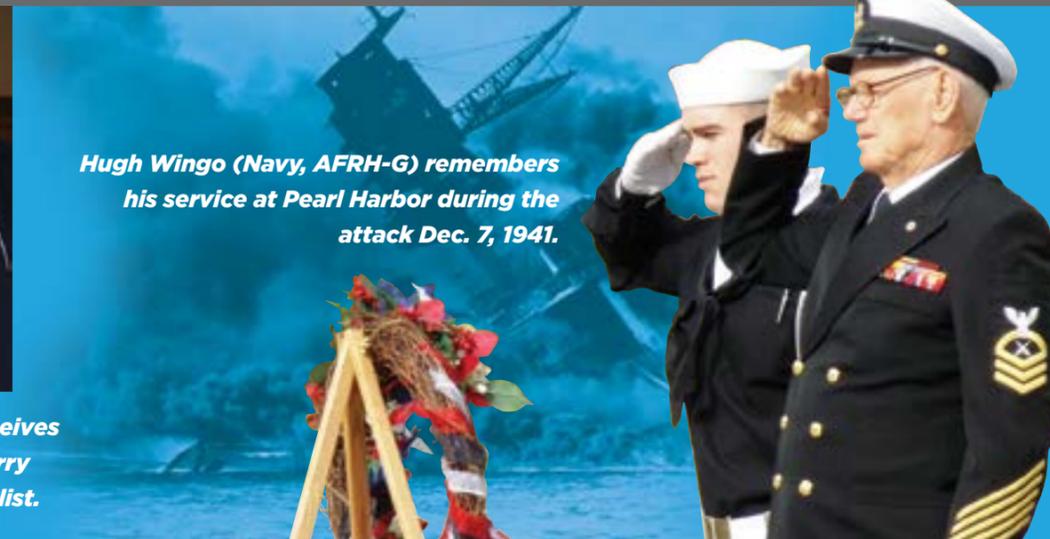


Larry Colbruno (Air Force, AFRH-G) nabs 1st place for his assemblage art in a regional festival.



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

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



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



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.



AFRH SNAPSHOT

DELINEATED

Federal Authority: AFRH Act of 1991, Public Law 101-510 (as amended in 1993, 2001, 2006, 2008, 2010, 2011)

Organization: AFRH Corporate Headquarters (Washington, DC), manages two distinct communities:

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



WARM WELCOME

EMPOWERED

Raymond Chatterton (Army, AFRH-W) is a highly decorated veteran.

FY 2013 was a banner year at the AFRH as we successfully completed multi-year endeavors. At the AFRH-W, the Scott Project took years of planning and patience. In the end, this investment paid many dividends for our residents such as reduced walking distance, new activity and dining spaces, beautifully landscaped grounds, and rehabbed historical buildings. All of these gains and more have energized the AFRH-W community. Now our managers are inspired to reach even higher.

At the AFRH-G, we are fine-tuning the modern facility we opened in 2010. Our enhancement projects are making the living environment there more pleasant. Just a few projects include expanded gardens, improved walkways, increased memorabilia, and local partnerships. Best of all resident participation has increased for all of the above and more.

Most projects were the result of dozens of energizing public and private partnerships. GSA guided construction at the AFRH-W, which was completed on time and within budget. Other partners helped nurture, manage, guide,

plan, entertain, and support an activity-filled year with great achievements—many of which you will discover in this Report—most of which empowered us to deliver Person-centered Care.

Each year US Federal agencies are required⁵ 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 all 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.



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.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

PARTNERING



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)

Garnett Hanly and sons join John Russo, Lori Thompson (Art Specialist), and Roger Pohemus (Army).



- Yearly Overview
- Organization & Mission
- Staff & Locations
- Residents
- Performance Highlights
 - Strategic Platform
 - Performance Results
 - Human Capital
- Financial Highlights
 - Revenue Sources
 - Trust Fund Balance
 - Statement Summaries
 - Spending: Strategic Goals
- Management Assurances
 - Assurance Letter
 - Various Controls
 - Risk Management
- Future Outlook

YEARLY OVERVIEW

ELATED

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.



"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)*



PARTNERING



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!



ORGANIZATION & MISSION

INVIGORATED

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.



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.



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

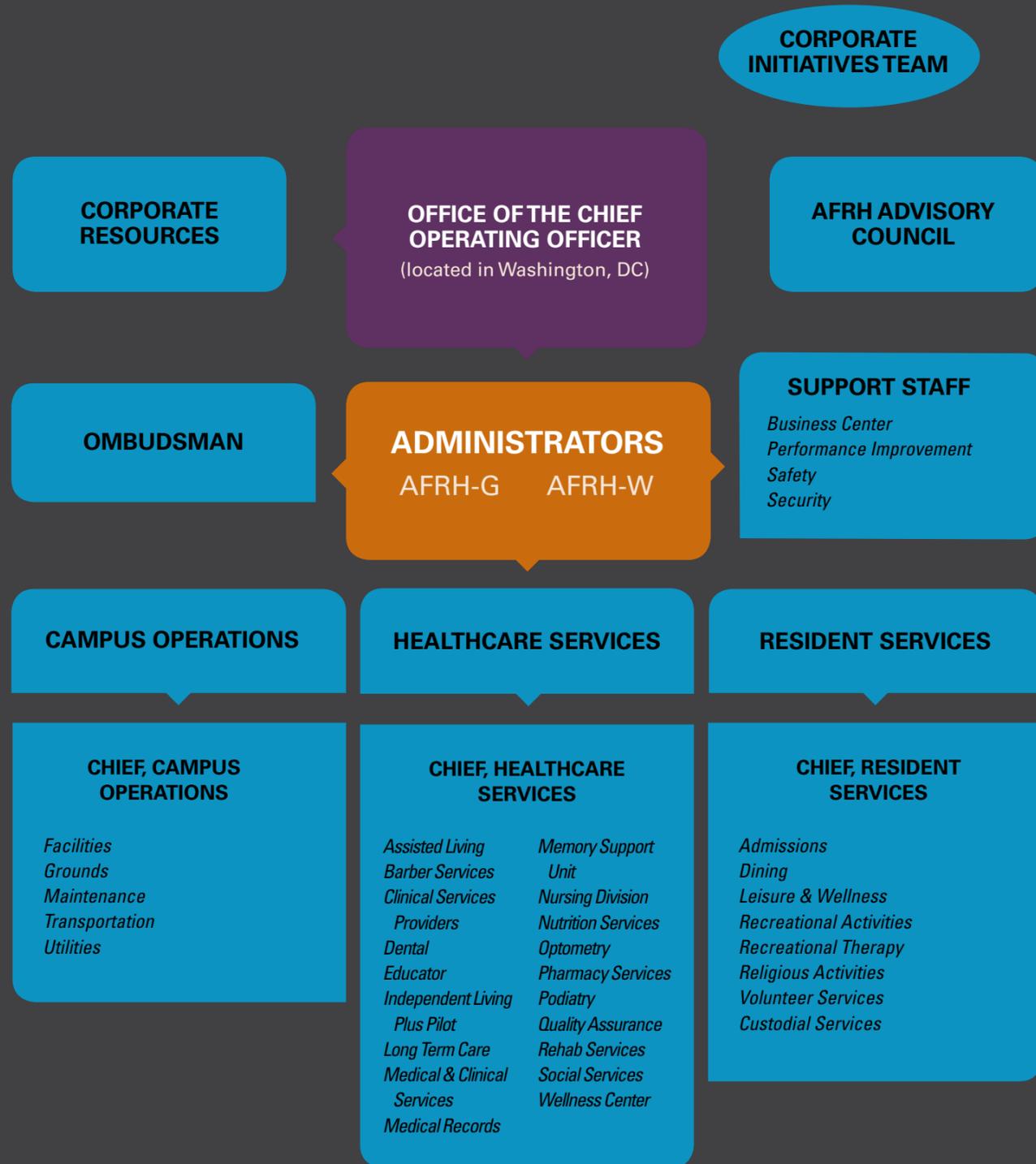


"AFRH Staff members truly operate under the Person-centered Care philosophy and are considered valued members of the management team."

—Advisory Council Annual Report



The AFRH One Model for Operations



“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)

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 don our garden room. Perfect for community open houses.



OUR STAFF

MOTIVATED

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.



Ebbie Simpson (Navy) dons her classic uniform again to pose with AFRH-G Nurses.

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.

AFRH-W staff got everyone revved up for the 55th Annual Antique Car Show—one of our biggest, most successful events. Family, friends, volunteers, and neighbors enjoy marveling at classics from across the DC Metropolitan region. When this Packard above was built, America was just entering WWII.

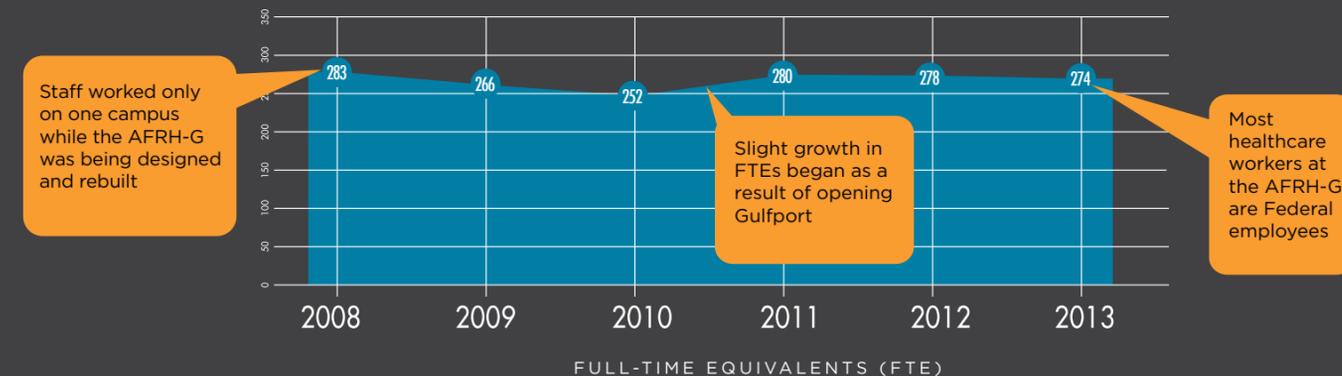


The AFRH-G is the host of "Cruisin' the Coast" featuring hundreds of classics on I-90.



Support staff play a vital role in the everyday life, health, and wellbeing of residents.

AFRH Staff | 2008-2013



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.

“It’s like a 5 star hotel. We’ve got all the amenities.”

—Richard Clinton
(Navy, AFRH-G)



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.

“I think this home is the cat’s meow.”

—Leonard Lehman
(Navy, AFRH-W)



Discover the AFRH-Gulfport <https://www.afrh.gov/afrh/gulf/gulfcampus.htm>

Explore the AFRH-Washington <https://www.afrh.gov/afrh/wash/washcampus.htm>

OUR RESIDENTS

REVERED

To help fund the AFRH, \$50 / month is deducted from the pay of Enlisted and Warrant Officer active duty service members.

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.

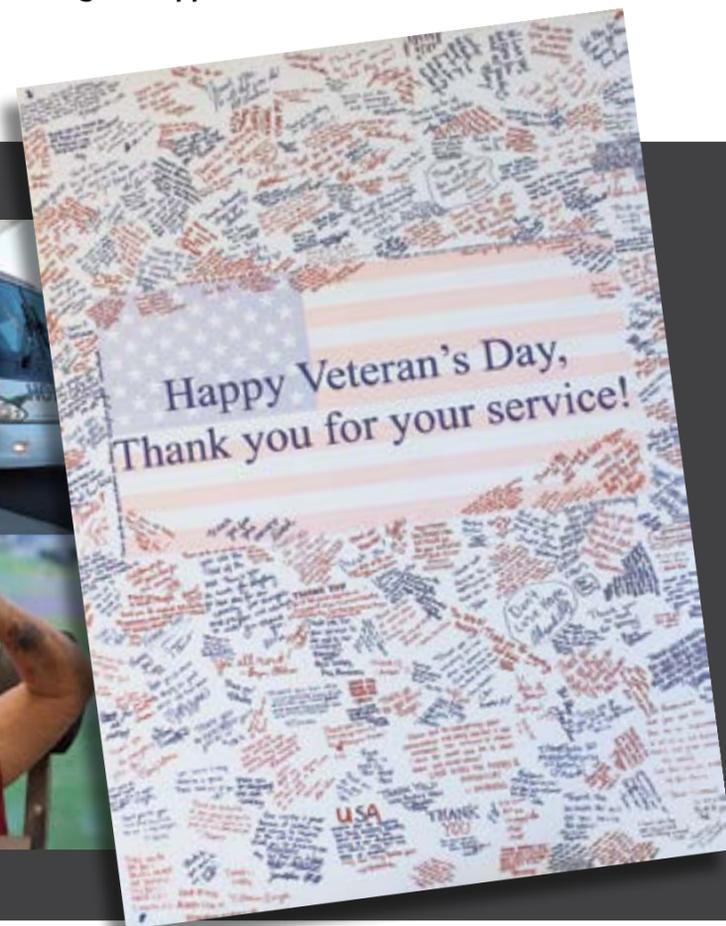
Many residents continue to serve by volunteering inside the Home—and others give back outside the home in the local community. Some create crafts, compete athletically, and perform artistically, while others organize committees, run events, or manage programs.

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.

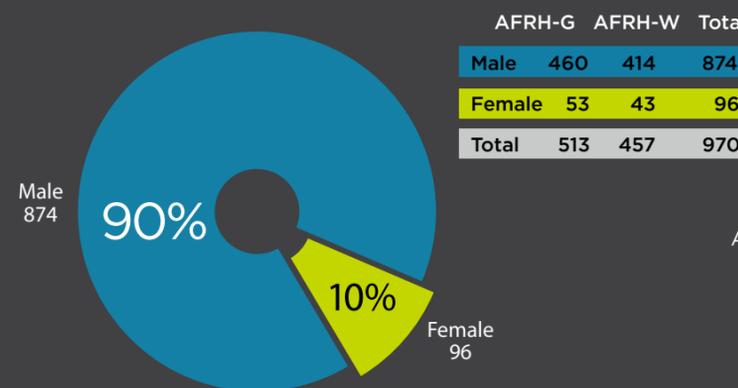
- Persons who are 60 years of age or over; and were discharged or released from service in the Armed Forces under honorable conditions after 20 or more years of active service.
- Persons who are determined under rules prescribed by the Chief Operating Officer to be incapable of earning a livelihood because 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 eligible for hostile fire special pay and 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.

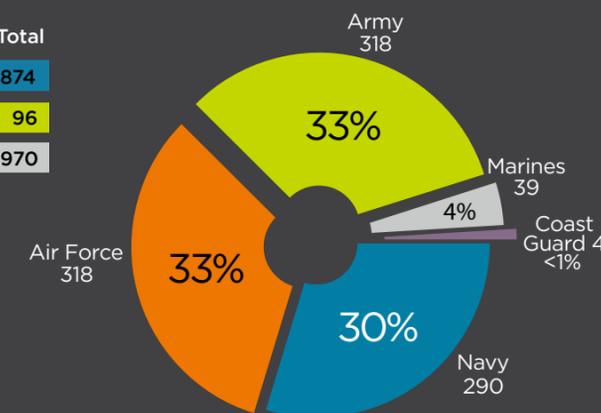
Married couples: both must be individually eligible.

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]

Resident Profile



Most of the AFRH residents are single males



Residents come from all of the Armed Forces





“I’m where I’m supposed to be at this point in my life.”

—Pete Hudson
(Air Force, AFRH-W)



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.”



Our residents have served in conflicts since 1941.

WAR THEATER*	#	%
World War II	340	25%
Korean War	448	34%
Vietnam	523	39%
Grenada	10	1%
Panama	13	1%
Gulf War	5	<1%

**Some were in more than 1 war*

ELIGIBILITY**	#	%
Retiree	870	82%
Service-connected Disability	49	5%
War Theater	89	8%
Female (serving before 1948)	51	5%

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



“What branch? You name one— I served in it.”

—Delbert Brown (AFRH-W)

PERFORMANCE HIGHLIGHTS

INSPIRED

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.



Performance is a focus of the Obama administration.

See *Inside Front Cover* or [AFRH Strategy](#)

See the full [AFRH Strategic Plan](#)

Learn more about [Person Centered Care](#)



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

—Barbara Copare
(Army, AFRH-W)

“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

OBJECTIVES

Embrace Resident-centered Care:

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

COST: \$42.9 million

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

Maintain Exceptional Stewardship:

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

COST: \$11.3 million

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

Promote Staff-centered Environment:

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

COST: \$1.8 million

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

Leverage External Stakeholders:

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

COST: \$1.4 million

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

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

*—Stephanie Jenkins
(Dietician, AFRH-G)*

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!”.



PERFORMANCE RESULTS

ACHIEVED

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 Krudys
(Air Force, AFRH-W)



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



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*.



Our Pearl Harbor Survivors:

AFRH-G: 2
AFRH-W: 6



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

— MET — NOT MET

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:

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 it was 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 cuts⁶ 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.

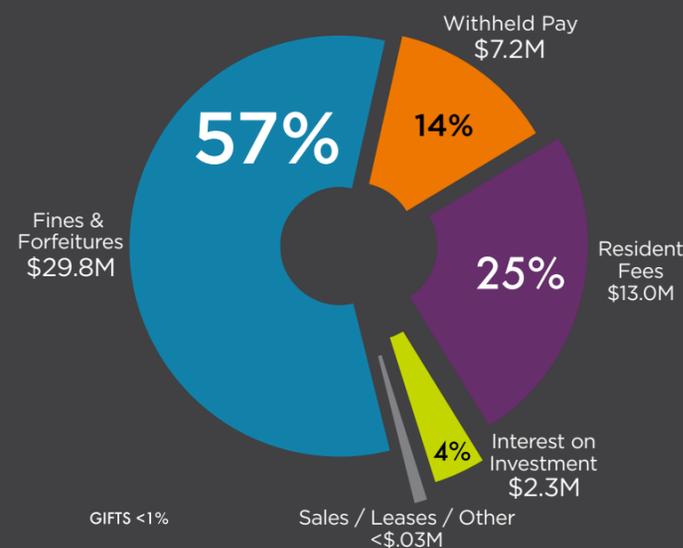
End Net Position: Decreased (reflects Scott Project investments)

Revenue Sources

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

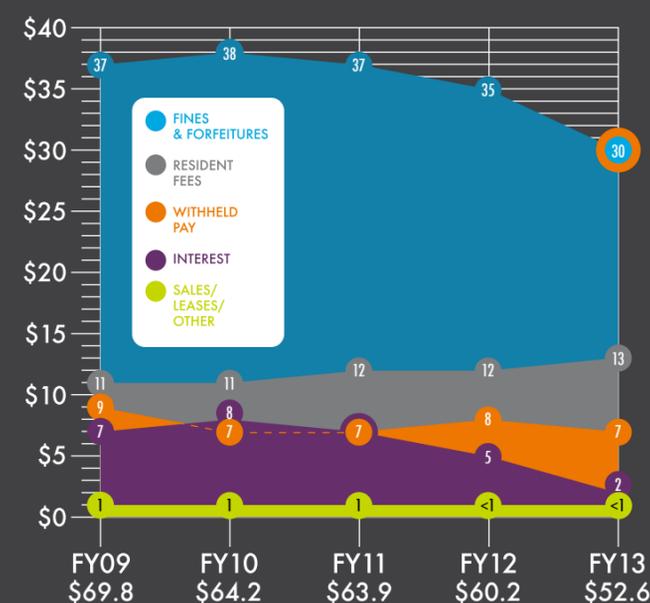
AFRH FY 2013 Revenue <53M

IN MILLIONS OF DOLLARS



5-year Trend in AFRH Revenue

IN MILLIONS OF DOLLARS



AFRH FY 2013 Trust Fund Balance

IN MILLIONS OF DOLLARS



⁶With 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.

STATEMENT SUMMARIES

ENLIGHTENED

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. 315(b). These statements are in addition to financial reports prepared from the same books and records used to monitor and control budgetary resources. These statements should be read with the understanding they are for a component of the US Government, a sovereign entity.

9TH CONSECUTIVE UNMODIFIED / UNQUALIFIED⁷ OPINION
MODERN AUDIT RESULTS:

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

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



They treat us like kings and queens!
—Frank Haney (Army, Air Force, AFRH-G)

ASSETS & LIABILITIES: CHANGING

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

ASSETS:

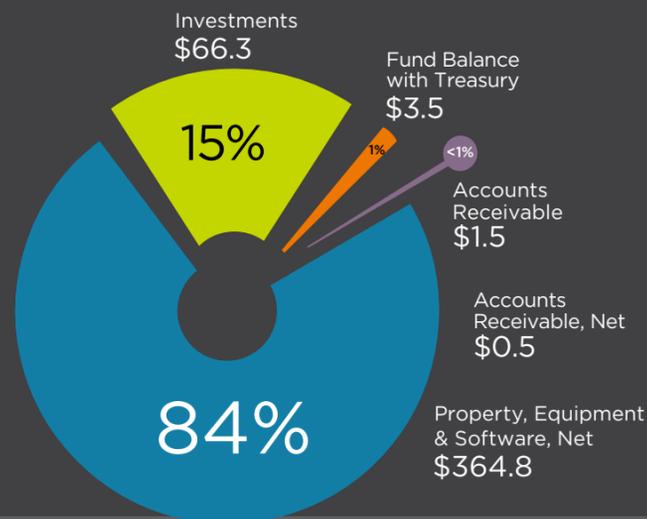
FY13	FY12	Net Changes	% Change
\$436,626,953	\$ 472,055,496	-\$35,428,543	-8%

LIABILITIES:

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

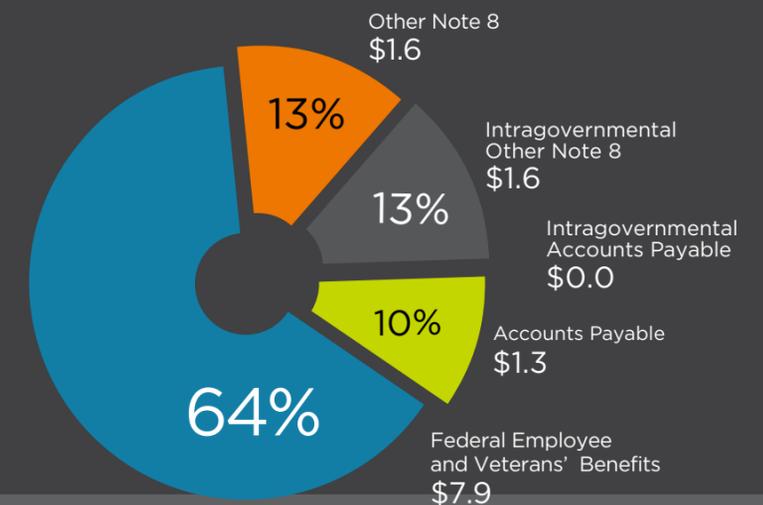
AFRH Assets FY13: Stable

IN MILLIONS OF DOLLARS



AFRH Liabilities FY13: Steady

IN MILLIONS OF DOLLARS



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

	FY09	FY10	FY11	FY12
Culture of Integrity	\$1.5	\$2.8	\$3.6	\$3.6
Exceptional Service	\$50.6	\$48.5	\$49.8	\$49.8
Financial Growth	\$0.0	\$0.3	\$0.2	\$0.2
Improved Processes	\$8.0	\$8.4	\$9.7	\$9.7
Learning & Growth	\$0.0	\$0.2	\$0.9	\$0.9

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



Camaraderie: the most powerful force at the Armed Forces Retirement Home.

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.



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

—Lois Hogan (Navy, AFRH-G)

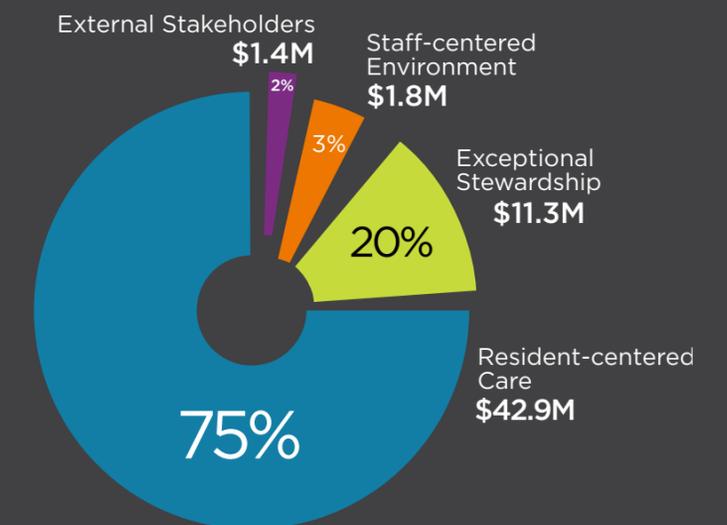


In 1943, Lois joined the Navy and worked in intelligence as a Cryptologist. Her main duty was decoding enemy messages. She and her unit broke the Japanese code right before the Battle of Midway during WWII. “Life would have been quite different if they had won the war.”

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.”

AFRH FY 2013 SPENDING PER STRATEGIC GOAL



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.

MANAGEMENT ASSURANCES

REINFORCED



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

—Steven G. McManus (AFRH COO)

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



A new time capsule is secured inside an ornate stone in the historic Sherman Building.

Federally Mandated Controls

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 and exercise internal controls.

Based on Agency assessment and the unmodified opinion (*formerly the "unqualified audit opinion"*), the AFRH is in compliance with Federal financial management systems requirements, the Federal Accounting Standards Advisory Board, and the US Standard General Ledger (USSGL) at the transaction level.

The AFRH is FFMIA compliant at the Agency & auditor levels via:

- Overall substantial compliance
- System requirements
- Accounting standards
- USSGL at Transaction Level

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.

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.

Agency Control Measures

Email / File Storage / Desktop Applications

In FY 2013, the AFRH moved away from a client based email system and acquired a new suite of office applications that will enhance staff productivity. After evaluating several products on the market that are available to Federal agencies, Microsoft Office 365 was selected as the office application that would provide the best features, functionality, and value for the AFRH.

Office 365 is part of the Microsoft's Software Plus Services strategy, combining the advantages of cloud-based remote computing software options with the company's traditional base of on-premises software offerings. 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.

This 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

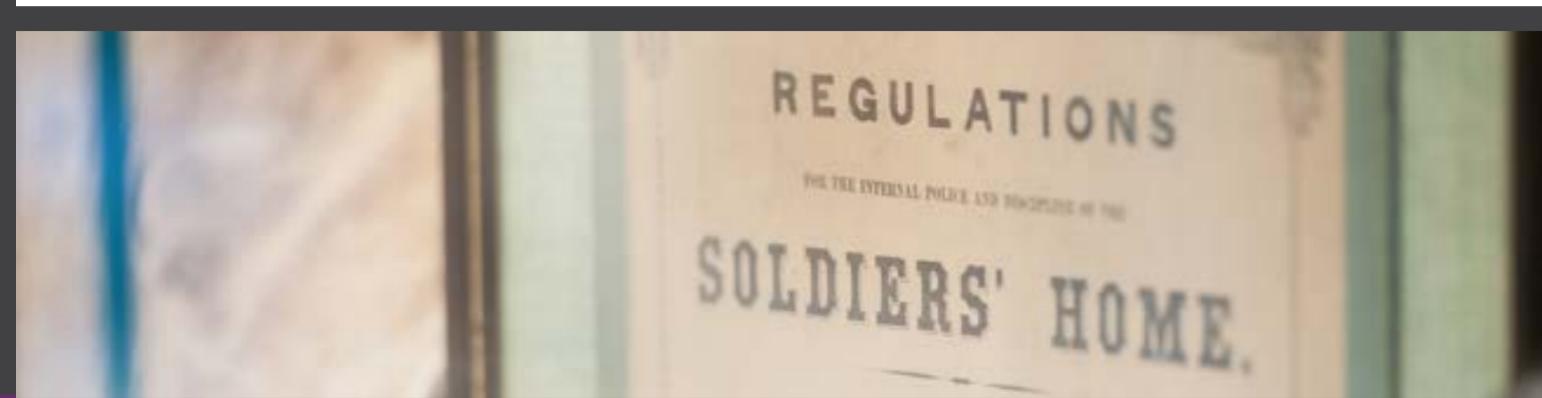
During FY 2012, the AFRH evaluated the proposals of four Electronic Health Records System (EHRS) vendors. In FY 2013, the AFRH selected the Dr. Cloud EHRS based upon the system's flexibility and the vendor's ability to modify their existing software to meet AFRH requirements. Dr. Cloud is a cloud-based 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, Ultra Care, 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.

Added Oversight: In Progress

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 ARFH 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.



“To become a Navy Seal, you really have to earn it.”

—Louis DiCroce Jr.
(Navy Seal, AFRH-W)



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.



RISK MANAGEMENT

SHIELDED

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)



Eight Risk Management Strategies

#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



The Scott Project: progress

Breakfast is the first meal served to many excited residents in February.



LaGarde Building served residents in higher care levels over two decades.



Assisted Living residents move from LaGarde to Sheridan in March 2013.



Christine Baldwin (AFRH-W Librarian) receives books stored for three years.

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.



"I got great people taking care of me."

*—George Freburger
(Air Force, AFRH-W)*



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!"



#6) PLANT CLOSURE

MODERNIZED

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

—A Soldiers’ Home Official (circa 1951)

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 official Power Plant closing was bittersweet, as 15 dedicated AFRH staff worked virtually their entire careers in the plant. Through placement and attrition, those employees now work in other parts of the Home or visit occasionally. Above is a photo of the remaining plant crew that still work at the AFRH.

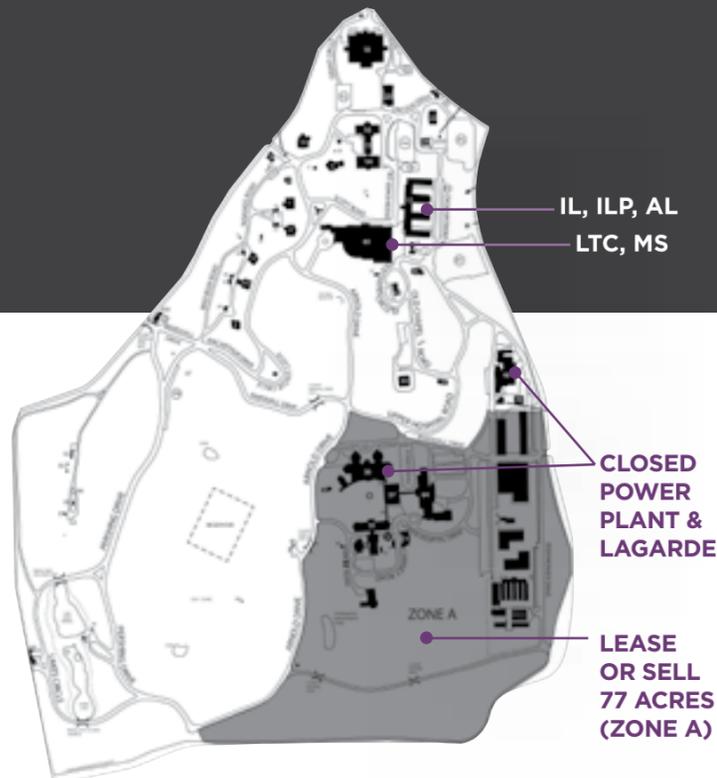
Risk Management *continued*

#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 LRF, we expect to sell or lease excess property by 2015.

The AFRH-W New Operational Footprint



AFRH Conservation is promoted at the open house.

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.

#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.

The AFRH Campaign to Conserve is a rallying cry for sustainability.



PERFORMANCE

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

Performance Management

Performance Results

Budget Integration

Performance Measures

Human Capital Planning

Verification & Validation



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.

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.

SUMMARY

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.



“The new medical center is gorgeous—it’s everything I hoped for.”

*—Dr. Kailash Chopra
(AFRH-W Chief Medical Officer)*



“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.”

PERFORMANCE MANAGEMENT

EVOLVED

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.

AFRH Strategic Goals = Federal High-priority Performance Goals



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



PARTNERING



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.

A bowling ramp helps Angelo "Larry" Papale (Air Force, AFRH-G) bowl with Keesler AFB Volunteers.



PERFORMANCE RESULTS

DELIGHTED

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.



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

GOAL 1 Embrace Resident-centered Care

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

Measures	Results
CARF accreditation	✓ (valid thru FY 2016)
Resident satisfaction	✓ (86% approval)
Resident assessments	✓ (ILP, AL, LTC & MS)

Achievements

Agency

- Implemented new Senior TV
- Deployed Agency Communication Plan
- Achieved 508 compliance on website⁸
- 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
LTC = Long-Term Care

AIP = Aging in Place
AL = Assisted Living

MS = Memory Support
PCC = Person-centered Care

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.

High-priority Performance

⁸Federal mandate to accommodate vision impaired readers with pop-up descriptions

AFRH FY 2013 Performance Snapshot

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

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

— MET — NOT MET

GOAL 2 *Maintain Exceptional Stewardship*

Focused Objectives

Lower Costs

- Leverage partnerships
- Improve efficiencies
- Expand conservation initiatives

Stabilize Finances

- Follow and update the LRFPP
- 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

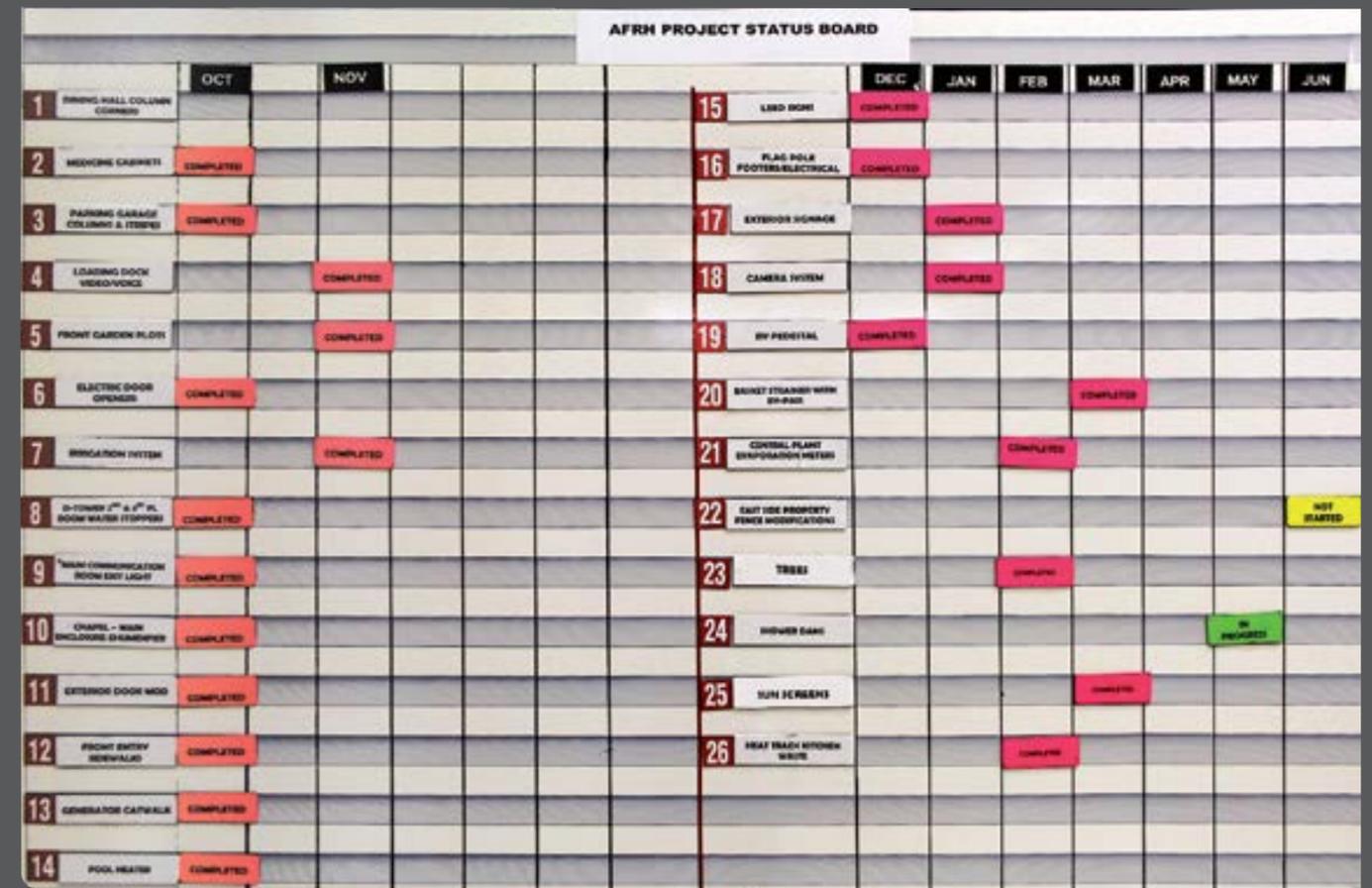
- Be proactive with inspections
- Improve current policies
- Report financials effectively
- Improve budget request documentation
- Focus on Internal Controls
- Deploy Communication Plan
- Manage risk continually

Measures

Results

Trust Fund Solvency	✓ (Solvent long term)
Financial Reporting Accuracy	✓ (Unqualified Audit Opinion)
Housing for Veterans	✓ (Scott Project on budget & schedule)
Trust Fund Growth	✗ (No foreseeable immediate growth)
Cost Avoidance	✓ (LaGarde & Power Plant closures)

Bill Striegel (Performance Improvement, AFRH-W) teams with Dr. Karen Tillman-McCombs (AFRH Performance Improvement Integrator).



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

Achievements

- Explored methods to obtain a National Park Service grant
- Renovated the historic Sherman Building
- Initiated proposal via Department of Energy's Energy Savings Performance Contract (ESPC)
- Installed boilers in occupied buildings
- Reported carbon footprint & energy usage via EOs
- Facilitated closure of the Power Plant
- Opened & occupied the AFRH-W Scott Building
- Reached final stages in development of the IT Strategic Plan
- Achieved LEED Gold certification for the Scott
- Adopted Microsoft 365 web-based email system
- Transferred manning and control of the AFRH-W Scale Gate to the Veterans Administration (VA)
- Trained all employees in Microsoft 365
- Renovated the AFRH-W Eagle Gate
- Moved to Electronic Health Record System (EHRS)
- Appraised excess AFRH-W acreage for lease / sale
- Trained all staff on Dr. Cloud (EHRS)
- Updated Federal directives Agency-wide

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 Growths

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

Measures

Results

Mandatory Training	✓ (85% participation in 4 required classes)
Employee Satisfaction	✓ (83% of personnel satisfied overall) ⁸
Workforce Growth	✓ (Development plans well underway)
Achievable PCC	✓ (Two initiatives per year – surpassed)

⁸ Only 95 / 297 staff responded. So, we must promote and solicit more feedback.



Our old saying is: happy staff, happy residents.

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



Being iced after physical therapy is standard. But, being chilly certainly is not.



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.

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

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

Measures

Make Congressional Contacts

✓ (Increased quarterly communication)

Hold Annual Community Events

✓ (2+ per campus per year)

Achievements

Sustained Congressional contact (re: earthquake repairs)

Held many Community events (AFRH-G):

- Cruisin' the Coast event (Oct. 2012)
- Veterans Day Community event (Nov. 2012)
- Community Open House Memorial Day (June 2013)

Held 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)



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



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



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



The AFRH-G Mardi Gras gala is simply grand with a float by partner AbilityWorks.



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

BUDGET INTEGRATION

PRIORITIZED

Since FY 2009, the AFRH has tracked its net costs by Strategic Goals. This practice helps us see exactly where our vital funds are being spent. This is commonly referred to as “performance budget integration with goals”, and it allows us to make adjustments should there be an imbalance in prioritized spending.

FY 2013 was the first year we culled data from our FY 2011-15 Strategic Goals. True to form, the AFRH once again spent a clear majority of its budget on its

number one goal “Embrace Resident-centered Care” (formerly Exceptional Service). After all, our singular mission is to provide a premier retirement community with exceptional residential care and extensive support services to our nation’s veterans.

The AFRH consistently spends the most on resident service.

AFRH Spending by Strategic Goals

IN MILLIONS OF DOLLARS: (\$64.2)



“It’s like a cruise ship. All these activities to choose from.”

—Mary Vodinelich
(Navy, AFRH-G)

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!”

PERFORMANCE MEASURES

TESTED

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.



Capt. Cheryl Ann Borden (Navy) and Col. Randall White (Air Force) navigate AFRH healthcare.



“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.

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

Per the National Defense Authorization Act for FY 2012: “Not less often than annually, the Advisory Council shall submit to the Secretary of Defense a report summarizing its activities and recommendations with respect to the Retirement Home”. See [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.

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, work groups, 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: 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.)

	Customer Service "Excellent" or "Good"		
	Responded	Target	Result
AFRH-G:	214 (48%)	70%	87%
AFRH-W:	169 (37%)	70%	84%

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 Buildings⁹.

Gulfport Victory:

Problem: food temperature was a notable concern.

Solution: a food improvement action plan was written.

Results: Person-centered dining really satisfies.

Overall Experience "Excellent" or "Good"

	Surveys Returned	Target	Result
AFRH-G:	237	70%	83.5%
AFRH-W:	186	70%	88.7%

Washington: Improved PCC Dining Shows Higher Ratings

Excellent & Good ratings	2011	2013
Menu selection options	Not surveyed	83.9%
Quality of the food served	70.9%	86.6%
Quality of the service	82.9%	91.4%
Extended hours for meals	Not surveyed	78.5%
Temperature of the food	Not surveyed	73.1%
Overall dining experience	71.9%	88.7%

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.

	Customer Service "Excellent" or "Good"		
	Responded	Target	Result
AFRH-G:	35	70%	91%
AFRH-W:	66	70%	98%



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.

⁹ October–March: the AFRH-W operated kitchens in LaGarde & Sheridan prior to opening Scott Building.

PERFORMANCE MEASURES (CONTINUED)

SURVEY: FACILITIES, ACTIVITIES & SERVICE

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.

	Preferred Facilities	Favorite Activities:
AFRH-G	Fitness Center & Exercise Community Center Walking Trails The Library	Birthday Celebrations Daytrips Ice Cream Socials Cookouts & Picnics
AFRH-W	The Library* Movie Theater* Fitness Center & Exercise* Community Center* Thrift Store*	Cookouts Daytrips July 4th Celebration Ice Cream Socials

**New Scott Building*

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.”

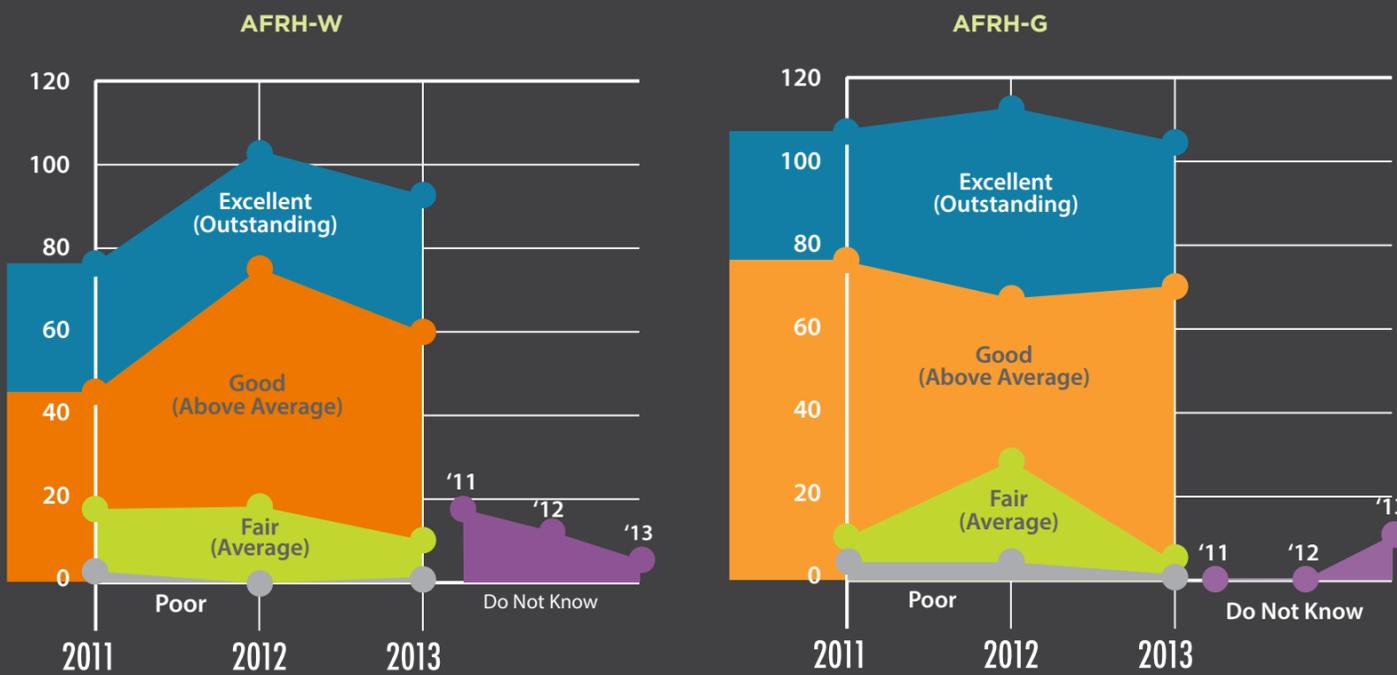
PERFORMANCE MEASURES (CONTINUED)

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.

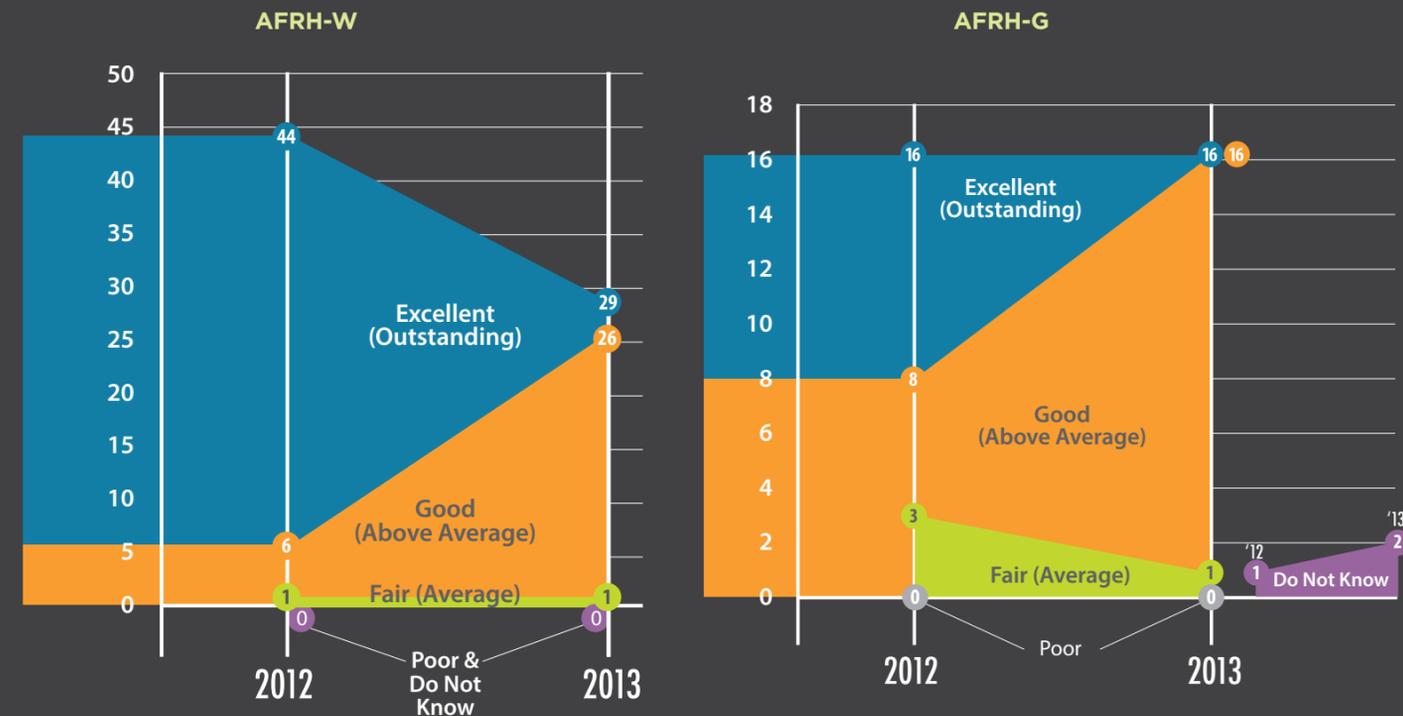
The AFRH trend for high customer service endures



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



Constructive employee feedback is a valuable measure



“Working at AFRH is ‘Very Good’ or ‘Better’”: 83%

	Responded	Target	Result
AFRH-G:	64/100 (64%)	70%	88%
AFRH-W:	31/197 (16%)	70%	73%

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%).

To gather more feedback, we conduct employee focus groups, brown bag lunches, and staff-centered action

committees. Plus, the AFRH COO hosts quarterly staff meetings at both communities and gladly answers questions on the spot.

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.

HUMAN CAPITAL

RECHARGED

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.



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

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.



VERIFICATION & VALIDATION

REASSURED

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.

Arvin Dillon (Air Force, AFRH-W) is overjoyed with aloha from the island performers.



Farris Dozier (Army, AFRH-W) waits patiently for Bubba at the AFRH-W fishing rodeo.



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)

Policy Statements	6
Notices	9
Directives	7
Fact Sheets	4

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)



Roy Cogle III and Roy Cogle, Jr. (Navy, AFRH-W) are the first father / son duo on the Diamondbacks.



David Sampson (Air Force, AFRH-G) dons a foot-high hairdo for clown Bello Nock.

“I’m just relaxing and enjoying life here.”

—James Taylor (Navy, AFRH-G)

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.



FINANCIAL

PARTNERING



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.”

“My life’s been quite colorful.”

—Charles Vouaux (Air Force, AFRH-W)

Fiscal Overview

CFO Message

Independent Auditor’s Report

Financial Statements

Notes to the Financial Statements

Required Supplementary Information



FISCAL OVERVIEW

STABILIZED

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

"I collect resident fees and manage campus purchases."

—Katie Lindsey
(Budget Analyst, AFRH-G)



"My whole life was two years behind everyone else's."

—Stanley Sagara
(Army, AFRH-G)

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.

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

FY 2013 AUDIT LETTERS



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

INDEPENDENT AUDITOR'S REPORT

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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected 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 its net costs, 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.

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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 the 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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)

BROWN & COMPANY CPAs, PLLC

providing a statement of assurance on the overall effectiveness of internal control over financial reporting, (3) ensuring AFRH's financial management systems are in substantial compliance with the Federal Financial Management Improvement Act (FFMIA) and applicable laws for which OMB Bulletin 14-02 requires testing, and (4) ensuring compliance with other applicable laws and regulations.

Auditor's Responsibilities

We are responsible for: (1) obtaining a sufficient understanding of internal controls over financial reporting to plan the audit, (2) testing compliance with certain provisions of laws and regulations that have a direct and material effect on the financial statements and applicable laws for which OMB Bulletin No. 14-02 requires testing, and (3) applying certain limited procedures with respect to the MD&A and other RSI.

We did not evaluate all internal controls relevant to operating objectives as broadly established by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to AFRH. We limited our tests of compliance to certain provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB Bulletin No. 14-02 that we deemed applicable to AFRH's financial statements for the fiscal year ended September 30, 2013. We caution that noncompliance with laws and regulations may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

Purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters

The purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters sections of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of AFRH's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AFRH's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

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

Largo, Maryland
December 16, 2013

=====**BROWN & COMPANY CPAS, PLLC**=====>



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

—Roger Pohemus (Army, AFRH-W)

A retired member of the Army, 87-year-old 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.



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.

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

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

Armed Forces Retirement Home
STATEMENT OF NET COST
 For the Fiscal Years Ended September 30, 2013 AND 2012
 (In Dollars)

	2013	2012
PROGRAM COSTS:		
Program: Embrace Resident-centered Care		
Gross Costs	\$ 54,204,183	\$ 57,030,276
Less: Earned Revenue	(11,278,617)	(11,456,608)
Net Program Costs	\$ 42,925,566	\$ 45,573,668
Program: Maintain Exceptional Stewardship		
Gross Costs	\$ 14,250,151	\$ 14,993,124
Less: Earned Revenue	(2,965,122)	(3,011,915)
Net Program Costs	\$ 11,285,029	\$ 11,981,209
Program: Promote Staff-centered Environment		
Gross Costs	\$ 2,224,096	\$ 2,340,055
Less: Earned Revenue	(462,782)	(470,085)
Net Program Costs	\$ 1,761,314	\$ 1,869,970
Program: Leverage External Stakeholders		
Gross Costs	\$ 1,767,685	\$ 1,859,849
Less: Earned Revenue	(367,814)	(373,618)
Net Program Costs	\$ 1,399,871	\$ 1,486,231
NET COST OF OPERATIONS	\$ 57,371,780	\$ 60,911,078

The accompanying footnotes are an integral part of these financial statements

Armed Forces Retirement Home
STATEMENT OF CHANGES IN NET POSITION
 For the Fiscal Years Ended September 30, 2013 AND 2012
 (In Dollars)

	2013	2012
Cumulative Results of Operations:		
Beginning Balances	\$ 442,247,006	\$ 445,018,579
Budgetary Financing Sources:		
Appropriations Used	-	14,630,000
Nonexchange Revenue	37,319,255	41,802,249
Donations and Forfeitures of Cash and Cash Equivalents	15,830	45,876
Other Financing Sources (Non-Exchange):		
Donations and Forfeitures of Property	341,968	-
Imputed Financing Sources (Note 12, 16)	1,589,854	1,661,380
Other	-	-
Total Financing Sources	39,266,907	58,139,505
Net Cost of Operations	(57,371,780)	(60,911,078)
Net Change	(18,104,873)	(2,771,573)
Cumulative Results of Operations	\$ 424,142,133	\$ 442,247,006
Unexpended Appropriations:		
Appropriations Received	-	14,630,000
Appropriations Used	-	(14,630,000)
Total Budgetary Financing Sources	-	-
Total Unexpended Appropriations	\$ -	\$ -
Net Position	\$ 424,142,133	\$ 442,247,006



Residents and staff harvest an abundance of fresh, healthy vegetables at AFRH-G.

The accompanying footnotes are an integral part of these financial statements

Armed Forces Retirement Home
STATEMENT OF BUDGETARY RESOURCES
 For the Fiscal Years Ended September 30, 2013 AND 2012
 (In Dollars)

	2013	2012
Budgetary Resources:		
Unobligated Balance Brought Forward, October 1	\$ 33,800,963	\$ 29,089,054
Recoveries of Prior Year Unpaid Obligations	3,964,294	7,187,512
Unobligated balance from prior year budget authority, net	37,765,257	36,276,566
Appropriations	46,387,126	96,960,000
Spending authority from offsetting collections	5,511	471
Total Budgetary Resources	\$ 84,157,894	\$ 133,237,037
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	\$ 133,237,037
Change in Obligated Balance		
Unexpended Obligations:		
Unpaid Obligations, Brought Forward, October 1	\$ 66,531,621	\$ 96,995,229
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	\$ 46,392,637	\$ 96,960,471
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 Offsetting 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

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.

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.

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.

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

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

E. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the AFRH funds with Treasury in expenditure, receipt, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The AFRH does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand.

F. Investment in U.S. Government Securities

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

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

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

G. Accounts Receivable

Accounts receivable consists of amounts owed to the AFRH by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees.

An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

H. Property, Equipment, and Software

The AFRH owns the land and buildings in which both homes operate. The majority of the property, equipment and software is used to provide residential and health care to members and is valued at cost. Equipment purchased, transferred, or donated with an acquisition cost greater than or equal to \$50,000 per unit is capitalized. Routine maintenance is expensed when incurred. Construction costs are capitalized as construction-in-progress until the asset is completed then transferred to the appropriate property account. Depreciation expense is recognized on property, equipment and software with the exception of construction-in-progress. Depreciation is recognized using the straight-line method over the assets' useful lives. Other equipment is expensed when purchased. Most AFRH heritage assets are multi-use facilities and are classified as general property, equipment and software. The useful lives used when recording depreciation on property, equipment and software are as follows:

Description	Useful Life (yrs)
Improvements to Land	10-20
Buildings and Improvements	20-50
Equipment	5-10

I. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

J. Liabilities

Liabilities represent the amount of funds likely to be paid by the AFRH as a result of transactions or events that have already occurred.

The AFRH reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these

categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources. Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave and actuarial FECA.

K. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 50% beginning FY 2012 and 100% in 2014.

L. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the AFRH employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the AFRH terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims.

Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

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 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 employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, 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 AFRH for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. AFRH recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

AFRH does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

N. Other Post-Employment Benefits

AFRH employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (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.

O. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

nized 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.

Q. Reclassification

Certain fiscal year 2012 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

P. Imputed Costs / Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recog-

NOTE 2. FUND BALANCE WITH TREASURY

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

	2013	2012
FUND BALANCES:		
Trust Funds	\$ 3,541,350	\$ 17,836,404
Investments	66,296,115	112,674,756
Less: Accrued Interest and Unamortized	(963,986)	(1,042,279)
Total	\$ 68,873,479	\$ 129,468,881
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:

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Securities:						
Marketable	\$ 65,338,335	Interest	\$ 119,501	\$ 838,279	\$ 66,296,115	\$ 70,443,619
Total	\$ 65,338,335		\$ 119,501	\$ 838,279	\$ 66,296,115	\$ 70,443,619

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

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value Disclosure
Intragovernmental Securities:						
Marketable	\$ 111,638,684	Interest	\$ 197,605	\$ 838,467	\$ 112,674,756	\$ 118,868,218
Total	\$ 111,638,684		\$ 197,605	\$ 838,467	\$ 112,674,756	\$ 118,868,218

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 to 5.125 percent, respectively.

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with dedicated collections. The cash receipts collected from the public for a dedicated collection fund are deposited in the U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to the Agency name as evidence of its receipts. Treasury securities are an asset to the Agency name and a liability to the U.S. Treasury. Because the Agency name and the U.S. Treasury are both parts of the Government, these assets and liabilities offset each other from the standpoint of the Government as a whole. For this reason, they do not represent an asset or a liability in the U.S. Government-wide financial statements.

Treasury securities provide the Agency name with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When the Agency name requires redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

“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:

	2013		2012	
Intragovernmental:				
Accounts Receivable	\$	1,453,563	\$	1,520,495
Total Intragovernmental Accounts Receivable	\$	1,453,563	\$	1,520,495
With the Public:				
Accounts Receivable	\$	508,656	\$	249,362
Total Public Accounts Receivable	\$	508,656	\$	249,362
Total Accounts Receivable	\$	1,962,219	\$	1,769,857

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

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

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

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

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.

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

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:

	Current	Non Current	Total
Intragovernmental:			
FECA Liability	\$ 159,670	\$ 1,300,856	\$ 1,460,526
Payroll Taxes Payable	116,894	-	116,894
Total Intragovernmental Other Liabilities	\$ 276,564	1,300,856	1,577,420
With the Public:			
Payroll Taxes Payable	\$ 16,232	\$ -	\$ 16,232
Accrued Funded Payroll and Leave	369,534	-	369,534
Unfunded Leave	1,212,690	-	1,212,690
Other	22,544	-	22,544
Total Public Other Liabilities	\$ 1,621,000	\$ -	\$ 1,621,000

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

	Current	Non Current	Total
Intragovernmental:			
FECA Liability	\$ 118,036	\$ 1,518,410	\$ 1,636,446
Payroll Taxes Payable	270,588	-	270,588
Total Intragovernmental Other Liabilities	\$ 388,624	1,518,410	1,907,034
With the Public:			
Payroll Taxes Payable	\$ 42,201	\$ -	\$ 42,201
Accrued Funded Payroll and Leave	931,460	-	931,460
Unfunded Leave	1,319,304	-	1,319,304
Custodial Liability	37,981	-	37,981
Total Public Other Liabilities	\$ 2,330,946	\$ -	\$ 2,330,946

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

	Capital Fund	Earthquake Fund	Hurricane Katrina Fund	Operations & Maintenance Fund	Total Dedicated Collections
Balance Sheet					
Assets					
Fund Balance with Treasury	\$ (34,464,564)	\$ 138,764	\$ 70,740	\$ 37,796,410	\$ 3,541,350
Investments	-	-	-	66,296,115	66,296,115
Accounts Receivable	-	-	-	1,962,219	1,962,219
Property, Equipment, and Software	134,921,352	14,497,476	215,408,441	-	364,827,269
Total Assets	\$ 100,456,789	\$ 14,636,240	\$ 215,479,181	\$ 106,054,743	\$ 436,626,953
LIABILITIES AND NET POSITION					
Accounts Payable	\$ (17,400)	\$ (70,419)	\$ -	\$ 1,430,725	\$ 1,342,906
Other	-	-	-	11,141,914	11,141,914
Cumulative Results of Operations	100,474,189	14,706,659	215,479,181	93,482,104	424,142,133
Total Liabilities and Net Position	\$ 100,456,789	\$ 14,636,240	\$ 215,479,181	\$ 106,054,743	\$ 436,626,953
Statement of Net Cost					
Program Costs	\$ 3,784,557	\$ -	\$ 4,119,014	\$ 64,542,544	\$ 72,446,115
Less: Earned Revenues	-	-	-	(15,074,335)	(15,074,335)
Net Program Costs	3,784,557	-	4,119,014	49,468,209	57,371,780
Net Cost of Operations	\$ 3,784,557	\$ -	\$ 4,119,014	\$ 49,468,209	\$ 57,371,780
Statement of Changes in Net Position					
Net Position Beginning of Period	\$ 18,937,255	\$ (14,630,000)	\$ 227,190,014	\$ 210,749,737	\$ 442,247,006
Net Cost of Operations	(3,784,557)	-	(4,119,014)	(49,468,209)	(57,371,780)
Taxes and Other Nonexchange Revenue	-	-	-	37,677,053	37,677,053
Other Revenue	-	-	-	1,589,854	1,589,854
Changes in Net Position	(3,784,557)	-	(4,119,014)	(10,201,301)	(18,104,873)
Net Position End of Period	\$ 15,152,698	\$ (14,630,000)	\$ 223,071,000	\$ 200,548,436	\$ 424,142,133

NOTE 10. DEDICATED COLLECTIONS

Schedule of Dedicated Collections as of September 30, 2012

	Capital Fund	Earthquake Fund	Hurricane Katrina Fund	Operations & Maintenance Fund	Total Dedicated Collections
Balance Sheet					
Assets					
Fund Balance with Treasury	\$ (43,217,085)	\$ 13,323,316	\$ 726,795	\$ 47,003,378	\$ 17,836,404
Investments	-	-	-	112,674,756	112,674,756
Accounts Receivable	-	-	-	1,769,857	1,769,857
Property, Equipment, and Software	105,874,019	13,000,000	-	220,900,460	339,774,479
Total Assets	\$ 62,656,934	\$ 26,323,316	\$ 726,795	\$ 382,348,451	\$ 472,055,496
LIABILITIES AND NET POSITION					
Accounts Payable	\$ 502,594	\$ 11,693,316	-	\$ 4,921,361	\$ 17,117,271
Other	-	-	-	12,691,219	12,691,219
Cumulative Results of Operations	62,154,340	14,630,000	726,795	364,735,871	442,247,006
Total Liabilities and Net Position	\$ 62,656,934	\$ 26,323,316	\$ 726,795	\$ 382,348,451	\$ 472,055,496
Statement of Net Cost					
Program Costs	\$ 5,074,389	\$ 14,630,000	-	\$ 56,518,912	\$ 76,223,303
Less: Earned Revenues	-	-	-	(15,312,225)	(15,312,225)
Net Program Costs	5,074,389	14,630,000	-	41,206,687	60,911,078
Net Cost of Operations	\$ 5,074,389	\$ 14,630,000	\$ -	\$ 41,206,687	\$ 60,911,078
Statement of Changes in Net Position					
Net Position Beginning of Period	\$ 67,228,729	\$ -	\$ 227,190,014	\$ 150,599,836	\$ 445,018,579
Net Cost of Operations	(5,074,389)	(14,630,000)	-	(41,206,687)	(60,911,078)
Taxes and Other Nonexchange Revenue	-	-	-	56,478,125	56,478,125
Other Revenue	-	-	-	1,661,380	1,661,380
Changes in Net Position	(5,074,389)	(14,630,000)	-	16,932,818	(2,771,573)
Net Position End of Period	\$ 62,154,340	\$ (14,630,000)	\$ 227,190,014	\$ 167,532,654	\$ 442,247,006

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:

	2013	2012
Program: Embrace Resident-centered Care		
Intragovernmental Costs	\$ 8,901,546	\$ 9,028,815
Public Costs	45,302,637	48,001,461
Total Program Costs	54,204,183	57,030,276
Intragovernmental Earned Revenue	(1,634,914)	(2,196,106)
Public Earned Revenue	(9,643,703)	(9,260,502)
Net Program Costs	42,925,566	45,573,668
Program: Maintain Exceptional Stewardship		
Intragovernmental Costs	2,340,196	2,373,654
Public Costs	11,909,955	12,619,470
Total Program Costs	14,250,151	14,993,124
Intragovernmental Earned Revenue	(429,815)	(577,351)
Public Earned Revenue	(2,535,307)	(2,434,564)
Net Program Costs	11,285,029	11,981,209
Program: Promote Staff-centered Environment		
Intragovernmental Costs	365,247	370,468
Public Costs	1,858,849	1,969,587
Total Program Costs	2,224,096	2,340,055
Intragovernmental Earned Revenue	(67,083)	(90,110)
Public Earned Revenue	(395,699)	(379,975)
Net Program Costs	1,761,314	1,869,970
Program: Leverage External Stakeholders		
Intragovernmental Costs	290,293	294,444
Public Costs	1,477,392	1,565,405
Total Program Costs	1,767,685	1,859,849
Intragovernmental Earned Revenue	(53,317)	(71,618)
Public Earned Revenue	(314,497)	(302,000)
Net Program Costs	1,399,871	1,486,231
Total Intragovernmental Costs	11,897,281	12,067,381
Total Public Costs	60,548,834	64,155,923
Total Costs	72,446,115	76,223,304
Total Intragovernmental Earned Revenue	(2,185,129)	(2,935,184)
Total Public Earned Revenue	(12,889,205)	(12,377,041)
Total Net Costs	\$ 57,371,780	\$ 60,911,078

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONT'D)

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:

	2013	2012
Office of Personnel Management	\$ 1,589,854	\$ 1,661,380
Total Imputed Financing Sources	\$ 1,589,854	\$ 1,661,380

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:

	2013	2012
Direct Obligations, Category A	\$ 62,531,720	\$ 65,444,019
Direct Obligations, Category B	4,489,597	19,362,055
Direct Obligations, Category C	-	14,630,000
Total Obligations Incurred	\$ 67,021,317	\$ 99,436,074

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.

	2013	2012
RESOURCES USED TO FINANCE ACTIVITIES:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 67,021,317	\$ 99,436,074
Spending Authority From Offsetting Collections and Recoveries	(3,964,294)	(7,187,512)
Offsetting Receipts	16,642,628	(27,330,935)
Net Obligations	79,699,651	64,917,627
Other Resources		
Imputed Financing From Costs Absorbed By Others	1,589,854	1,661,380
Other Resources	341,968	-
Net Other Resources Used to Finance Activities	1,931,822	1,661,380
Total Resources Used to Finance Activities	81,631,473	66,579,007
Resources Used to Finance Items Not Part of the Net Cost of Operations	(34,975,828)	(16,792,302)
Total Resources Used to Finance the Net Cost of Operations	46,655,645	49,786,705
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:		
	10,716,135	11,124,373
Net Cost of Operations	\$ 57,371,780	\$ 60,911,078



James Pulliam (Navy, AFRH-G) catches up on American history and current events in the Library.

**Armed Forces Retirement Home
REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION
For the Years Ended September 30, 2013 AND 2012**

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.

Armed Forces Retirement Home Required Supplementary Information Intragovernmental Transactions As of September 30, 2013

Intragovernmental Assets

Agency	Fund Balance with Treasury	Investments	Accounts Receivable	Total
Treasury	\$ 3,541,350	\$ 66,296,115	\$ -	\$ 69,837,465
Air Force	-	-	472,183	472,183
Army	-	-	954,221	954,221
United States Coast Guard	-	-	27,159	27,159
Total	\$ 3,541,350	\$ 66,296,115	\$ 1,453,563	\$ 71,291,028

Intragovernmental Liabilities

Agency	Accounts Payable and Accruals	Payroll Taxes	Other	Total
Treasury General Fund	\$ -	\$ 116,893	\$ -	\$ 116,893
Department of Labor	-	-	1,460,527	1,460,527
Total	\$ -	\$ 116,893	\$ 1,460,527	\$ 1,577,420



***"Time flies when you have fun.
And we have fun here."***

—Andy Lemstra (Army, AFRH-G)

PARTNERING



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.

ACCOMPANYING INFO

PARTNERING



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)

Final Requirements

The IG Letter

2014 Management & Performance Challenges

Response to 2013 Challenges

Improper Payments

Summary of Financial Statement Audit & Assurances

Various Acronyms

Special Thanks

FINAL REQUIREMENTS

RESOLVED

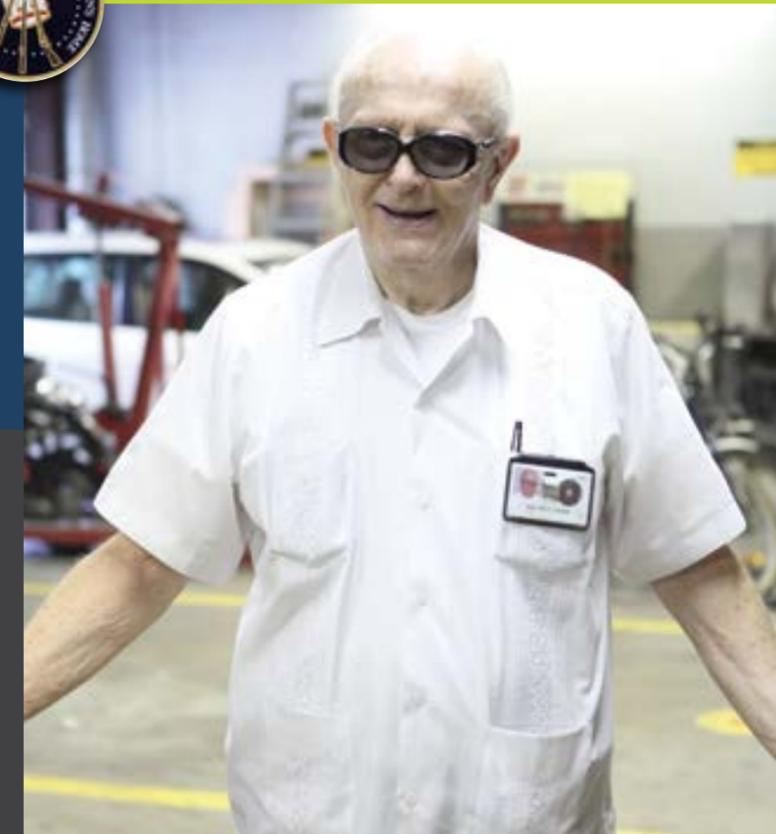
We are thrilled that we can share all of our 2013 achievements with you. This final part of the PAR, ACCOMPANYING INFO, satisfies additional Federal reporting requirements. Here we provide data on our Improper Payments, the Summary of our Financial Statement Audit, Assurances, and the Inspector General (IG) assessment.

The Reports Consolidation Act of 2000 requires each Federal agency IG annually to identify and assess the most serious management and performance challenges facing the AFRH. The IG also reports the steps have been taken to mitigate and correct those challenges.

Visitors scale the stone stairwell to the AFRH-W Sherman Building clock tower.



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



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.”

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)



Office of the AFRH Inspector General (IG)
Armed Forces Retirement Home
3700 N. Capitol Street
Washington, DC 20011-8400

DATE: December 16, 2013
TO: Steven G. McManus, COO
SUBJECT: IG Statement on FY14 Challenges

In accordance with Section 3 of the Reports Consolidation Act of 2000, each Federal agency IG must provide a statement outlining the most serious challenges facing the organization. Per the new Government Performance and Results Modernization Act, these challenges link directly to the President’s initiative to improve performance via AFRH High-priority Performance Goals.

In FY 2013, the AFRH completed the Scott Project, a major milestone for implementing Person-centered Care at the AFRH-W. The Gulfport facility completed in 2010 is also an ultramodern facility for senior living. Both Homes are now increasing resident service and quality of life and decreasing healthcare costs and maintenance fees. Given these new facilities, the staff had to alter resident programs, dining services, and recreational activities. Major achievements such as these do not happen every year and everyone is to be congratulated on the smooth transition that took place without major disruptions to daily living and work activities.

My responsibility is to provide objective oversight, advice, and monitoring as the AFRH moves forward to achieve its ultimate vision. The Challenges outlined here are gathered from careful observation throughout the year. I will outline how we met and overcame the FY 2013 Challenges and what remains to be done. Some new areas have emerged and we must press forward with a renewed sense of dedication to mitigate the associated risks.

I am proud of all that we have achieved so far. As we face these next steps, I will carefully observe, recommend, and support our staff to grow and succeed in my capacity as their IG.

Sincerely,

Sheila Abarr
AFRH Inspector General

FY 2014 CHALLENGES IDENTIFIED BY THE AFRH IG:

MANAGEMENT CHALLENGES

FINANCIAL

Ensure Trust Fund solvency and work within mandated budget reductions

RECOMMENDED ACTIONS

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

INFORMATION TECHNOLOGY

Establish and maintain an optimal technology operating environment

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

ACCREDITATION

Maintain CARF and Joint Commission accreditation

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

PERFORMANCE CHALLENGES

PERSON-CENTERED CARE (PCC)

Continue progress in PCC operations to enhance service delivery

RECOMMENDED ACTIONS

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

STAFF-CENTERED ENVIRONMENT

Address staff issues and concerns to improve working environment

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

AGING IN PLACE

Continue expansion and improvement of Aging in Place initiative

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



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

RESPONSE AND PROGRESS

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

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

Optimizing strategy for the Washington Master Plan revival

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

2013 PERFORMANCE CHALLENGES

RESPONSE AND PROGRESS

Continuing progress in PCC operations and enhancing its service delivery

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

Continuing the expansion of Aging-in-Place

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

Advancing IT throughout the entire Agency

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

Maintaining optimum financial management

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

FY 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:

FY 2013: 0

FY 2012: 0

FY 2011: 4

FY 2010: 2

FY 2009: 179*

FY 2008: 4

FY 2007: 4

FY 2006: 30

FY 2005: 1

*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)



FINAL ASSURANCES

ILLUMINATED

SUMMARY OF FINANCIAL STATEMENT AUDIT

In accordance with OMB Circular No. A-136, Financial Reporting Requirements, Section II.5.7, all Federal agencies are required to present and discuss each material weakness, non-conformance, and non-compliance.

This year, the auditors found no material weaknesses. Management Assurances for FMFIA are presented in the MD&A. The COO is pleased to report that neither non-compliance nor non-conformity is present at the AFRH.

FY 2013 RESULTS: NO MATERIAL WEAKNESSES + FULL COMPLIANCE

VARIOUS ACRONYMS

Acronym	Meaning
AAFES	Army and Air Force Exchange Service
ADA	Americans with Disabilities Act
AL	Assisted Living
ARC	Administrative Resource Center
AFRH	Armed Forces Retirement Home
BFS	Bureau of the Fiscal Service
BPD	Bureau of Public Debt
C&A	Certification and Accreditation
CARF/CCAC	Commission on Accreditation of Rehabilitation Facilities and Continuing Care Accreditation Commission
CCRC	Continuing Care Retirement Community
CFO	Chief Financial Officer
CHCO	Chief Human Capital Officer
CMMS	Computerized Maintenance Management System
CNA	Certified Nursing Assistant
COO	Chief Operating Officer
COR	Contracting Officer's Representative
COTS	Commercial-Off-The-Shelf
CRA	Continuing Resolution Act
CWOA	Chief Warrant & Warrant Officers Association US Coast Guard

Acronym	Meaning
DAPS	Document Automation and Production Service
DAV	Disabled American Veterans
DEIS	Draft Environmental Impact Statement
DEOMI	Defense Equal Opportunity Management Institute
DFAS	Defense Finance and Acquisition System
DHA	Defense Health Agency
DoD	Department of Defense
DOI	Department of Interior
DRMS	Defense Reutilization and Marketing Services
EEO	Equal Employment Opportunity
EFT	Electronic Funds Transfer
EHR	Electronic Health Records System
EMS	Electronic Medical System
ESPC	Energy Savings Performance Contract
FAIR	Federal Activities Inventory Reform
FAR	Federal Acquisition Regulation
FASAB	Federal Accounting Standards Advisory Board
FECA	Federal Employees Compensation Act
FEMA	Federal Emergency Management Agency
FEDInvest	Federal Investment (software application)
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act

Acronym	Meaning	Acronym	Meaning
FMFIA	Federal Managers Financial Integrity Act	NPSG	National Patient Safety Goals
FTE	Full-time Equivalents	O & M	Operations and Maintenance
FY	Fiscal Year	OIG	Office of the Inspector General
GAAP	Generally Accepted Accounting Principles	OMB	Office of Management and Budget
GPRA	Government Performance and Results Act	OPM	Office of Personnel Management
GPRMA	Government Performance and Results Modernization Act	OSD	Office of the Secretary of Defense
GSA	General Services Administration	OSHA	Occupational Safety and Health Administration
HCMR	Human Capital Management Report	PC	Personal Computer
HCSP	Human Capital Strategic Plan	PI	Performance Improvement
HSPD-12 PIV	Homeland Security Presidential Directive 12 - Personal Identification Verification	PII	Performance Improvement Integrator
IBC	Interior Business Center	PMD	Power Mobility Device
ICB	Internal Control Board	PPE	Property, Plant, and Equipment
IG	Inspector General	QIP	Quality Improvement Plan
IL	Independent Living	RAC	Resident Advisory Committee
ILP	Independent Living Plus Pilot	RADM	Rear Admiral
IPAC	Intragovernmental Payment and Collection System	RFP	Request for Proposal
IPERA	Improper Payments Elimination and Recovery Act 2010	RFQ	Request of Qualification
IPIA	Improper Payments Information Act 2002	RIS	Resident Information System
IT	Information Technology	RN	Registered Nurse
IP	Internet Protocol	SAS	Statement on Auditing Standards
JFMIP	Joint Financial Management Improvement Act	Seabees	Naval Construction Battalion
KHC	King Health Center	SHCP	Strategic Human Capital Plan
LEED	Leadership in Energy and Environmental Design	SF	Square Feet
LPN	Licenses Practical Nurse	SME	Subject Matter Experts
LRFP	Long Range Financial Plan	SOP	Standard Operating Procedure
LTC	Long Term Care	SSAE	Statement on Standards for Attestation Engagements
MCOC	Management Control Oversight Council	SSG	Service Study Group
MEO	More Efficient Organization	STAR	Systems Time and Attendance Report
MS	Memory Support	TeamSTEPPS	Team Strategies and Tools to Enhance Performance and Patient Safety
NCPC	National Capital Planning Commission	TMA	Tricare Management Activity
NAVFAC	Naval Facilities	TREA	The Retired Enlisted Association
NCOA	Non Commissioned Officer Association	USC	United States Code
NDAA	National Defense Authorization Act	USSGL	US Standard General Ledger
NFC	National Finance Center	VA	Veterans Administration
		VSO	Veteran Service Organization



“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.

SPECIAL THANKS

OVERJOYED

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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