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

VISION:

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

MISSION:

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

GUIDING PRINCIPLES:

Person-centered

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

Accountability

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

Integrity

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

Workforce Growth

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

Honor Heritage

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

Inspire Excellence

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

One Vision / One Mission / One Organization

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

The 2011 Summary of Performance and Financial Information (SPFI), summarizes AFRH performance over the last year. This SPFI was published on February 15, 2012 in Washington, DC. The complete FY11 Performance and Accountability Report (PAR), published by the Armed Forces Retirement Home (AFRH), Office of the Chief Financial Officer (CFO), is available online at: https://www.afrh.gov/afrh/about/par/afrhentirepar11.pdf

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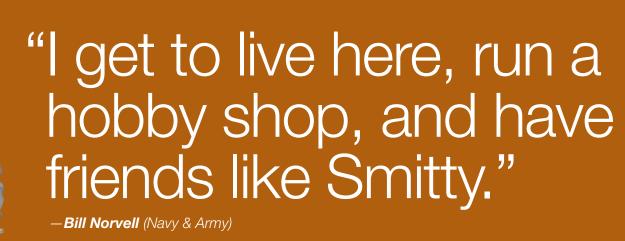
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At age 16, Bill began fixing cars. He soon discovered a lifelong passion to work on motorcycles, engines, and bicycles.

When he came to AFRH-G in 2002, he eagerly took over the bicycle shop. And he took a class and read books to learn new technical tricks. "It's like anything else when you have a gift…I just see things and can figure them out," said Bill.

Quickly, the bike shop became Bill's second home. Now he stays far beyond shop hours—because it doesn't seem like work. "I love helping residents—I even fix TV sets and walkers." Thanks to his dedication, our residents are more active and independent.

Bill is fortunate to get help from Nevylle "Smitty" Smith, a retired aircraft engine mechanic and fellow resident. Smitty rides his bike daily and works in the shop part-time. "He's super, and he's got a good head. I can say, 'I'll be gone a week—can you watch the shop?' And he takes care of everything."

STRATEGIC DIRECTION





Welcome to the AFRH 2011 SPFI. In FY11 the AFRH welcomed returning and new residents to the newly built AFRH-Gulfport and saw great progress on the Washington, DC Scott Project, which will be completed in 2013.

To keep pace with senior living trends, management refocused its strategies and performance to support the philosophy of Personcentered Care. This movement has several distinct core values, which guide all management and staff decisions. Those values include: choice, dignity, respect, self-determination, and purposeful living—all of which are delivered within the support structure of a caring environment. Learn more on our website, afrh.gov:

Person-centered Care.pdf



Each year, we provide the Office of Management and Budget (OMB) a detailed analysis of our performance and financial status in our annual Performance and Accountability Report (PAR). OMB requires that we also distill the financial and performance information into a more transparent format (here in the SPFI) and make it more accessible to Congress, the public, and key constituencies. This report has the same information as the PAR, but it's presented in this **condensed** format so you can easily see how AFRH has been fulfilling its

[From Public Law] – 24 US Code, Section 411
Establishment of Armed Forces Retirement Home
(b) Purpose – The purpose of the Retirement Home is to provide, throug the Armed Forces Retirement Home-Washington and the Armed Forces Retirement Home-Gulfport, residences and related services for certain

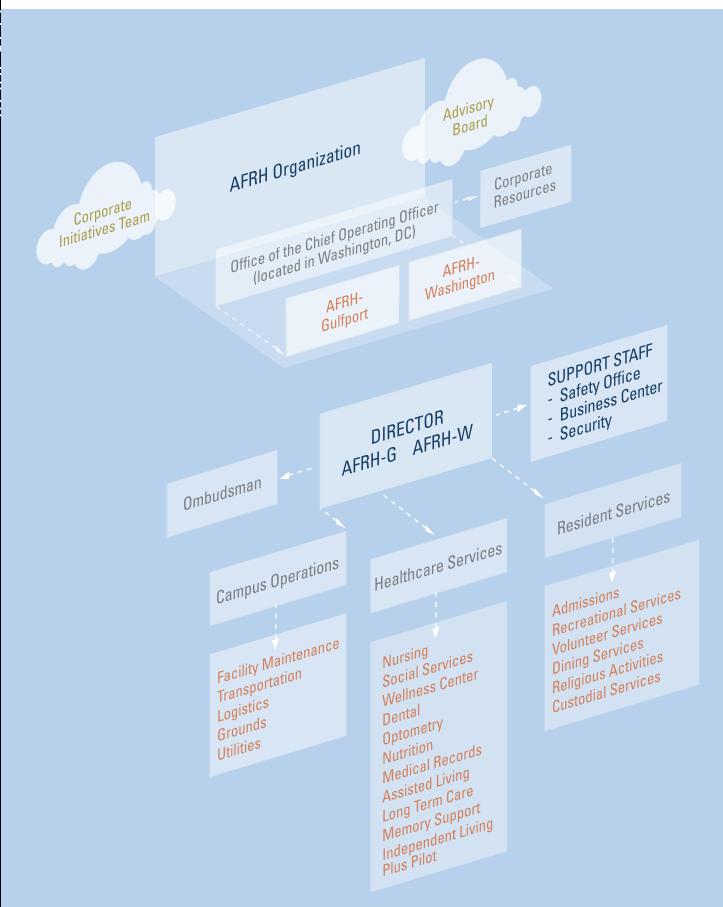
AFRH Key Documents:

AFRH Strategic Plan: https://www.afrh.gov/afrh/about/strategic2011-2015.pdf

AFRH Congressional Budget Justification: https://www.afrh.gov/afrh/about/Congressional justicationfy13.pdf

Chief Operating Officer Message (September 2011): https://www.afrh.gov/afrh/about/par/PAR_COO_ MESSAGE_2011.pdf

Management's Assurances (September 2011): https://www.afrh.gov/afrh/about/par/PAR_MGNT_ ASSURANCES_2011.pdf



RESIDENT POPULATION

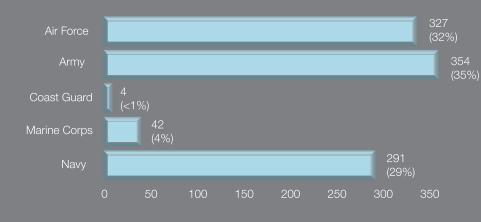
l	BY GENDER	BY WAR THEATER*	BY ELIGIBILITY (Some qualify under several criteria)
1	Male: 914 (90%)	World War II: 374 (27%)	Retiree: 772 (74%)
F	Female: 104 (10%)	Korean War: 466 (34%)	Service-connected Disability: 129 (12%)
		Vietnam: 500 (37%)	War Theater: 96 (9%)
		Grenada: 8 (1%)	Female (served before 1948): 54 (5%)
		Panama: 9 (1%)	
		Gulf War: 6 (<1%)	
		War on Terror: 1 (<1%)	
		*Some served in more than 1 war	

All the AFRH residents may share a common background of serving as enlisted or Warrant Officers in the US military. Beyond that, each resident is unique and colorful, and has a fascinating story to tell. Our aim is to help each one stay independent as long as possible.

First off, we offer our residents a wide range of events, programs, and activities that promote health and wellness. Plus, our pilot ILP program supports those who need extra assistance with daily living activities. Altogether, our progressive support promotes vitality while helping the residents to defy the limitations of aging. Over 85% of all our Residents are in Independent Living or the Independent Living Plus Pilot.

AFRH has an active stipend program that allows residents to work on campus. Many who are physically and mentally active treasure jobs giving tours, assisting volunteers, distributing mail, and more.

RESIDENTS BY US MILITARY BRANCH (2011)



As of September 30, 2011

RESIDENT ELIGIBILITY

(A) You must meet <u>ALL</u> of these criteria:

- You served as a member of the Armed Forces and at least one-half of that service was not active commissioned service (other than as a Warrant Officer or Limited-duty Officer)
- You are free of drug, alcohol, and psychiatric problems
- You have never been convicted of a felony
- You will enter the Home in Independent Living⁷ and tend to your personal needs, attend daily meals, and keep your medical appointments

(B) Plus <u>ONE</u> of the following criteria:

- You have at least 20 years of active duty service and are at least 60 years old, OR
- You are unable to earn a living due to a service-related disability, OR
- You are unable to earn a living due to a NONservice-connected disability, yet you served in a war theater or received hostile fire pay, OR
- You served in a women's component of the Armed Services before June 12, 1948

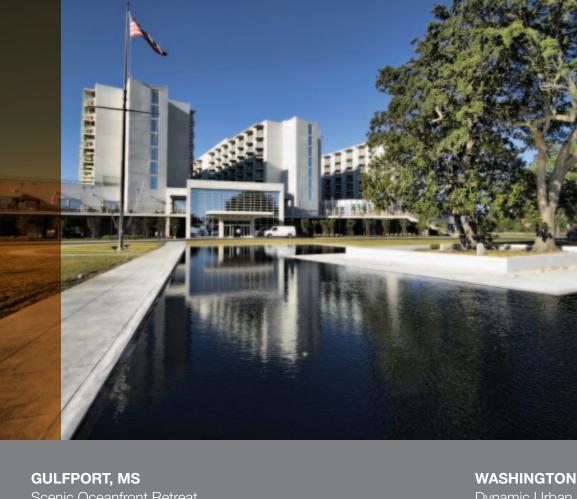
⁶Per US Code 24, Section 412 (24 USC.412)
⁷Higher care levels are available later, if residents need it

AFRH Locations

FACILITATING AUTONOMY

The original idea to create shelter for our former military began two centuries ago. The buildings and people serving those homes have come and support and secure environments.

Over the past few years, we have taken our unique brand of care a major step further by advancing resident independence. Our programs, services, and facilities have been upgraded and our philosophy of care has moved towards Person-centered Care and Aging in Place. Today, two AFRH senior living communities exist: one in Gulfport, MS and one in Washington, DC.





Scenic Oceanfront Retreat

AFRH-G is located on 47 acres on the Mississippi Sound in a relaxed southern setting. Sandy beaches, waterfront views, beautiful sunrises, fun casinos, and a charming town surround our Gulfport home. The old building, destroyed by Hurricane Katrina in 2005, was replaced with an energy-efficient facility with modern conveniences. Gulfport opened this state-of-the-art LEED Silver Certified living facility in October 2010. While this building is new, we are still tweaking its operations and enhancing the complex to deliver true Person-centered Care.

Learn more about AFRH-Gulfport at:

WASHINGTON, DC

Dynamic Urban Oasis

AFRH-W sits on 272 acres in the heart of Northwest Washington, DC. Beautiful trees, majestic views, tranguil wildlife, and historic landmarks encompass our Washington home. In a warm, country setting, it is nestled in the heart of our Nation's Capital, a vibrant metropolis. Venture off campus and you're just minutes from the Metro, bus line, White House, monuments, theaters, museums, pro sports and more. This historic home is in transition. By 2013 it will feature a modern LEED Gold Certified building and new amenities to further support Person-centered Care and Aging in Place.

Learn more about AFRH-Washington at:



Actor Gary Sinise and AFRH-W residents honor fallen warriors at the WWII Memorial.

Henry Pike (Marine Corps & Army) and Louis Nemec (Navy) cut the ribbon at "Glory on the Gulf".

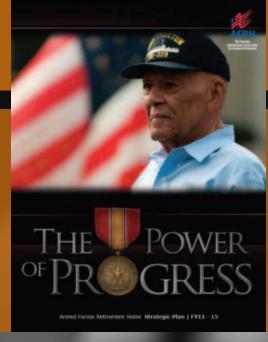
Congressman Joe Wilson & Raymond Whitelow (Air Force)

at AFRH-W in May.

INVIGORATING STRATEGY



The AFRH 2006-2010 Strategic Plan ended on a high note with the opening of the new facility in Gulfport. On the heels of this and other achievements, we refocused our person-centered approach to retirement living. The updated FY11-15 Strategic Plan builds on the original strategy's success while seeking new and better ways to manage the Agency. After all, prudent management and fiscal discipline put us in the position to re-create the AFRH in the first place.



See the full AFRH Strategic Plan at:

https://www.afrh.gov/afrh/about/strategic2011-2015.pdf



In keeping with the Obama Administration's approach to focus on measurable goals with high impact, the AFRH chose to focus on vital areas that impact its future. Below are the four key Goals of the AFRH:

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.



Promote Staff-centered Environments

Expand staff knowledge that directly impacts the accountability and efficiency of the Agency, which will in turn empower all employees to be proactive.

Maintain Exceptional Stewardship

Pursue and implement innovative ways to deflect, reduce, and manage costs by maximizing assets, resources, and programs to fulfill needs and wishes of current / future residents.

Leverage External Stakeholders

Harness, cultivate and focus our external stakeholders to become increasingly active participants who are engaged in AFRH operations in each of the next five years.

Performance Summary & Highlights

IMPRESSING ACHIEVEMENTS



ing bodies or the DoD IG, and when required by OPM. The AFRH Corporate maintains documentation for Agency accreditation and also manages issues, risks, and quality improvement derived from inspections.

OUR CHALLENGES

hard work and steadfast commitment. We are tracking progress on them regularly and are striving constantly to overcome them.

"The staff is concerned about each person. It's a receptive atmosphere."

- Esker McConnell, AFRH-W RAC Chair (Armv)

MANAGEMENT CHALLENGE

Return Residents to Gulfport and Initiate Programs & Services

> residents safely returned starting Oct 2010

INSPIRING RESULTS

> over 490 lived in Gulfport by Sep 2011

> staff was added to provide full services

Implement, Manage & Monitor AFRH-W **Scott Project Plan**

> Scott Building closed in Dec 2010

> old Scott demolished by end of Sep 2011 > Transition Period fully deployed using interim

spaces for programs & activities

UNEXPECTED EVENT

> the earthquake damaged Sherman Building.

> residents & staff were shaken, but safe.

PERFORMANCE CHALLENGE

Implement Scott Project Construction

INSPIRING RESULTS

> demolition & design-build is on-track

> preparing for groundbreaking: Nov 2011

> on time & within budget

Implement ILP Program

> AFRH-G ILP began; up to 39 by Sep 2011

> AFRH-W ILP up to 52 by Sep 2011; staff added

Implement e-Records / e-Health Records Systems

> HealthMEDX contracted for AFRH-G

> training at both AFRH-G & -W completed (to begin in FY12)

> internal controls & risks in sync with performance

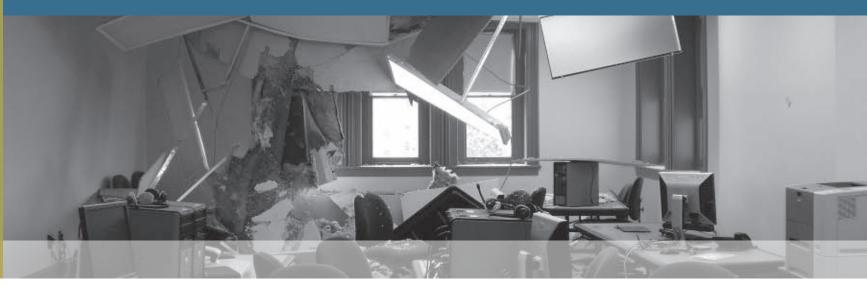
Financial Management of Operating Costs & Expenditures

improvement

> exceptional stewardship

> strategically transitioning to decrease resident populations in levels of care

> attainment of LRFP financial goals



During the earthquake, stone and debris crashed through the roof into our offices.

PERFORMANCE TRENDS & FY11 RESULTS

Performance Measures by Strategic Goals	Baseline Performance Measure Target set Before FY11*	Baseline Performance Measure Target set in FY11	FY07	FY08	FY09	FY10	FY11
Goal 1: EMBRACE RES	SIDENT-CENTERED CARE						
Accreditation*	In good standing	In good standing	Met	Met	Met	Met	Met
% of resident satisfaction*	70%	70%	Met	Met	Met	Met	Met
% of resident assessment plans*	95%	95%			Met	N/A	Met
Goal 2: MAINTAIN EXC	EPTIONAL STEWARDSH	IP					
Trust Fund solvency	Even balance of resources versus obligations	Even balance of resources versus obligations	Met	Met	Met	Met	Met
Accuracy of financial reporting*	Unqualified audit opinion	Unqualified audit opinion	Met	Met	Met	Met	Met
Housing for veterans (Scott Project)	On schedule and within budget	On schedule and within budget	Met	Met	Met	Met	Met
Trust Fund growth		Positive result of Washington Master Plan					NA
Cost avoidance		1 per year					Met
Goal 3: PROMOTE STA	FF-CENTERED ENVIRON	IMENTS					
Evidence of measurable training goals*	80% participation in 4 mandatory training classes for all staff	80% participation in 4 mandatory training classes for all staff	Met	Met	Not Met	Met	Met
% of Employee Climate Survey responses of "Excellent" or "Very Good"	70%	70%		Met	Not Met	Not Met	Met
Measureable evidence of growth beyond work activities		Development Plan					Met
Achievable Person-centered Care		2 initiatives per year					Met
Goal 4: LEVERAGE EXT	TERNAL STAKEHOLDERS	3					
Congressional contacts		Quarterly					Met
Annual community events		2 per community per year					Met



hen residents are asked what's so special about AFRH, a common answer is "the activities". Staff is the driving force behind activities—so our strategy to create a staff-centered environment where employees can thrive is definitely working. Susan Bergman is one employee who has the pleasure of seeing residents in action: "The more we add their interests onto the schedule, the more they want to come to activities. And that increases participation."

Bergman tracks resident participation monthly. In April, there were over 600 interactions, which meant over

80% engagement. Susan is very pleased with those results: "It's pretty cool, tracking that. You do it everyday but you don't immediately realize the cumulative impact. All those little interactions add up."

Recreational activities include music, cross-stitch, and field trips. Gardening is also a favorite pastime. Susan guides the residents to Walmart to choose seeds. Then, even those who didn't make the trip help plant, water, and nurture those seeds into big vegetables.

"Recreation makes a big difference in their lives."

—Susan Bergman
(Recreation & Music Therapist)

INSPIRING RESULTS

Once again, our financial management and resident satisfaction measures have earned high marks. Yet, the challenge remains to meet those measures that involve our staff. To improve results in this area, the AFRH has created a new strategic goal: Promote Staff-Centered Environments.

Our strategic and performance planning is a mix of measures from the 2006-2010 strategy combined with the new ones in our FY11-15 Strategic Plan. The summary below matches the measures that are reported in more detail in Performance.



PROPELLING RESOURCEFULNESS

The independent accounting firm Brown & Company expressed an Unqualified Opinion on our comparative FY11 and FY10 Financial Statements, Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position and Statement of Budgetary Resources. Further, Brown & Company 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. All Financial Statements and data have been prepared from the AFRH accounting records in conformity with Generally Accepted Accounting Principles (GAAP) as defined by the CFO's Act of 1990 and OMB.



AFRH Trust Fund: Solvent

AFRH is unique in that all funding comes from its Trust Fund, as allocated by Congress.

TRENDS: The Fund balance has fluctuated throughout its history, reaching dramatically low levels in the early 2000s. Through efficiencies and economies, management raised that balance to an all-time high of \$186 million last year. In FY11 the AFRH expended funds as an investment in future generations of residents via the Scott Project. This reduced the Trust Fund balance to \$162 million. Still, through our Long-Range Financial Plan (LRFP) we forecast that the Trust Fund will remain solvent and its balance will increase again to current levels by FY15.

Limitations of the Principal Financial Statements

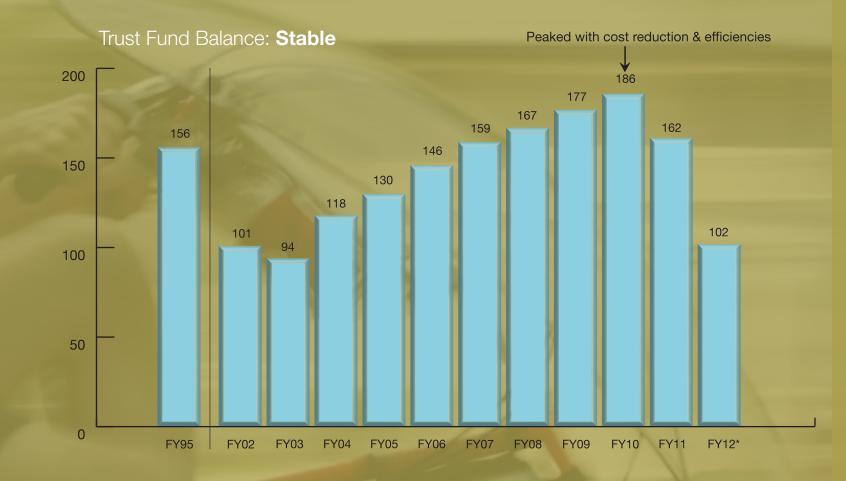
Our Statements have been prepared to report the financial position and operating results of AFRH, pursuant to the requirements of 31 U.S. 315(b). They were prepared following GAAP. These statements are in addition to financial reports prepared from the same books and records used to monitor and control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



7th Consecutive Unqualified Opinion

Audit Trends:

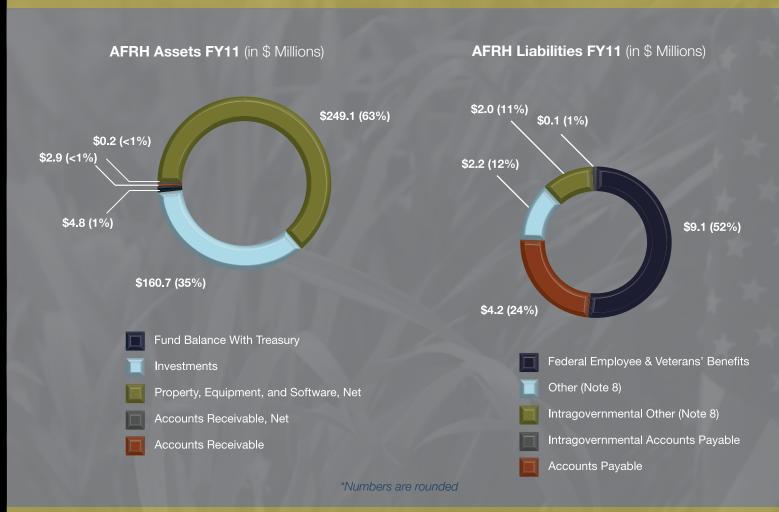
FY04	N/A
FY05	Unqualified
FY06	Unqualified
FY07	Unqualified
FY08	Unqualified
FY09	Unqualified
FY10	Unqualified
FY11	Unqualified Opi



*projected per new investments

Ending Net Position: Slight decrease

	FY11	FY10	Net changes:	% Change
Assets	\$ 462,654,637	\$ 478,932,570	(\$ 16,277,933)	-3%
Liabilities	\$ 17,636,058	\$ 16,776,584	\$ 859,474	+5%



Assets & Liabilities: Changing

Net Position is the current value of the Agency's assets less liabilities. Our Net Position at the end of FY11 (per the Consolidating Balance Sheet and the Consolidating Statement of Changes in Net Position) was \$445 million: a \$17 million decrease from the prior fiscal year. This decrease reflects spending from the Trust Fund for the ongoing Scott Project and standing up Gulfport.

Major Expenditures: Resident Care

The AFRH began tracking its expenditures by Strategic Goal in FY09. An analysis of that data shows that the Agency has been spending the greatest proportion of its funds on the Goal of Exceptional Service (which supported our High-priority Performance Goal of Healthcare and Improved Housing). The next highest expenditure was in Stewardship, encompassing the Agency's drive to modernize and improve operations. In FY11, the AFRH revamped its strategy. The data we currently have is mapped to FY06-10 Strategic Goals. Starting in FY12, data will be mapped to our new strategy.

Revenue: Fluctuating

AFRH FY11 Revenue Sources (in \$ Millions)



AFRH 5-year Revenue Trend

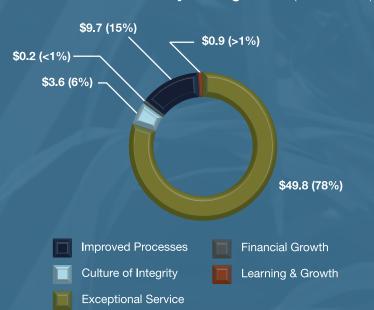


The AFRH Trust Fund, established by Congress in the 1800s, is the source of funding for all operations and capital expenditures. Its revenue comes from automatic deductions from active duty military (enlisted and Warrant Officer including US Coast Guard), 50 cents per month per person for the duration of service, plus Enlisted and Warrant Officer Fines & Forfeitures from all branches of military service and US Coast Guard, Interest Income (on Treasury Notes), Sales / Leases, and Resident Fees.

Enlisted Fines & Forfeitures are the main source of revenue for the AFRH Trust Fund, typically accounting for more than 50 percent. These funds come from conduct violations charged to eligible active duty personnel. In recent years, we have seen a decline in that revenue source.

Sales / Leases have decreased with the departure of the Corps of Engineers in Sherman North to make room for transitional dining for the Scott Project. Then, the earthquake forced the closure of Sherman, eliminating income from independent dormitory rooms for staff relocations and from the DC Public Charter School.

AFRH FY11 Net Costs by Strategic Goal (in \$ Millions)



Our new strategy focuses on Person-centered Care.

FY06-10 Strategic Goals

Exceptional Service / Financial Growth
Improved Processes / Learning & Growth
Culture of Integrity

FY11-15 Strategic Goals

Resident-centered Care / Exceptional Stewardship Staff-centered Environments / External Stakeholders

RESIDENT INPUT

Each year we survey our residents for their opinions and to see how effectively we are serving them. The results for Gulfport are the first since FY05.

FY11 Resident Surveys:

Dining: AFRH-G & W

Move-in: AFRH-G

Customer Service: AFRH-G & W

DINING

We keep them independent so they can visit their kids and travel abroad. Catherine & Harry Williamson (Army, Air Force)

Gulfport Dining Survey: (199 responded)	Result	Target	
(Overall Dining Experience = "Excellent" or "Good")	85%	70%	1
Washington Dining Survey: (183 responded)			
(Overall Dining Experience = "Excellent" or "Good")	85%	70%	/

MOVE-IN: Gulfport

The opening of the new Gulfport facility was a unique event. From October 2010 through this past summer, the population went from zero to nearly 500. Two separate move-in surveys were given to new residents (we did not include former Gulfport residents).

One survey from January - June 2011 netted 62 responses when the majority of the new residents arrived. From June through the end of the fiscal year we only had nine residents and used a different set of questions.

Results (January — June):		
Q: Overall, Did move-in service meet or exceeded your expectations? <i>Comments:</i> "Exceeded expectations", "wonderful services", "WOW!"	YES 62	NO 0

Results (July — September):

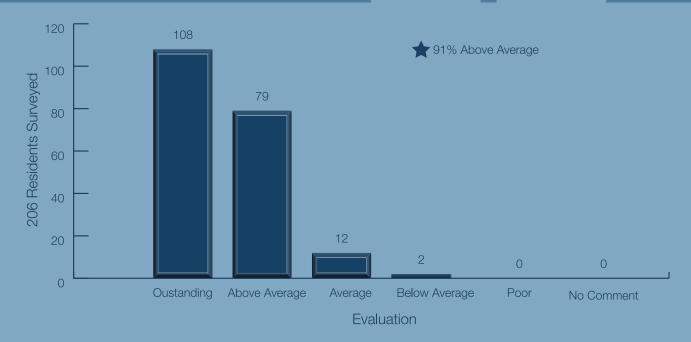
AFRH was above average on all aspects of moving in.

Comments:

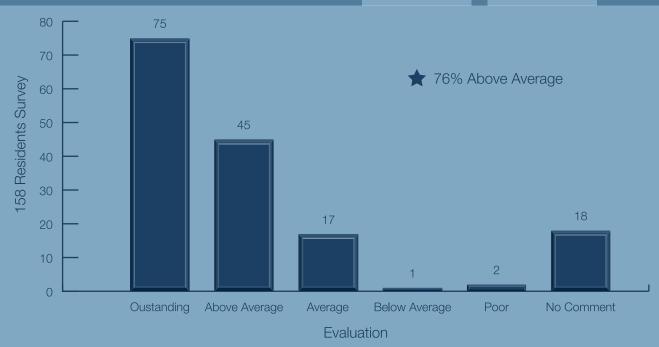
"I think everyone is doing just a fine job of making this 'Home' a comfortable experience."

CUSTOMER SERVICE

Gulfport: (206 responded)	FY11 Result	Target	
("Outstanding" or "Above Average")	91%	70%	/



Washington: (158 responded)	FY11 Result	Target	
("Outstanding" or "Above Average")	76%	70%	1



Note: the Washington campus is in a transition period due to the Scott Project. Also, it has a reduced population as former Gulfport residents returned to their Home.

Highest Rated Amenities (FY11)

Gulfport Facilities:	Gulfport Activities:	
The Library	July 4 Celebration	
Fitness Center / Exercise	Ice Cream Socials	
Community Center	Cookouts / Fish Fry	
Walking Trails	Memorial Day Picnic	

(100+ votes for each of the 4)

Washington F	acilities:

The Library
Fitness Center
Wrapping Room

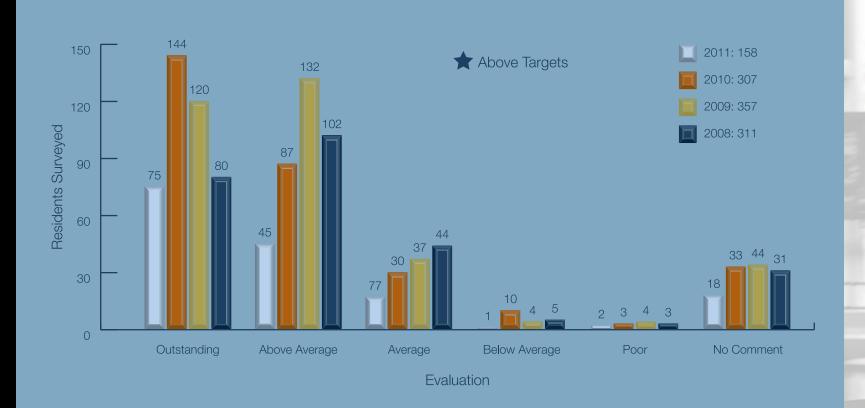
Washington Activities:

July 4 Celebration Ice Cream Socials Day Trips

Trend Analysis: Customer Service (AFRH-W only)

Note: Population has changed during the Transition Period for the Scott Project.

Result: Consistently Above Targets





EMPLOYEE INPUT

The annual Employee Evaluation Survey was administered in September 2011. Response rate from 281 employees for all of AFRH: **62%**. Overall, 73% of staff members rated "Working at AFRH" better than average.

Gulfport Survey: (45 of 50 responded / 90% response rate)	Result	Target
	72%	7 0%
Washington Survey: (128 of 231 responded / 55% response rate)		
5,939	74%	√ 70%

Results: The Majority of staff AGREE working at AFRH is "very good" or "better". These results meet our standard. However, some management problems that we resolved remind us constantly to work harder with staff to make their job more satisfying.





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