

Performance

We met Marie Townsend on the first day she moved to AFRH. Her 'encore' appearance at the Home, you might say. "Well, I was the first woman ever to sing in a service band – the US Navy Band. And I sang with the USO for Presidents Roosevelt and Truman," she said. "Oh, it was a wonderful life and I've met so many movie stars ...

Danny Kaye, Dinah Shore, Greer Garson. I even sang out in the gazebo here at the US Soldiers' Home – back in the '40s!" Talk about serendipity.

Marie must have been impressed with the Home, even back then. "I always said I'd come here," she noted. Marie was also encouraged to move here by her friend and current resident,

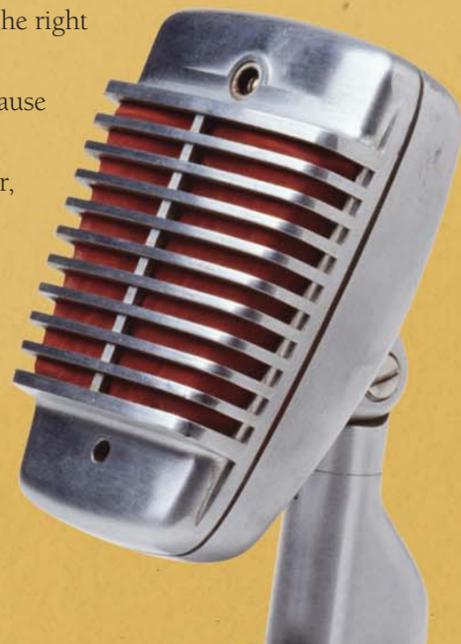
Everett "Ray" Rose. "Ray and I have belonged to the same seniors group since 2001.

When my handicapped son passed away ... I knew it was the right

time to come," she said. Well, we applaud her decision. Because

next year's talent show will feature this classic performer,

as she once again takes center stage at AFRH.



The Performance to Prosper

For us, great performance means fulfilling our mission: providing the best care for Veterans. In a larger sense, our victories also support today's active duty military. When our troops in Afghanistan and Iraq hear about our fine Veterans' care back home, they feel reassured that their service is appreciated. Our success also helps calm service members' deepest, darkest fears – that if they become disabled on the battlefield, they'll be well cared for by their own.

This is yet another reason why we're driven to perform – because it has a bearing on the performance of today's soldiers, who are preserving liberty for today ... and all our tomorrows. As we move forward, many Vietnam and Korean War Veterans will soon be approaching retirement age. Plus our current campaigns in the Middle East are creating many new Veterans who will surely need our care one day. So, ensuring the future success of the AFRH here at home is just as vital as preserving our American interests abroad.

As such, the AFRH and Congress have a moral obligation to honor the original Promise to care for its Veterans. Our goal is to build upon that pledge and provide even greater service in the future. The advances we're now pursuing include campus-wide Internet services, mobile dental services and additional Assisted Living and Memory Support. All of which will help us improve our care and compete with private homes.

This section details our achievements in FY06, namely our triumphs in two key focus areas: Financial Growth and Exceptional Service. We'll show you the linkage from our strategic goals and objectives to our action plans and results. Plus we'll explore our unmet goals – and discuss our action plans for future success.



The King made a surprise appearance at the AFRH Luau in June. Here, Marie Butz puts in a request for "A little less conversation." John Tuggle agrees.



The AFRH of the Future

Our agency-wide Business Plan for 2006 – 2010 outlines the Home's major corporate initiatives. This comprehensive Plan includes our present status, strategic initiatives and a financial report. (Since these are new initiatives, they cannot be compared to prior years.) Ultimately, we'll use this Plan as a guide to build a stronger, more vibrant AFRH.

Our Business Plan is directly linked to the AFRH Strategic Plan, which was recently updated after Hurricane Katrina. It communicates our broader intentions for managing challenges and exploiting opportunities as we march into the future.

Earlier this year, the AFRH held a management offsite to improve teamwork, adapt to the Hurricane's impact and to set our sights on long-term initiatives. We reviewed both Plans, adjusted our Mission, focused on recent achievements and pledged to do even better.

Each day, we focus on the goals and objectives cited below. To achieve them, the following public-to-public partners and contractors support us: the DoD, BPD, NFC, GSA and the OMB. These partners also helped our managers and personnel prepare the Home's performance results.

AFRH Performance Objectives	
Objective	Results by Objectives
GOAL 1 – Financial Growth: Create net growth and stability for the AFRH Trust Fund.	
FG1 Increase revenue resulting in a net increase. FG2 Reduce costs resulting in a net increase. FG3 Enhance fiscal management. FG4 Change corporate operating model.	In 3 of 4 Objectives 31 of 43 Key Actions In Progress or Achieved
GOAL 2 – Exceptional Service: Enhance the AFRH experience to enrich the quality of residents' lives.	
ES1 Craft a resident-focused environment with service measurements. ES2 Enhance customer satisfaction through vibrant community outreach. ES3 Promote resident vitality and independence as long as possible.	In 3 of 3 Objectives 21 of 26 Key Actions In Progress or Achieved
GOAL 3. Improved Processes: Modernize operations to leverage and maximize resources across AFRH.	
IP1 Simplify and standardize processes. IP2 Optimize our use of technology solutions. IP3 Increase timeliness and satisfaction with communications.	In 3 of 3 Objectives 11 of 15 Key Actions In Progress or Achieved
GOAL 4. Learning & Growth: Promote personal excellence and professional growth for all personnel.	
LG1 Provide a comprehensive employee training program tied to performance, competencies and accountability in compliance with OSHA and JCAHO requirements. LG2 Develop and manage workforce talent. LG3 Develop a strategy for employee professional development.	In 2 of 3 Objectives 2 of 8 Key Actions In Progress or Achieved
GOAL 5. Culture of Integrity: Inspire commitment to AFRH Guiding Principles through mutual respect.	
CI1 Increase teamwork and cooperation among AFRH employees. CI2 Engage and motivate the workforce.	In 2 of 2 Objectives 4 of 5 Key Actions In Progress or Achieved

Summary: For all 5 Goals, 63/97 Key Actions show "Progress" or "Achieved Results"

NOTE: Regarding the data quality, AFRH is a small agency with minimum layers of management. The data below has been input, reviewed and validated by managers, followed with a review by the Agency Inspector General.

The Actions to Assure

Many outside agencies reviewed The Home's 2006 performance. Overall, we are pleased with their findings. For starters, BPD conducted an independent review and awarded AFRH certification and accreditation to our enterprise network security. Plus, we had an independent audit of the financial statement and received an "unqualified opinion." And the OPM assessed our performance and training plans as favorable.

Further, we are now following up on the last DoD Inspector General's report and have received feedback for corrective actions. As a senior-care provider, we are routinely inspected for fire, safety and health standards. We are pleased to report JCAHO inspections resulted in earning their accreditation for healthcare services.

Below are quantitative assessments of our Strategic Objectives:

Strategic Goal 1: Financial Growth

Create net growth and stability for the AFRH Trust Fund.

Objectives	Key Actions	Key Actions			
		Started	Progress	Achieved	Total
FG1	Increase revenue resulting in a net increase.	3	8	9	20
FG2	Reduce costs resulting in a net increase.	9			9
FG3	Enhance fiscal management.		2	7	9
FG4	Change corporate operating model.			5	5

Description:

This Goal, Financial Growth, was a key focus in FY06. The key component of our basic financial strategy is to realize significant net growth and stability in the AFRH Trust Fund – so we may continue to raise our high standards to even greater heights.

To Increase Revenue, we:

Provide value to current & prospective residents by modernizing facilities	Develop the Washington Master Plan to acquire new revenue	Continue to make prudent investments in the AFRH Trust Fund	Consider alternatives and new revenue sources like grants (as explored in the Special Report to Congress)
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To Reduce Costs, we:

Identify efficiencies & cost savings via competitive sourcing	Establish and maintain a multi-year capital improvement plan	Seek ways to reduce our operating footprint	Use high-technology to create added benefits & savings
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To Enhance Efficiency*, we:

Submit reporting that is timely & accurate	Reduce overall spending, despite our varying requirements	Establish a systematic and disciplined acquisition strategy	Ramp up our Internal Control per FMFIA and FFMA
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**While our financials are produced via BPD's financial system, the reconciliation and representation of our financial status has still varied in clarity and correctness at the corporate and campus levels*

To Evolve our Corporate Model, we:

Explore successful operating models from the private sector	Identify the needs of tomorrow's Veterans	Seek to transform our operations to remain competitive	Grow the resident population in the near future
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Progress Analysis:

All the actions we proposed for financial growth were started. Our core progress has been in the Washington and Gulfport Master Plans, as well as in technology-related improvements (see PMA: E-Gov). Regarding our Master Plans, we fully achieved our goals for the DC campus in FY06. We also reduced our square footage requirements.

Overall Gains Included:

Achieving a key result from our Gulfport funding options	Reducing our costs by five percent	Making substantial progress in fiscal management	Advancing our acquisition strategy	Managing the Government Purchase Card Program
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At the end of FY06, credit card accounts in Gulfport were closed and we received our annual audit. Plus, the Asset and Property Management Program interfaced with the General Ledger as required by JFMIP.

Success in Internal Controls Involved:

Establishing a Senior Assessment Team, including our public partners at BPD	Drafting a formal directive	Creating an effective questionnaire
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Looking Ahead:

All 2006 areas of achievement will continue to receive attention for continued progress. The CFO will be consulting with BPD to review recommendations from the financial program audits, including credit cards.

Started Actions We'll Continue:

Redesigning living and healthcare spaces	Reaching milestones in the Master Plans	Continuing to advance our healthcare model	Advancing our competitive sourcing	Developing a multi-year capital plan	Promoting energy conservation
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Strategic Goal 2: Exceptional Service

Enhance the AFRH experience to enrich the quality of residents' lives.

Objectives	Key Actions	Key Actions			
		Started	Progress	Achieved	Total
ES1	Craft a resident-focused environment with service measurements.	4	4	7	15
ES2	Enhance customer satisfaction through vibrant community outreach.		2	4	6
ES3	Promote resident vitality and independence as long as possible.	1	3	1	5

Description:

One of the guiding principles at AFRH is Customer Service. Our success here depends on our ability to consistently satisfy ever-changing customer preferences. To do this, we established the Key Actions to guide our efforts:



"This fish pond is one of the pleasures of life here. Duck, geese and heron fly in, often. And I take off quite a bit, myself. I head off campus to dinner, movies and the Smithsonian."

—Pat Garrity (Ret. Navy, 20 years)

To Serve Residents, we:

- Respond to new and evolving preferences
- Create high-quality products & services
- Design annual marketing campaigns to boost admissions & image
- Showcase our nation's military heritage in all communications
- Create celebrations around military themes

To Enhance Public Relations, we:

- Establish volunteer and social events
- Develop networking opportunities for residents & staff
- Organize special events and recognition ceremonies
- Establish partnerships with Veteran Service Organizations
- Form relationships with entities providing direct resident services

To Boost Resident Vitality, we:

- Stay on top of trends in retirement services
- Interact with top senior living organizations
- Provide specialized staff training in elder care
- Take a genuine, personal interest in our Veterans
- Deliver the best possible services we can

Progress Analysis:

Another success area in FY06 was Exceptional Service. After the relocation of Gulfport residents to DC, many decided to stay, leave or return at various times. So, the Home was continually accommodating new or return residents and making them feel welcome. Likewise, we also assisted those who decided to move on. As a result, we were continually modifying services repeatedly as occupancy changed.

Still, AFRH followed its strategy and continued action plans in all three customer-service areas. A renewed focus on marketing and military heritage emerged this year – with better promotional materials, more celebrations and new partnerships with Congress and local retiree services.

After our manager's offsite, surveys were conducted to gather resident feedback on all services. Areas of focus included medical services, dining and transportation. So improvements were made, like expanding campus transportation and identifying medical service issues.

Looking Ahead:

We'll continue to use surveys to get specific measures of customer satisfaction – and make adjustments. Resident-focused activities will remain high on our list of objectives. In fact, we'll focus on what residents want from their retirement community and develop services to meet those needs in the coming year.

Strategic Goal 3: Improved Processes

Modernize operations to leverage and maximize resources across AFRH.

Objectives	Key Actions	Key Actions			
		Started	Progress	Achieved	Total
IP1	Simplify and standardize processes.	3	2	1	6
IP2	Optimize our use of technology solutions.	1	5		6
IP3	Increase timeliness and satisfaction with communications.		3		3

Description:

To achieve synergy and success, AFRH Corporate must set, coordinate and oversee an overarching strategy for the entire agency. Our management must ensure alignment between Corporate/Campus strategies and initiatives – focusing on performance, all the while.

To improve processes, we:

Standardize and monitor them through internal controls

Simplify all procedures, agency-wide

Develop a 5-year financial management plan for OMB

To optimize technology, we:

Implement systems to track resident data & property accountability

Stay abreast of the latest advances to maximize our efforts

Improve the technology acquisition process

To enhance communications, we:

Improve the timeliness of workforce-resident contact

Gauge the satisfaction of our communications content & vehicles

Increase the widespread use of multi-media



“The Popcorn Man,” Billy Dalzell (Ret. Navy Medic, WWII). Each afternoon, he makes popcorn in the Scott Building for residents. Like Billy, the popcorn machine was recovered from Gulfport and relocated here”

Progress Analysis:

Our financial processes were greatly enhanced with Monette – an integrated resident-focused software package. Four modules of this UltraCare application were successfully fielded in September 2006: Admissions, Pre-Admissions, Clinical, and Minimum Data Set. Then, we trained the staff in Budget Metrics and the new Resident Information System (RIS).

We also established a Senior Assessment Team in Internal Controls (IC). We drafted an IC directive and coordinated a questionnaire. Then with our partner, BPD, we implemented Oracle Asset Manager and completed the annual personal property management inventory.

Some communication advances include an intranet, newsletter, bulletin boards and employee services. Our intranet (webpage) was configured to allow our staff access to all job aspects – including email, budget, travel and more. We improved our telephone systems. We began promoting information on our internal TV broadcast, Channel 99. And we started exploring the feasibility of a resident personal security system and resident monitoring.

Looking Ahead:

Monette’s financial processes module will be deployed in early 2007. Our Internal Control Board will meet on our processes. And we’ll continue to fine-tune our acquisition process as it is tested. Lastly, we are confident the resident personal security and monitoring systems will roll out in 2007.

Our Vets and members of American Legion Post

70 lay a wreath on the WWII Memorial. The

British Embassy organized this special ceremony

hosted by Prince Charles and wife Camilla.



Strategic Goal 5: Culture of Integrity

Inspire commitment to AFRH Guiding Principles through mutual respect.

Objectives	Key Actions	Key Actions			
		Started	Progress	Achieved	Total
CI1	Increase teamwork and cooperation among AFRH employees.	1	1		2
CI2	Engage and motivate the workforce.		3		3

Description:

A positive workplace is a key factor for recruitment and retention. Given our diverse workforce, we must promote cultural awareness, understanding and inclusiveness for everyone at AFRH. With the help of our Guiding Principles, we are forging ahead to enhance workplace performance.

To increase teamwork, we:

Provide training in cultural diversity	Maintain open communication	Encourage more involvement
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To motivate the workforce, we:

Offer on-site social events for staff to mingle	Show a link between Objectives & individual performance	Recognize employees with awards and praise
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Progress Analysis:

We initiated actions for each objective in FY06. Semi-annual and annual reviews of staff progress and accountability were completed according to plan. But reviews were extended to December 31, 2006 due to disruptions caused by the aftermath of Hurricane Katrina. Two management offsites were conducted in FY06 to get back on track and improve our management team. Then, several onsite meetings continued that momentum.

Also, we hired an Equal Employment Opportunity Officer in Washington. One new cultural diversity initiative in the works is a campus diversity survey.

Looking Ahead:

In the New Year, the Home will focus on creating a Culture of Integrity. We will soon publish a training directive that will contain requirements for diversity training. Plus, our performance directive will implement a performance awards policy. With the culmination of our individual performance plans from last year, a new round of objectives will be linked to employee tasks. This will enhance the understanding of how each person fits into the overall strategy. Plus, quarterly employee meetings and a staff climate survey are planned.

Strategic Goal 4: Learning & Growth

Promote personal excellence and professional growth for all personnel.

Objectives	Key Actions	Key Actions			
		Started	Progress	Achieved	Total
LG1	Provide a comprehensive employee training program tied to performance, competencies and accountability in compliance with OSHA and JCAHO requirements.	2			2
LG2	Develop and manage workforce talent.	1	1		2
LG3	Develop a strategy for employee professional development.	3	1		4

Description:

The quality of our workforce is a top priority. So we strive to hire and retain the most qualified people available. Then, we maximize their opportunities for success through training and development. We are also committed to maintaining a safe work environment, supporting diversity and promoting open communication.

To offer training, we:

Continue to explore new training opportunities	Create training plans linked to individual performance
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To develop the workforce, we:

Assess our staff needs while eliciting feedback	Develop a "needs-based" hiring strategy
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To aid staff development, we:

Develop a sound strategy for our workforce	Explore intern and Continuing Ed. for professionals
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Progress Analysis:

We started all our actions in Learning and Growth. Yet, our timelines have been pushed to FY07 due to many factors: the reduction in force, our fluctuating occupancy, the delay in completing our performance cycle, plus time-consuming preparations for OPM review and IG follow-up.

Further, we explored intern programs for our Certified Nursing Assistants by getting expert advice from local hospitals. Then, we conferred with OPM to determine the best path to success.

Looking Ahead:

In FY07, we'll complete our training plan and establish measurable training goals for the staff. After we get feedback on our development plan from OPM, it will be rolled out. And finally, we are pursuing arrangements for nurses training with Walter Reed Hospital, Catholic University and the VA Hospital.



Walter Barnes has been a resident at AFRH for 28 years, as he was disabled in the line of duty. Here he overlooks our picturesque campus, with the landmark Lincoln Cottage in the background.

The Volunteers to Praise

Countless Good Samaritans came to our aid in the aftermath of Hurricane Katrina. Without their help, the Home could not have rebounded from this emergency. So many thanks go out to the caring people who have touched our lives this past year. You are proof that the American spirit is alive and well.

In Gulfport:

20th Seabee Readiness Group

This unit readily provided many vehicles to aid recovery and clean up of the campus grounds.

27 Seabees of Construction Mobile Unit 202 (CBMU 202)

Days after the storm, this Unit moved onsite and set up "tent city." Their manpower helped gut the first floor and saved equipment, furniture and priceless memorabilia. These Seabees stayed onsite for six weeks working the main building and recovering salvageable equipment in Building Five.

Naval Construction Battalion Center

The Seabees also provided office space and admin support for five AFRH staff members. They also gave us warehouse space for files, office equipment and memorabilia.

Naval Construction Training Center/Naval Mobile Construction Battalion 74

These brawny Seabees removed more than 180 tons of storm debris from the campus.

Seabees of Naval Mobile Construction Battalion Seven (NMCB-7)

20 active duty Navy members assisted the facility before, during and after Hurricane Katrina. They prepared the campus for the storm, helped us evacuate residents to higher floors in the midst of rising floodwaters, settled residents in temporary bedding and helped them safely exit the tower the day after the storm.

Seabees of Naval Mobile Construction Battalion 74 (NMCB-74)

This unit removed concertina wire and installed new fencing around the campus.

Staff & students from Tri-service group of Naval Construction Training Center

Army, Navy and Air Force students volunteered three full Saturdays to help clean up the Gulfport campus.

Volunteers from Mississippi State University

Various students and staff traveled from Starkville, MS for six weekends to clean and box salvageable library books and first-floor memorabilia.

100 Members of the Canadian Navy

Kind sailors from up north spent two days assisting the recovery and clean up at AFRH.

"A Students" from the Naval Construction Training Center (NCTC)

These whiz kids helped us pack, box and ship our memorabilia for safe storage in humidity-controlled warehouses at the Seabee Center. They also helped move furniture to the ballroom staging area for shipment to DC.

Congressman Gene Taylor thanks the Seabees for their heroic work in cleaning up Gulfport after Hurricane Katrina.



In Washington:

AAFES

The Exchange Services donated free coats and phone cards to Gulfport residents.

AARP

This senior association hosted a sweet ice cream social with more than 500 residents in attendance.

AFRH Resident Advisory Council

This group opened and ran a donation center, days after the relocation. For months, they distributed emergency clothing and personal items for Gulfport evacuees – who came to Washington with nearly nothing.

Air Force Sergeants Association (AFSA)

The Association delivered over 300 AAFES gift cards and phone cards. This timely gift helped our residents and made their spirits soar.

Boy Scout: Bryant Oxborrow (Springfield, VA)

This young man donated \$297 – and collected 3 truck-loads of winter coats, hats and clothes for displaced Gulfport residents. Son, we salute you.

City of Gulfport, MS

The town distributed Hurricane Katrina survivor T-shirts to Gulfport residents in DC.

Marriott International

The hospitable Mr. JW Marriott declared May 17th "Spirit to Serve" Volunteer Day at AFRH. The Chairman of Marriott Hotels brought his son David and about 200 employees to spend quality time and work with residents on many projects. And we look forward to hosting them again next year.

Navy ROTC, Friendly High School

This unit made holiday decorations and assembled two new foosball tables donated by Costco. This scored big points with the residents.

OPM Human Capital Leadership Merit System, Accountability Division (HCLMSA, Center for Small Agencies)

These kind folks led a clothing drive for Gulfport residents who had no winter clothes. Over 370 items were donated – including coats, jackets, vests, sweaters, gloves, scarves, blankets, jogging suits and shoes. Truly, all of us were warmed.

Rolling Thunder

These Harley-lovers donated money to help Gulfport evacuees and visited our DC campus. And many hearts went Vroom.

Waldorf, MD Lady Volunteers

Three kind ladies from Waldorf handmade 65 lovely afghans and gave them to residents.



Washington, DC Metropolitan Police

DC's Finest helped redefine "To Serve and Protect." The Police served meals to our residents in the dining room. And they provided free hats, gloves and scarves, too.

West Point Parent Association

This generous group donated 100 military academy afghans to our residents. Needless to say, we're quite proud of the Parent Association.

Mr. Marriott brought nearly 200 of his employees to polish the chapels, clean the theater and brighten the residents' day.