



September 2016

Dear Friends,

The Board of Directors of Guest House is pleased to present our annual review of operations for last year, 2015. It follows the audit of the 2015 financial statements prepared by our outside accounting firm. Complete financial statements will be mailed to anyone who requests a copy.

**Financial results for 2015**

The results for 2015 were better than expected. We originally budgeted for a small increase in sales over 2014 and reduced but continued losses. However, due to tight expense controls and the launch of new sales and marketing programs, Total Revenues increased by 10% to \$1,450,000 and resulted in a profit of \$54,000 versus a loss of (\$103,000) in 2014. Congratulations to the Guest House Team!

Revenues were particularly strong from Guest Groups, which increased 13% over 2014 and revenues from Ridhwan related groups also increased 7% as the Diamond Approach groups continued to grow their student membership

Increased income was further supported by a 22% increase in contributions to \$124,000. The number of Friends of Guest House who made donations continued to increase more than offsetting the decline in contributions from some long time donors who have gradually decreased their level of giving.

Operating expenses were kept well under control and remained flat at \$1,304,000.

Here is a snapshot of the financial results for 2015 versus 2014:

<b>Guest House – 2015 and 2014 Summary of Profit &amp; Loss</b>		
	<b><u>Actual 2015</u></b>	<b><u>Actual 2014</u></b>
Revenue from Operations	<b>\$1,326,000</b>	\$1,181,000
Contributions	<b>\$124,000</b>	\$102,000
Total Revenue	<b>\$1,450,000</b>	\$1,283,000
Operating Expenses before Interest	<b>\$1,304,000</b>	\$1,301,000
Operating Surplus (Deficit) before Interest	<b>\$146,000</b>	\$(18,000)
Interest on Debt	<b>\$(92,000)</b>	\$(95,000)
<b>Income/ (Deficit) after Interest</b>	<b>\$54,000</b>	\$(103,000)

**Outlook for 2016**

This year 2016 is now more than half over. As anticipated, it has been a challenge. Revenues will decline from last year because we lost a few large Guest Groups. This was expected as one group built their own meeting facility, another outgrew our space, and a third group meets only every other year.

However there are positive operating trends. Many new groups have booked this year but this has not completely filled the gap. Revenues from the Ridhwan Groups continue to grow. Diamond Heart Retreat Group 5 (DHR5) is growing; Diamond Approach New York (DANY), which is now five years old, is meeting twice a year at Guest House and Emerald Mountain continues to grow even after twenty one years. In addition, last year Guest House changed our reservation policies, which has reduced the negative impact of last minute cancellations by Guest Groups.

Contributions are also expected to decline from 2015 as a few long time major donors continue to reduce their level of giving, but we continue to expand our donor base and do as much as possible to increase the average amount of each donation.

Due to the strong leadership of the management team, operating expenses are being tightly controlled in line with our sales. Although Guest House may report a small loss in 2016, the Board is confident that the operating and sales management expertise and systems are stronger than ever. The loyalty and feedback from our Guest Groups is strong testimony to the uniqueness and the holding environment Guest House gives to all who come. There are many other developments to report to you as Guest House completes its ninth year.

### **Executive Director and Management Team**

2015 marked Saralyn Kerrigan's first full year as our Executive Director. In the spring of 2015 she assumed the additional role of Director of Sales and Marketing and restructured these two critical functions. Marianne Hile Director of Retreat Services assumed additional responsibility for Group Sales to support Saralyn in outreach efforts to new guest groups, and develop improved sales processes for all new and returning groups. These efforts are bringing good results - contract cancellations have declined and the number of inquiries and new groups booking are increasing.

Guest Services continues to be the heart and soul of Guest House. Everyone in the Guest House family is focused on the wellbeing of our guests.

Charlie Schillberg, who has been part of the kitchen staff for over three years, assumed responsibility for all in-house technology and has transformed our internet presence on the Web and through social media. He is leading the upgrade in the quality and content of all of our external communications with customers and donors. We are becoming "tech" savvy!

Guest House is fortunate to have Rich Kerrigan, who was appointed as the new Director of Facilities in 2015. Rich has over twenty-five years' experience as an environmental engineer and immediately applied his broad knowledge to undertake a complete review of all of Guest House's structural and mechanical systems and procedures. This resulted in identifying significant capital improvement projects required to repair and upgrade the basic infrastructure.

Tom Oates has also completed his first full year as Executive Chef and continues to receive glowing reviews from guests for his varied and healthy menus. He leads a kitchen staff of ten people who miraculously prepare over 10,000 meals a year for our very appreciative guests.

### **Facility Improvements**

Since buying Guest House in 2008, many systems have been improved. But by 2015 the life cycle of the facility required significant investment for improvements and upgrades. We are

grateful that Rich Kerrigan was on board to coordinate and complete the extensive improvements. **The Waterworks Fund** successfully raised \$50,000 to support a major part of this \$80,000 capital project.

We have now completed the most critical improvements to the “bones” of our center. Now we start the work on a long-term plan to refurbish the more visible aspects of Guest House. After almost nine years with an average of 3,300 guests coming every year, carpets are tattering, some mattresses are sagging and furniture is fraying. This last summer, the **Spring Zing** fund campaign was launched to fund some of this multi-year work. While \$21,000 of the \$30,000 target was raised, we are not able to complete all of the work we planned to do this year but will continue this ongoing refurbishing work over the next five years.

### Webinar Series

After launching our first webinar series in 2014 with Sandra Maitri’s three-session online workshop **“The Power of Inquiry—Through the Head, Heart and Belly”**, a second series was offered in 2015 with Sherry Anderson, who wrote *Ripening Time: Inside Stories for Aging with Grace*. In spring 2016 Guest House partnered with Conscious 2 (C2) to offer another webinar series with Sandra Maitri: **“The Inner Flow of the Enneagram.”** We are optimistic that this new partnership with C2 will offer Guest House more sophisticated technology and a broader audience for future webinars.

### Guests

Guest House was established as a center for the East Coast Diamond Approach groups. However, our mission intends Guest House to be a place that supports the work of many groups who aim to improve the world. As we strive to live this mission, we have become known as a highly supportive haven for other organizations and paths that seek to develop human potential. In eight years, we have become one of the most desired and well-respected retreat centers in the Northeast. In our short history, we have gone from hosting a few hundred guests each year to over 3,300. In 2015 we served over 100 different groups. Our hard-working staff consistently receives glowing testimonials, and almost every group that stays with us tries to rebook for the following year. This quote from a recent guest reflects the appreciation we frequently receive from our guests:

*“Everyone I met seemed to think larger than their particular role—all seemed intent on making things great. Everyone I encountered was cooperative, helpful, and lovely. Best week ever for me.”*

Sincere thanks are due to all of our employees, including department heads Marianne Hile, Tom Oates, Rhonda Nutile and Rich Kerrigan.

### Friends of Guest House

Since launching the Friends of Guest House annual membership program in 2012, the number of Friends has grown steadily, reaching 162 in 2015. The total amount of donations increased by \$22,000 to \$124,000 last year. Like most retreat centers, the rates guests pay to come to Guest House do not cover all expenses and we must raise donations to support the annual budget. While the amount of donations required to sustain Guest House has declined steadily over the last five years, about 8% of our annual budgeted expenses still depend on donations.

In June 2015 we launched the **Waterworks Fund** and raised the targeted \$50,000 to fund needed capital improvements. As a hospitality organization, maintaining all parts of our Home – buildings, furnishings, grounds - from water pumps to mattresses – is critical to the wellbeing of our guests and to the long life of our beloved retreat center.

## Conclusion

As Guest House completes its ninth year in operation, we are moved by the overwhelming appreciation and affirmation we have received for our retreat and conference center from an ever-expanding list of Guest Groups and the growing number of Friends who support us. It is clear that our desire to create a space of openness and holding—one that encourages and supports growth and realization in a variety of ways—is resonating well beyond our initial expectations. At the same time, we continue to face new and big challenges, not dissimilar to those of many other not-for-profit retreat centers across the country. Under the leadership of our Executive Management Team, with support from the Board, we are creating new ways to translate that appreciation into expanding our outreach to new guest groups and to broaden our donor base and strengthen our sustainability.

With gratitude,

Jeff Charno, Board Chair  
Saralyn Kerrigan, Executive Director

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