



September 2017

Dear Friends,

The Board of Directors of Guest House is pleased to present our annual review of last year's operations and a preview of this year. Complete audited financial statements for 2016 will be mailed to anyone who requests a copy.

Summary of 2016 Results and Preview of 2017

Guest House made our budgeted bottom line results for 2016. Revenues in 2016 were slightly behind the previous year. Although the number of Friends increased to 150, the level of contributions declined by \$26,000. The Executive team continued to control expenses, which helped achieve a small surplus of \$10,000, less than the previous year's surplus of \$54,000.

The small decline in total revenue was due to a significant decline in Guest Group revenue of \$80,000, while revenue from the Ridhwan groups increased by \$78,000. In addition to the growth of DHR5 and EM, more students helped to support Guest House by paying the full rate for their retreats, adding \$17,800 of revenue. This growth in Ridhwan revenue helped to offset the decline in Guest Group sales.

However, the Executive team and the Board are concerned by the continued decline in Guest Group revenue for this year 2017. Because DHR5 is maturing and Emerald Mountain is at capacity, we do not expect increases in the Ridhwan revenue to offset this Guest Group decline this year. In addition, we expect a small decrease in donations but are working hard to maintain the level of giving as founding donors continue to scale back contributions.

The Executive team has initiated new sales and marketing outreach initiatives and upgraded the technology to support these efforts. While it is still too early to know the exact effect on the bottom line, Guest House is forecasting a loss this year. The Board is working closely with the Executive Director and the sales team to build new sales and is closely monitoring the progress. Please see additional information on sales and marketing below.

In 2018, Guest House will celebrate its **Tenth Anniversary (stay tuned to the website for an exciting event in April 2018)**. We invite you to celebrate our **Ten Years of Holding the Space**.

Here is a snapshot of the financial results for 2016 versus 2015:

Guest House - 2016 and 2015 Summary of Profit & Loss		
	<u>Actual 2016</u>	<u>Actual 2015</u>
Revenue from Operations	\$1,316,000	\$1,326,000
Contributions	<u>\$98,000</u>	<u>\$124,000</u>
Total Revenue	\$1,414,000	\$1,450,000
Operating Expenses before Interest	<u>(\$1,310,000)</u>	<u>(\$1,304,000)</u>
Operating Surplus (Deficit) before Interest	\$104,000	\$146,000
Interest on Debt	<u>(\$94,000)</u>	<u>\$(92,000)</u>
Income/ (Deficit) after Interest	\$10,000	\$54,000

Outlook for 2017

This year is now more than half over. As anticipated, it has been a challenge. Revenues will decline from last year as Guest Group sales decline and there will be no growth in Ridhwan Group revenue. The Executive team and the Board are closely monitoring this situation. As the traditional sources of revenue change, it is more important than ever to increase the level of donations and develop new sources of revenue.

Direct outreach to new potential groups as well as website inquiries have increased, but converting an inquiry into a sale is a challenge. Most new group leaders who visit GH do choose to make a reservation for a retreat. Our repeat business is growing, but not enough new groups are booking to replace the attrition. The new cancellation policies instituted last year have significantly reduced the number of cancellations and helped to ensure that groups meet their targeted attendance numbers.

Efforts to build “day-long” retreats have been successful. While the revenues are small, they are twice what was budgeted so far for this year. The sales team is targeting new constituencies such as universities, regional businesses, commercial associations and national retreat groups that are not already committed to a specific retreat venue.

Contributions are also expected to continue to decline slightly from 2016 as a few larger donors continue to reduce their level of giving. The management team is tightly controlling operating expenses in line with sales. Although Guest House will report a loss in 2017, 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 solid testimony to the uniqueness and the holding environment Guest House gives to all who come. Our challenge is to enroll more new groups.

Executive Director and Team

In 2016 and this year, Saralyn Kerrigan, our Executive Director, continued to strengthen the management team, especially in the areas of sales and marketing.

We are very proud to tell you that Guest House has been invigorated by many young and enthusiastic employees being promoted to more senior positions. Our appreciation goes to our Executive Director for creating a culture of training and learning, and for giving people a chance to realize their potential. This is our mission and another unique strength of Guest House.

Charlie Schillberg was recently promoted to Assistant Executive Director. He will help the Executive Director continue to assess operations to ensure we are running smoothly and ensure employees are working in a manner consistent with our mission, policies and procedures. He has headed and will continue to oversee all in-house technology and our much-improved web and social media presence, and lead the upgrade in the quality and content of our external and internal communications.

Guest House promoted Nick Schultz to Facilities Assistant to Rich Kerrigan, Director of Facilities. Nick had been working on the Dining Services staff for three years. He is currently attending college to pursue a Construction Management degree. He has capably assumed the role, helping to ensure 24-hour safety, security and well-being of our facility.

Ben Doran was promoted to Guest Services/Event Coordinator. Ben is a graduate of Salve Regina University and the owner of Local to Local, LLC. He brings new skills and an always-positive outlook. His presence helps solidify Guest Services as the heart and soul of Guest House.

We said a fond farewell to Bob McKinley, who retired after working from our beginnings nine years ago for Guest Services and Facilities. We are most fortunate to have Keith Bowen join the Facilities

team as his successor. Keith has had his own contracting business and brings us much needed hands-on maintenance, construction, and landscaping skills.

Tom Oates, Executive Chef, recently departed to pursue other culinary professional opportunities. A new Executive Chef, Alan Demick, formerly of Simon's Restaurant in Chester, assumed the position of Dining Services Director this month. All who come to Guest House will experience some new and creative menu selections.

Earlier this year, we celebrated with Ruth Arroyo as she was promoted to Lead Housekeeper. Her new responsibilities include scheduling, onsite direction and training of new employees. With her attention to detail, Ruth has already significantly improved the effectiveness of her team.

Facility Improvements

Since buying Guest House in 2008, many systems have continued to be improved. By 2015 the life cycle of the facility required significant investment for improvements and upgrades. During 2015 and 2016 we completed the most critical improvements to the "bones" of our center. Now, we have started work on a long-term plan to refurbish the more visible aspects of Guest House. After almost nine years of an average of 3,300 guests coming every year, carpets are tattering, some mattresses are sagging and furniture is fraying. This refurbishing program started last year and slowly continues this year as limited funds allow and will continue over the next five years. Most visible today is new carpeting in the lobby and some bedrooms, fresh paint in halls and some bedrooms, and new upholstery in public spaces. Guest House remains cozy but refreshed!

Rich Kerrigan, Director of Facilities, spearheaded the year-long campaign to win Guest House's designation as a **Connecticut State Certified Green Lodging**. This required a staff-wide effort to gain points for things like recycling, purchasing paint with low or zero volatile organic compounds, and using green-certified cleaning products. This certification is an important goal of our mission.

Guest House Programs

After launching our first webinar in 2014 and hosting another in 2016, Guest House partnered with Conscious 2 (C2) to offer another webinar series with Sandra Maitri: "**The Inner Flow of the Enneagram.**" In 2016 Guest House hosted an in-house program presented by Bob Ball and Jeanine Mamary "**On Being Human: Exploring the Essence of Our Humanity**" and donated all proceeds from tuition to Guest House. The program was a resounding success, attracting 55 participants from around the country, raising more than \$10,000 for Guest House and deeply touching those who attended. The workshop was open to non-Diamond Approach students, several of whom expressed how the teaching expanded their understanding of what it means to be a human being.

Next year, in September 2018, Guest House will host a Silent Retreat led by two Diamond Approach teachers, Sandra Maitri and Eugene Cash. Please stay tuned to our website for details and to reserve your stay for the retreat.

Guests

In 2008 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 our short history, we have gone from hosting a few hundred guests each year to over 3,300 from more than 100 groups. Our hard-working staff consistently receives glowing testimonials. This quote from a recent guest reflects the appreciation we frequently receive from our guests:

I felt so very held by your attentive service in all areas and even touched in a healing way by kind and generous service in the dining room. Thank you.

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

Supporting Guest House for the Future

We are moved by the overwhelming appreciation and affirmation we have received for our retreat and conference center from our Guest Groups and the growing number of Friends who support us. It is clear that 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.

Since launching the Friends of Guest House annual membership program in 2012, the number of Friends has grown steadily, reaching 150 in 2016. However, our level of contributions has declined. 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. As a hospitality organization, maintaining all parts of our Home – buildings, furnishings, grounds; from water pumps to mattresses – is critical to the well-being of our guests and to the long life of our beloved retreat center as a special Holding Space.

2018 will be the **Tenth Anniversary** of the founding of Guest House. As we face potential new external challenges from the growth of internet workshops and webinars, and a precarious economic environment, your support for Guest House is more critical than ever for our future.

So, we ask you to ***Hold the Space for the Future of Guest House*** this year in whatever way you can.

With gratitude,

Jeff Charno, Board Chair
Saralyn Kerrigan, Executive Director

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