



September 2018

Dear Friends of Guest House,

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. If you would like a copy of the 2017 audited financial statement please contact us.

Summary of 2017 Results and Preview of 2018

In 2017 Guest House generated a deficit of \$34,000, which was better than the anticipated deficit of \$61,000. The loss was due to a \$72,000 decrease in revenue from retreats compared to 2016. Although the number of Friends decreased to 126 in 2017 from 150 in 2016, the level of contributions increased slightly to \$105,000. The Executive team continued to tightly control expenses, which helped to offset the decline in revenue and resulted in a smaller loss than we budgeted.

The revenue decline was a result of lower revenues from Guest Groups as well as Ridhwan. The decline in Guest Group sales was due to some groups not renewing and some cancellations. This decline was offset somewhat by an increase in day-long business, which GH has been progressively growing over the past few years.

A small attrition of students in DANY and DHR5 as well as no Guest House-sponsored programs in 2017 resulted in a decline in revenue from the Ridhwan groups. However, more Ridhwan students did elect to pay the full rate for retreats, which added to our revenue.

Because DHR5 is mature and Emerald Mountain is at capacity, increases in Ridhwan revenue this year and going forward will come from Guest House-sponsored workshops. The upcoming September Silent Retreat with Sandra Maitri and Eugene Cash will be well attended and add to our bottom line.

The Executive team's focused efforts last year to build new sales and marketing outreach initiatives, as well as upgrade the technology to support these efforts, has paid off. Guest Group sales and bookings to date are 8% ahead of last year. For the first six months, revenues from all groups are 16% ahead of last year. The Tenth Anniversary celebration in April has given us a good boost to donations, which are expected to surpass last year. While it is still too early to know the exact effect of these positive trends, we anticipate a bottom-line surplus.

Here is a snapshot of the financial results for 2017 versus 2016 and 2015:

Guest House – 2017, 2016, 2015 Actual: Summary of Profit & Loss			
	<u>Actual 2017</u>	<u>Actual 2016</u>	<u>Actual 2015</u>
Revenue from Operations	\$1,351,000	\$1,416,000	\$1,326,000
Contributions	\$105,000	\$98,000	\$124,000
Total Revenue	\$1,456,000	\$1,514,000	\$1,450,000
Operating Expenses before Interest	\$1,395,000	\$1,402,000	\$1,304,000
Operating Surplus (Deficit) before Interest	\$61,000	\$112,000	\$146,000
Interest on Debt	\$(95,000)	\$(94,000)	\$(92,000)
Income/ (Deficit) after Interest	(\$34,000)	\$18,000	\$54,000

Outlook for 2018

This year is now more than half over. As anticipated, it has been a rewarding challenge. The efforts to grow sales from new and old Guest Groups are returning positive results. The Executive team and the Board continue to closely monitor the sales from all of our constituencies. 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 from new groups and Guest House-sponsored programs.

The Sales and Marketing team continues to reach out to new groups and respond to increased inquiries through our website. All of the staff, from the guest services team to the dining services team and the housekeeping and maintenance teams, give each group their attention and care – the glowing reviews and comments attest to the exceptional level of hospitality guests experience during their stay with us. Most new group leaders who come to GH choose to make a reservation for their next retreat. Our repeat business is increasing, with 85% of bookings this year coming from groups who have rebooked. This not only leverages the sales team's efforts but also assures a more solid base of future revenue.

Day-long retreats also continue to grow. While these revenues are small, they doubled last year to \$37,000 and are ahead by 20% so far for this year.

Another new sales initiative is that we are offering Parmelee for personal retreats on Airbnb when the space is not needed for group retreats. Bookings just started this past winter and are still small but growing, drawing in profitable revenues.

Contributions remained steady last year, but started this year with a bang! You, our donors, are responding enthusiastically to our year-long celebration of Guest House's Tenth Anniversary – "Ten Years Holding the Space." Over 70 students, teachers from all of the Diamond Approach groups that meet at Guest House and the Guest House staff came together on April 15 and 16 for a grand celebration, commemoration and community building. Thank you all, especially to Hameed for joining us on Skype from London and to the many teachers who donated personal items for a successful silent auction. It was a joyous occasion to honor Alia Johnson's vision and send our welcome to many seekers who will come in the future.

Donations are already at 50% of the total year Target of \$125,000. We are optimistic that we will make this goal.

So far this first year of our second decade is a "very good year." Sales are increasing; our management and staff are operating with a level of leadership, expertise and enthusiasm unprecedented in our history. The board, too, continues to mature and broaden our expertise at governance and fiduciary oversight. Last year, several members left after years of service. Several new members will join this fall. We are grateful that those who are needed to guide Guest House continue to show up and serve.

Over the last five years, GH has, on average, broken even with small profits and small losses in any one year. After ten years Guest House has reached a more steady and healthy state and has the foundation to sustain normal swings in the business. With help from you, our donors – who account for 8% of our total revenues – there is adequate cash flow to support ongoing operations and normal capital improvements to the building and grounds. However, the building is over 40 years old and requires improvements above the normal level.

Our biggest challenge in this year and over the next few years is to meet the need for these capital improvements. This is addressed below under **Facilities Improvements**.

Executive Director and Management Team

As we reported last year, during the last three years Saralyn Kerrigan, the Executive Director, has been strengthening and fine-tuning her management team, promoting many young people to more senior positions. We applaud her 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. We salute all our staff – and in particular the leadership team – the people who make Guest House what it is today, ten years since we opened our doors.

The leadership team, Marianne Hile (Director of Guest Services and Sales), Rhonda Natile (Director of Business Operations), Rich Kerrigan (Director of Facilities) and Alan Demick (Executive Chef/Director of Dining Services) and Assistant Executive Director, Charlie Schillberg, as well as our staff of over 20 people under Saralyn’s leadership, hold and guide the well-being of Guest House for each and every guest.

Facilities Improvements

Since we bought Guest House in 2008, many systems have been replaced and others are continually upgraded. By 2015, the life cycle of the facility required significant investment for improvements and upgrades. During 2015 and 2016 we completed several critical improvements to the “bones” of our center.

Throughout 2017 and this year we have started work on a long-term plan to refurbish the more visible aspects of Guest House. After ten years and over 3,000 guests each year, carpets are tattering, some mattresses are sagging and furniture is fraying. This refurbishing program started last year and will continue over the next five years as your support provides the funds. Most visible accomplishments are new air conditioners in bedrooms, the remodel of the Longhouse Room, new carpeting in the lobby and some bedrooms, fresh paint in halls and bedrooms, and new furniture in public spaces. Guest House remains cozy but refreshed!

While this “face-lifting” is on-going, there are two costly capital projects ahead: the potable water system and parking lot. Although our drinking water (aka potable water) is of excellent quality, our potable water distribution system is antiquated and in need of replacement before any problems occur. Replacing parts of the system is now a high priority and will start by the end of this year. The estimated cost is \$75,000. The other big-ticket item is the parking lot. As anyone knows who has been here, the potholes and large puddles turn into small skating rinks in the winter, making driving in and out not only a challenge but also a potential liability. We keep patching up the holes, but in the near future we must undertake fixing the underlying drainage problem and total repavement, at a cost about \$110,000.

Guest House Is Green

Sustainable, environmentally friendly practices are essential to our mission and are at the core of our business. It starts with our mindset: reduce, reuse, recycle – in that order! It’s an ongoing effort and our goal is to become greener and cleaner every day. Under the direction of Rich Kerrigan, this effort involves all of our staff members working together to ensure Guest House is as environmentally friendly as possible.

These efforts have won us a number of awards: Certified in 2009 and re-certified in 2017, Guest House is one of the first **Green lodging facilities** in Connecticut. This certification touches all of our processes and systems.

Guest House is certified as a **Wildlife Habitat** by the National Wildlife Federation, which means we ensure a large portion of our land remains a safe and hospitable location for local wildlife. Specifically, our land provides access to naturally available food, water, cover and places to raise young.

As part of our commitment to green practices, Guest House selects **100% renewable energy** providers for its long-term energy contracts. We have just entered into an agreement to purchase wind-powered electricity through 2021.

Our goal to grow greener impacts every aspect of operations. Here are some examples: reduced food waste and composting; guest-soap recycling; green-certified cleaning products; efficient heating and cooling. We are very close to completing our multi-year commitment of transitioning our guest rooms away from oil-heated HVAC systems and moving to electric, energy-efficient units. These are not only more efficient, but also allow staff and guests to control the climate of all our spaces individually. Most important is that moving away from oil means our wind-powered electrical provider goes even further toward global energy sustainability.

Guest House Programs

Our first webinar was launched in 2014 and we held another in 2016 with Sandra Maitri called **“The Inner Flow of the Enneagram.”** In 2016 Guest House hosted an in-house program presented by Bob Ball and Jeanine Mamary called **“On Being Human.”** Two years passed before we found another compelling program to sponsor. That is when we connected with Sandra Maitri and Eugene Cash and invited them to come to Guest House to lead their five-day **Silent Meditation Retreat** this September, 2018. Many Diamond Approach students have attended this retreat in California, so we are glad to offer this to East Coast students. Due to the interest in this offering, Sandra and Eugene have already agreed to repeat this retreat in 2020. Stay tuned for the announcement of another program in September 2019 – **“Being in Relationship”** with Bob Ball and Jeanine Mamary.

The Future of Guest House

Ten years ago, Guest House was established as a center for the East Coast Diamond Approach groups. Our mission then, as today, is to be a place that supports many groups who come to do transformational work and aim at improving the world. We are moved by the overwhelming appreciation and affirmation we have received from so many guests and supporters over the last ten years. 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 and hopes.

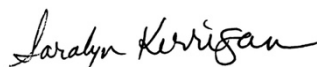
We honor you, the community who have grown to be Guest House, and we welcome you to hold the future of Guest House as we remember our founder Alia Johnson’s words:

We make strong structures for the groups in order for them to be real containers for the work to happen. These containers are a kind of support. But 42,000 square feet of support?...The Sufi saying, “To increase your capacity, increase your necessity” is definitely reflected in how much we have stepped up to the challenge of ‘welcoming all,’ as the poem says.” – Alia Johnson

With Gratitude,



Jeff Charno,
Board Chair



Saralyn Kerrigan,
Executive Director

Guest House Board of Directors