



September 2019

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. If you would like a copy of the 2018 audited financial statement, please contact us.

**Summary of 2018 Results and Preview of 2019**

In a nutshell...2018 was a *fabulous* year! After hosting 90 groups and 2,500 guests, our total revenue from operations increased 15% from 2017 thanks to an 18% increase in Ridhwan groups. This boost came from growth in EM & DHR5 attendance and the silent retreat lead by Sandra Maitri and Eugene Cash.

Guest groups, which account for 60% of total revenue, also came through, with an increase of 7%. Growth from our guest groups will always be limited by the number of rooms. However, the sales team does a masterful job of optimizing GH's capacity by booking small retreats in with larger ones to fill the facility and by growing daylong and weekday business.

Once again, management closely controlled staff additions that were required to support the increased business. Food and housekeeping expenses naturally increase with the growth in guests, but due to stronger leadership of the sales, guest services, maintenance and administration teams, total expenses increased only 6% to support the 15% revenue increase.

Special hats off to you, our donors. Many of you showed up for the 10th Anniversary celebration in April and throughout the year. You brought in \$127,000 in donations, a 21% increase from 2017! Your care for GH last year helped us build the funding needed to undertake and complete two major capital projects in 2019: replacement of the potable water system and reconstruction of our parking lots, driveways and related systems (more on these below).

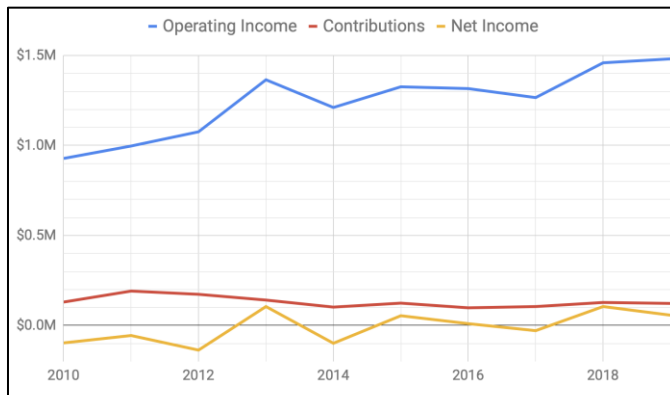
These strong results in all areas of operations resulted in a profit of \$105,000. This is equal to the most successful bottom-line performance, last reached in 2013. What is more important is the continued strengthening of our management leadership, more returning business and new guest groups, and stabilized Ridhwan revenue – all of which ensures a more secure and sustainable future for GH.

Here is a snapshot of the financial results for 2018 versus 2017 and 2016:

<b>Guest House – 2018, 2017, 2016 Actual: Summary of Profit &amp; Loss</b>			
	<b>Actual 2018</b>	<b>Actual 2017</b>	<b>Actual 2016</b>
Revenue from Operations	\$1,460,000	\$ 1,267,000	\$1,416,000
Contributions	\$ 127,000	\$ 105,000	\$ 98,000
Total Revenue	\$ 1,587,000	\$ 1,371,000	\$1,514,000
Operating Expenses before Interest	\$1,385,000	\$ 1,305,000	\$1,402,000
Operating Surplus (Deficit) before Interest	\$ 202,000	\$ 66,000	\$ 112,000
Interest on Debt	\$ (97,000)	\$ (95,000)	\$ (94,000)
<b>Income/ (Deficit) after Interest</b>	<b>\$ 105,000</b>	<b>\$ (29,000)</b>	<b>\$ 54,000</b>

## Guest House Over Time

Here is how we have grown during the last ten years. There have been some rocky times and some good times. On average, GH has achieved small profits and continues to grow revenue.



Over the last 10 years, GH has grown our outreach to guest groups, while also growing Ridhwan students. This is our mission. In this, our 11th year, GH has built a sustainable and thriving business with a strong enough foundation to sustain normal swings in business. As a mission-driven retreat center, our objective is always to serve our communities in a sustainable way rather than focus on profitability. We will always depend on your contributions to maintain a positive cash flow that provides the resources to keep our home safe, sound and supportive for everyone's work.

## Outlook for 2019

This year is now more than half over, and the outlook for 2019 is excellent. We expect to exceed the budget and once again return a bottom-line surplus. Sales are increasing, and our management and staff are operating with a level of leadership, expertise and enthusiasm unprecedented in our history.

So far this year, sales from guest groups are already 10% ahead of budget and Ridhwan revenue is 5% ahead of budget. The sales and marketing team continues to reach out to new groups and respond to increased inquiries through our website. Bookings, cancellations and each group's actual revenue (versus their guaranteed minimum) are measured on a weekly basis. This gives the team early warning to fill in available space from a wait list of smaller groups.

All our staff, from the guest services team to the food service team and the housekeeping team, give each group the kind of attention and care that unfailingly results in glowing reviews about the unusual 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 continues to be excellent this year, with 82% of reservations 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.

Donations hit a high mark in 2018. First, you, our donors, responded enthusiastically to our yearlong celebration of Guest House's 10th Anniversary, "Ten Years Holding the Space," which helped us reach our fundraising target of \$125,000. You've responded generously again this year, helping us fund the largest capital project GH has ever undertaken: As the Parking Lot Plus Campaign comes to a close, you have exceeded our goal of raising \$60,000 towards the total project cost of \$160,000.

Our board, too, continues to mature and broaden our expertise at governance and fiduciary oversight. Some long-serving members left this past June, but several new members joined last fall. We are grateful that those who are needed to guide Guest House continue to show up and serve you.

After 11 years, Guest House is in a steadier and healthier position than ever, and is less susceptible to the swings that are normal in the retreat center business. With help from you, our donors – who account for about 9% of our total revenues – there is adequate cash flow to support ongoing operations and some of the capital improvements required to maintain the building and grounds.

This doesn't mean, however, that we can rest on our laurels. The building is over 40 years old and, like any aging dowager, requires more and more upkeep and improvements. Our biggest challenge this year and over the next few years is to meet the need for a more consistent schedule of capital improvements. We are well on the way of completing some of these major projects, but like most nonprofits, we often must defer some endeavors to pay for others. This is addressed below under **Facilities Improvements**.

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

As we reported last year, during the last five years Saralyn Kerrigan, our 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 part of our mission and another unique strength of Guest House. We salute all of the people who make Guest House what it is today:

The leadership team Marianne Hile (Director of Guest Services & Group Sales), Rhonda Nutile (Director of Business Operations), Rich Kerrigan (Director of Facilities), Executive Chef Alan Demick, and Charlie Schillberg (Assistant Executive Director), as well as our 20-person staff under Saralyn's leadership, hold and guide the wellbeing of Guest House for each and every guest.

### **Facility Improvements**

Since buying Guest House in 2008, we have replaced many systems and continually upgrade others. Throughout 2017 and 2018, we started work on a long-term plan to refurbish the more visible aspects of Guest House (i.e., air conditioners, furniture, carpeting and fresh paint). These projects are on hold in 2019 as we have undertaken two major capital expenditure projects: the potable water system and the parking lot and driveways.

This spring, a new potable water system ingeniously designed by Rich Kerrigan was installed to serve all of GH. We had been saving for several years and were finally able to meet the \$138,000 cost. Although our drinking water (a.k.a. potable water) has always been of excellent quality, the distribution system for it was over 40 years old. As a result, now and for many years into the future we can continue to drink some of the best water in Connecticut.

After years of kicking this major project down the road, Guest House is finally going to rebuild our parking lot. As anyone who has been here knows, the potholes and large puddles turn into ever-widening skating rinks in the winter, making driving in and out not only a challenge but a potential liability. The severe flooding in our basement in the fall of 2018 was caused, in part, by clogged and poorly planned drainage systems under the driveways.

It's not a simple question of repaving. It's an entire system that must be planned and executed holistically to prevent many interdependent components – drainage networks, outdoor lighting, buried wiring, manhole access, septic systems, etc. – from future catastrophes that would require getting under the new paving to fix.

This is the largest-scale project Guest House has ever undertaken. The total cost is about \$160,000. We have been saving for several years, but still needed to raise additional funds from our donors to complete the project. You have once again responded and donated \$70,000 to complete the Parking Lot Plus Campaign. We are happy to tell you that work on this vital project is scheduled to start at the beginning of November and is expected to be completed in three weeks. Rich is the mastermind who

is overseeing this and is hopeful that come December, a sparkling new environment will greet all our guests.

### A “Green” Guest House

Last year we reported that GH’s environmentally friendly practices are essential to our mission and are at the core of our business. Guest House was one of the first certified **Green Lodging Facilities** in Connecticut. This certification impacts all our processes and systems. Guest House is also 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 and provides all kinds of animals access to naturally available food, water, cover and places to raise young.

But we’re not content to stay at this level. We are continually finding other ways to be green, such as: reducing food waste; increasing composting; recycling guest soap; using green-certified cleaning products; installing and maintaining efficient heating and cooling systems. We are very close to completing our multi-year commitment of transitioning our guest rooms away from oil-heated HVAC systems and into electric, energy-efficient units. These are not only more efficient; they also allow staff and guests to control the climate of each space 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

It had been two years since Guest House hosted its last in-house program, “**On Being Human**,” presented in 2016 by Bob Ball and Jeanine Mamary. So, in September 2018 we were very pleased to host a five-day “**Diamond Approach Silent Mediation Retreat**” led by Sandra Maitri and Eugene Cash. This was the first time they had offered this retreat on the East Coast (it is a perennially sold-out event in California). The response here was amazing: 56 Diamond Approach students attended this retreat at GH. Due to its success, Sandra and Eugene will lead another here in June of 2020.

This year Bob Ball and Jeanine Mamary also returned to Guest House for another weekend retreat Sept. 13 through 15. “**On Being in Relationship**” will explore the ways we can deepen any relationship and use relationships of all kinds as tools for our development and growth.

### The Future of Guest House

Eleven 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 with an aim to improve the world. We are moved by the overwhelming appreciation and affirmation we have received from so many guests and supporters over the 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.

We honor you, our community that has grown to be Guest House, and we invite you to continue to hold Guest House far into the future.

With Gratitude,

Jeff Charno, Board Chair  
Saralyn Kerrigan, Executive Director  
Guest House Board of Directors