



Dear Friends,

You may wonder why we are reporting to you about 2019 when Guest House has been temporarily closed for over six months and we are all still living in the midst of the Covid-19 pandemic. As we reported last year, 2018 was excellent, but 2019 was *stupendous!* Thanks to the success of the past four years, and especially 2019, Guest House has so far been able to weather the shutdown and, we believe, is in a position to sustain losses until we can fully re-open with the pandemic behind us.

We have been reporting the extraordinary accomplishments of the last the four years, as revenues from guest groups, Ridhwan groups and contributions have been consistently on the rise. Once again last year, management closely controlled staff additions and other expenses required to support the increased business and deliver a substantial surplus.

We extend special gratitude to you, our donors, who provided significant contributions in 2019 and 2018. You brought in \$250,000 in donations over those 24 months, helping fund two critical major capital projects: the replacement of the potable water system and the reconstruction of our parking lots, driveways and related systems.

By far, the most important—and moving—accomplishment of our executive director, Saralyn Kerrigan, has been building an excellent team of managers and staff who work collaboratively to bring a spirit of joy and professionalism to Guest House for all who come here. These financial results and our staff’s loyalty to the community they serve could only be realized by a team who truly loves Guest House. Below is a four-year summary of results, and discussion of how Covid is still impacting Guest House, as well as our expectations for next year:

Guest House – 2019, 2018, 2017, 2016 Actual: Summary of Profit & Loss

Year (\$Thousands)	2019	2018	2017	2016
Revenue from Operations	\$1,519	\$1,460	\$1,267	\$1,416
Contributions	\$124	127	\$105	\$98
Total Revenue	\$1,643	\$1,587	\$1,371	\$1,514
Operating Expenses before Interest	<u>\$1,418</u>	<u>\$1,385</u>	<u>\$1,305</u>	<u>\$1,402</u>
Operating Surplus (Deficit) before Interest	\$225	\$202	\$66	\$112
Interest on Debt	(\$103)	(\$97)	(\$95)	(\$94)
Income/ (Deficit) after Interest	\$122	\$105	(\$29)	\$54

At the beginning of 2020, Guest House had just completed its most successful year ever. Sales exceeded the budget and the prior year's numbers; net profits were up 20% over the previous year, exterior and interior areas of the facility were replaced, repaired and renovated, ensuring that it not only looked beautiful, but was also safe and sound. Our entire staff, from guest services to dining services to the housekeeping teams, were working harmoniously to offer groups the attention and care that resulted in glowing reviews. Only seven months ago, Guest House was "zinging," ready for a successful 2020, with 95% of budgeted sales already booked, new customers calling, the building deep-cleaned and ready for a booming spring season. Staff and board were in high spirits.

Then the pandemic struck, and we were forced to close our doors on March 11, 2020. All employees were furloughed so they could qualify for unemployment benefits. A few of the senior team, including Saralyn, facilities director Rich Kerrigan, director of retreat services and group sales Marianne Hile, business operations director Rhonda Nutile, and assistant executive director Charlie Schillberg, have been working part time to provide minimum security, customer contact, bookkeeping and basic communications with stakeholders.

From that moment on we have tried to keep you informed, and your response has been absolutely incredible. So far this year your donations have exceeded last year's total. This, in addition to government relief funds we received, gives us a longer window of time to continue to pay for the ongoing expenses of keeping GH in shape and safe during the shutdown, and to help staff members who are experiencing hardship. Your support enables, among other things, insurance assistance and tiding over one staff member until unemployment insurance kicked in. We anticipate the need from our staff will grow as federal unemployment insurance support has not been renewed. Your gifts help Guest House retain key workers who might otherwise be forced to find other jobs. Your generosity has also kept up the spirits of Saralyn, the staff and the board. However, we face a difficult future: Here are some reasons why:

- With the onset of Covid-19, all retreats we had on the books were cancelled or indefinitely postponed. There are a few scheduled for fall, but the likelihood these will happen is uncertain.
- According to our best-case planning, in-person retreats are not likely to resume until spring of 2021; bookings will be gradual and unpredictable, and probably with lower attendance. Resumption of Ridhwan retreats and a few other major groups is critical to regaining our stability. We are confident our loyal customers will return, but we cannot be sure of the timing.
- The Federal loans are just that: loans that will need to be repaid.
- We continue drawing on cash reserves for monthly expenses of about \$35,000 while earning no revenue.

2021 promises to be rocky. Reflecting on the last 12 years, Guest House has experienced unimaginable challenges to our survival. Every time, though, we have grown stronger and clearer about our founding mission. Our leadership team, staff and board are more profoundly committed than ever to ensuring Guest House continues to serve our mission and you.

We sincerely wish good health to you, your families, and your loved ones.

The Guest House Leadership and Board