



September 2014

Dear Friends,

The Board of Directors of Guest House is pleased to present our annual review of operations for last year, 2013. It follows the audit of the 2013 financial statements prepared by our outside accounting firm. Complete financial statements can be mailed to anyone who requests a copy.

Financial results for 2013

In 2013 Guest House's total revenue was a record level of \$1,506,000, or 21% higher than 2012. Of this revenue, \$1,100,000 (73%) came from guest groups, (non-Ridhwan groups), an increase of 46% over 2012, which represents an enormous achievement. This was slightly offset by a decline in revenue from Ridhwan groups (to \$192,000 from \$220,000 in 2012). The decrease was a result of the decline in size of the Ridhwan groups (Emerald Mountain, Northeast Seminary and Boston). Contributions totaled \$140,000, which was \$32,000 less than 2012. This decline will continue in 2014 as a few major donors decrease their giving and some multi-year pledges have now expired.

Operating expenses totaled \$1,307,000, an increase of only 1% over 2012. The increase in total revenue and tight management of expenses resulted in positive income of \$105,000. We are excited to be able to say this was the first year that Guest House earned a profit. The Board extends our appreciation and heartfelt thanks to the entire staff of Guest House and to the leadership of Executive Director Steve Kennedy. However, as you will read below, Guest House will not sustain this performance in 2014.

Here is a snapshot of the financial results for 2013 versus 2012:

Guest House – 2013 and 2012 Summary of Profit & Loss		
	<u>Actual 2013</u>	<u>Actual 2012</u>
Revenue from Operations	\$1,366,093	\$1,076,276
Contributions	\$140,271	\$172,544
Total Revenue	\$1,506,364	\$1,248,820
Operating Expenses before Interest	\$1,306,767	\$1,290,323
Operating Surplus before Interest	\$199,597	\$(41,503)
Interest on Debt	\$(94,846)	\$(95,124)
Income/ (Deficit) after Interest	\$104,751	\$(136,626)

Outlook for 2014

We expect 2014 to be a disappointing year financially as we forecast a decline in revenues and expect to incur a loss for the year. This is due to the last minute cancelation of three large guest groups this past summer, for reasons unrelated to Guest House. The cancelations were made too late to refill the space with other guest groups. Income will be further impacted by the decline in contributions from a few large donors whose long-term pledges have now expired. We expect about a 20% decline in sales from guest groups, slightly offset by a small increase in Ridhwan groups (due to the new DHR5 group starting this September). Contributions are expected to



decline by about \$55,000 or 40%. Operating expenses are expected to decrease as we tighten all spending to track the decrease in sales.

Although Guest House expects to report a loss in 2014, the Board is confident that the operating and sales management expertise and systems are stronger than ever. In spite of the loss of a few large bookings, new guest groups continue to come to Guest House. Many more return each year, and the addition of new Ridhwan groups are positive indicators that we will continue to grow and prosper. There are many other exciting developments to report to you as Guest House completes its sixth year.

Guests

Guest House was established as a center for the East Coast Diamond Approach groups. However our mission is broader than that and also aims to be a place that supports the work for many groups that 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 six 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 3,000. In 2013 we served over 100 different groups. Among the groups that have used Guest House are the Hoffman Institute, the Open Center, Smith College, Rutgers, Yale and Fairfield Universities, the Connecticut Council on Philanthropy, the Gould Writers, Somatic Experiencing Trauma Institute, Connecticut Association of Independent Schools, Trinity Wall Street, the Gestalt Center for Psychotherapy, the Ontological Design Community, the Hartford Family Institute and many churches and arts groups.

Our hard-working staff consistently receives glowing testimonials, and almost every group that stays with us tries to rebook for the following year. (Unfortunately, now that we are so busy, we haven't been able to accommodate all of them!) Thanks are due to all our employees, including department heads William Galvin, Marianne Hile, Steve Matterazzo, and Rhonda Nutile.

Facility Improvements

Just in time for the 2013 summer retreats, a group of ambitious staff led by Will Galvin cleared trees and built a labyrinth at the entrance to the woods. We all now enjoy the peace of this sacred space. Thank you to all who helped to create this.

Other significant improvements to the grounds and interior spaces: the entire grounds received new outdoor lighting, including the parking lot, walkways and deck. Some bedrooms were repainted and recarpeted, a project that is required every year, a few rooms at a time. All light bulbs were replaced with LED versions, which will reduce lighting expenses by 50%. The entire fire pump system was replaced and new smoke detectors installed.

More new work completed this year: new carpeting in the White Barn, new air conditioners in selected rooms, additional back-up generators installed. The latter gives the entire building backup generator power during storms and power failures.

New Friends of Guest House

Since launching the Friends of Guest House annual membership program in 2012, the number of Friends grew to 116 in 2013. Our goal for 2014 is 130 Friends. A generous additional matching



grant was received from the Community Foundation of Middlesex County. Although the total amount of donations declined last year, the increase in number of new supporters and Friends is important. Like most retreat centers Guest House needs 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 10% of our annual budgeted revenues must still come from donations.

In 2014 we launched a Commemorative Giving program to encourage donors to honor loved ones, both living and passed. Several benches and plaques have been donated and are now installed throughout the grounds.

New Executive Director

The Board announced a few weeks ago that Steve Kennedy will assume the responsibility of Director of Sales and that Guest House will begin the search for a new Executive Director. After four years as ED, Steve has developed a highly skilled staff to manage all of the operating functions, led major upgrades of the physical facilities, oversaw sales growth of over 50% and produced our first profitable year. When Jim Emswiler, our longtime Director of Sales, announced his retirement, Steve jumped at the chance for a new challenge. The Board of Directors, along with Steve, has started the search for a new ED, which is yielding many promising candidates. We are most fortunate and grateful that Steve will continue on the management team and will also be able to counsel and guide the new ED.

Programs and Webinar

Last year Guest House reduced the number of in-house-sponsored programs and held two: "Trauma, Attachment & Essence," led by Diane Poole Heller, and "Living a Life That Matters," led by Walter Link and Bernie Glassman. Our research on how best to sponsor programs led us to develop our first on-line program in the format of an interactive webinar. Guest House will present a three-part series with Sandra Maitri titled "The Power of Inquiry—Through the Head, Heart and Belly." This webinar will be held this November and is open to everyone. You can see more about this event and sign up for it on our website: www.guesthousecenter.org.

New Board Chair and Members

The Board is very pleased to announce that Jeff Charno was elected in June of this year as our new Chair. He is a member of Diamond Approach New York. We extend our sincere appreciation to Laurie Leonard for her four years of dedicated service as Board Chair. During her tenure, Laurie guided Guest House through many challenges to a strong and thriving center and will continue on the Board as Secretary. During the last year, two new members have joined the Board: Hadley Perry and Betts Cassidy; both are in the Emerald Mountain Diamond Approach group. Please welcome our new members and Jeff (our fourth Board Chair of Guest House).

Conclusion

As Guest House completes its sixth year in operation, we are buoyed 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 challenges not dissimilar to those of many retreat centers across the country, which are still weathering the impact of a tentative economy. We are constantly brainstorming new ways to translate that appreciation into financial commitment, and to devise new and imaginative ways to broaden our donor base and strengthen our sustainability.

With gratitude,

Laurie Leonard, 2013 Board Chair
Jeff Charno, 2014 Board Chair
Steve Kennedy, Executive Director

Guest House Board of Directors

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