



September 2015

Dear Friends,

The Board of Directors of Guest House is pleased to present our annual review of operations for last year, 2014. It follows the audit of the 2014 financial statements prepared by our outside accounting firm. Complete financial statements will be mailed to anyone who requests a copy.

Financial results for 2014

As anticipated, Guest House’s total revenue declined in 2014 by 13% to \$1,181,000 and resulted in a loss of \$103,000 versus income of \$105,000 in 2013. The sales decline was due to the last minute cancelation of three large guest groups last summer, for reasons unrelated to Guest House. The cancelations were made too late to refill the space with other guest groups. As a result, Guest Group revenue declined by \$237,000 to \$863,000 in 2014 from \$1,099,000 in 2013. This decline was somewhat offset by an increase of \$97,000 in Ridhwan revenue to \$289,000, as Diamond Heart Retreat Group 5 started in the fall of 2014 and Emerald Mountain membership continues to grow. Income was further impacted by a decline in contributions of \$38,000 to \$102,000 from a few large donors whose long-term pledges have now expired and some long time donors who have gradually decreased their level of giving.

Operating expenses totaled \$1,301,000 or \$9,000 less than in 2013.

Here is a snapshot of the financial results for 2014 versus 2013:

Guest House – 2013 and 2014 Summary of Profit & Loss		
	Actual 2013	Actual 2014
Revenue from Operations	\$1,366,000	\$1,181,000
Contributions	\$140,000	\$102,000
Total Revenue	\$1,506,000	\$1,283,000
Operating Expenses before Interest	\$1,309,000	\$1,301,000
Operating Surplus (Deficit) before Interest	\$200,000	\$(18,000)
Interest on Debt	\$(95,000)	\$(95,000)
Income/ (Deficit) after Interest	\$105,000	\$(103,000)

Outlook for 2015

We expect 2015 to be another challenging year. Revenues continue to increase from 2014, but may not be enough to generate a surplus. However there are positive operating trends. The Guest Group revenue is growing again and so is revenue from the Ridhwan Groups. DHR5 is growing and now meets twice a year at Guest House and Diamond Approach New York (DANY), which is now five years old, is meeting twice a year at Guest House. Emerald Mountain continues to grow even after celebrating the twentieth anniversary of Alia Johnson’s establishment of the group in 1994. In addition, Guest House has changed our reservation policy, which will greatly reduce the impact of last minute cancelations by guest groups.

Contributions are expected to stay consistent with those of 2014 as donors return and we continue to expand our donor base. Due to the leadership and expertise of our new management team (Addressed below - New Executive Director and Management Team) operating expenses are being tightly controlled in line with our sales. Although Guest House may report another loss in 2015, 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 strong testimony to the uniqueness and holding environment Guest House gives to all who come. There are many other developments to report to you as Guest House completes its eighth year.

New Executive Director and Management Team

Last year, the Board announced that Steve Kennedy stepped down after four years of leadership as the Executive Director and assumed the responsibility of interim Director of Sales. We are grateful that Steve continued on the management team for six months to provide support and a smooth transition to the new ED. We send our deep appreciation to Steve for his dedicated service to Guest House.

In September, the Board undertook an extensive search process for a new ED. Many qualified candidates applied. Fortunately Saralyn Kerrigan went immediately to the top of our list and became the Executive Director in November. She brings a long career of executive management experience in the retirement community industry. She is a native of Connecticut and returned here in 2010 after ten years in California. After a brief introductory period, Saralyn leaped into “the fire”—in reality it was the twenty feet of snow that fell in Chester last winter—and the three months of below freezing temperatures that took a big toll on the building. In spite of the weather challenges Guest House staff made it to work and held all retreats as planned. In her first four months, Saralyn developed a new sales strategic plan and launched a short- and long-term improvement plan for the entire facility.

Guest House is also most fortunate to have Rich Kerrigan as the new Director of Facilities. Rich had over twenty-five years experience as an environmental engineer and immediately applied his broad knowledge to undertake a complete review of all of Guest House’s structural and mechanical systems and procedures. This resulted in a detailed plan for critical improvements and upgrades to be implemented over the next three years starting immediately.

Our chef of four years, Steve Matterazzo (“Chef Steve”), announced he wanted to move on to different challenges. His assistant Tom Oates was ready and more than able to step into this important role and lead preparation of over 10,000 meals a year for our very appreciative guests.

Facility Improvements

All of us in the Northeast will long remember the winter of 2014 -2015. Guest House was in the middle of the Snow Belt. The many weeks of below-freezing temperatures and twenty feet of snow had a severe impact on the building, which is now thirty-five years old. Since buying the facility and creating Guest House in 2008, many systems have been improved. But the life cycle of the facility now requires significant investment for improvements and upgrades, some of which were a result of the severe winter. We are grateful that Rich Kerrigan has overseen the assessment of the improvement requirements and is leading the execution of the plan. In order to fund part of this critical plan, **The Waterworks Fund** campaign for \$50,000, was launched in June. Work has already been completed to upgrade the hot water systems, provide additional back-up generators and we’ll soon start to repair the Sunroom roof and septic systems in time for winter.

Webinar Series

November 2014 saw the successful kick-off of Guest House's webinar program. Sandra Maitri conducted a three-session online workshop "**The Power of Inquiry—Through the Head, Heart and Belly.**" Enrollment reached 297, drawing people from far-flung places such as Germany, Norway, Singapore and Australia. Thanks to *Chris Macek* and *Eduardo Gómez* for facilitating the use of the new technology.

We're planning another webinar series this November, which will be led by Diamond Heart teacher Sherry Anderson, who wrote *Ripening Time: Inside Stories for Aging with Grace*. Please go to our website for additional information.

Guests

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 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 seven 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 2014 we served over 100 different groups. Our hard-working staff consistently receives glowing testimonials, and almost every group that stays with us tries to rebook for the following year. This quote from a recent guest group leader reflects the sort of appreciation we frequently receive from our guests:

"Once again holding my Summer Writers Retreat at the Guest House was a magical experience for everyone in my group. You and your entire staff continue to provide the most tender and thoughtful service to every need that arises...I look forward to holding my fourth annual retreat in 2016 at the Guest House. Until then, I know the power and magic of the giant maple tree will give me a happy heart in every season."

Thanks are due to all of our employees, including department heads Marianne Hile, Rhonda Nutile, Tom Oates and Rich Kerrigan.

Friends of Guest House

Since launching the Friends of Guest House annual membership program in 2012, the number of Friends has grown steadily, reaching 134 in 2014. Although the total amount of donations declined last year, the increase in number of new supporters and Friends is important. 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. While the amount of donations required to sustain Guest House has declined steadily over the last five years, about 10% of our annual budgeted expenses must still come from donations.

This June we launched the **Waterworks Fund** to raise \$50,000 to fund specific projects related to the conservation and quality of water use. These improvements are critical to the wellbeing of guests and to the infrastructure of our beloved retreat center. Please support this Fund.

Last year we announced the Commemorative Giving program to encourage donors to honor loved ones, both living and passed. Several benches and plaques were donated and are now installed throughout the grounds. We invite you to continue to support Guest House with a commemorative gift.

Conclusion

As Guest House completes its eighth 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 new and big challenges, not dissimilar to those of many other not-for-profit retreat centers across the country. Under the leadership of our new Executive Management Team, we are creating new ways to translate that appreciation into expanding our outreach to new guest groups and to broaden our donor base and strengthen our sustainability.

With gratitude,

Jeff Charno, Board Chair
Saralyn Kerrigan, Executive Director

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