

HOSTELLING INTERNATIONAL
CANADA
PACIFIC MOUNTAIN REGION
ANNUAL REPORT 2013



Hostelling International-Canada
Pacific Mountain Region
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ENDS POLICIES

A community of travellers, when experiencing people, places, and cultures in Western Canada have as many genuine hostelling options as the organization can sustain.

Members and travellers can experience Pacific Mountain Region's unique geographical and cultural landscapes through a network of strategically-located hostels.

Members and travellers in the Pacific Mountain Region can participate in a genuine hostelling experience.

VISION STATEMENT

The Western Canada market leader in the provision of high quality, affordable and innovative network of hostelling accommo-
dation and programs.

VALUES STATEMENT

Community
As good neighbours we will share with and contribute to our communities through learning, participation, volunteerism, and inclusion.

People
As an open, collegial organization, everyone will be treated with consideration, respect, dignity, and fairness and will have opportunities to influence strategic direction and to participate in the governance process.

Operational Excellence
As a responsible and responsive organization, we will strive for operational excellence to ensure financial sustainability and growth.

We will be leaders and innovators in the hostelling community committed to “finding a better way”.

Service Philosophy
Our success begins and ends with our guests and members. It is up to us to have an impact that enriches their travelling adventures.

Work Environment
We provide an open and supportive work environment where honesty and constructive opinions are encouraged at all levels. We believe that empowering people leads to great things, including a work environment that people feel fortunate to be a part of.

Environment
Our philosophy of being kind to the earth lives through our environmentally responsible operations and through our education of guests, members and staff.

MESSAGE FROM
THE CHAIR

It has been a pleasure to serve as the Chair of your volunteer Board of Directors. Over the past year, the Board has worked as a cohesive team to ensure that the Association is governed in an effective manner on behalf of our members.

We welcomed two new Directors to the Board in September 2012 with the elections of Meghan Trepanier and Cindy Ng. Jason Demers and James Wyatt were also re-elected for another term.

We have been very busy this past year working on a number of initiatives to enhance the overall governance of the Association on behalf of our members. Significant work was completed to improve Board policy in a number of key areas and to enhance policy monitoring and measurement of organizational performance, along with new bylaws that are required by October 2014. Linking with the membership on governance issues is an important role for the Board and this continues to be a high priority. We continue to use the valuable feedback from members to set the future strategic direction for hostelling in our region. We would like to thank all those members who participated in our linkage processes during the past year.

Finally, as a major contributor to HI-Canada, our national HI partnership, we continue to strive to improve the functioning of the partnership and the effectiveness of our national organization. We strive to make significant contributions to national-level initiatives both at the governance and at an operational level.

I hope that you will join me in participating in a genuine hostelling experience at one of our many unique and special hostels in the Pacific Mountain Region.

Sincerely,



Brian Kelly
Chair
Hostelling International-Canada
Pacific Mountain Region



OUR MISSION
TO HELP ALL, ESPECIALLY THE YOUNG,
GAIN A GREATER UNDERSTANDING
OF PEOPLES, PLACES AND CULTURES
THROUGH HOSTELLING.

MESSAGE FROM THE CEO

This was another rollercoaster year for the region due to the current uncertain global economic situation. Although the fiscal year started slowly, since late 2012 there has been a promising turn in the trends as many Alberta hostels and HI-Whistler posted increases in overnights. Recently, HI-Victoria has seen a similar trend, though the situation still remains volatile in Vancouver. Overall, we have seen an increase in both domestic and international visitors.

Despite the unsteadiness in the tourism market, our staffing has remained very stable during the past year with several internal promotions. We introduced 22 training programs throughout the region with 90% of them presented by our own HR department or senior staff.

Even with tight cash flow we were able to complete several capital projects at our hostels, which you will read about later on in this annual report. We've also expanded our hostel network with the addition of two new affiliate operators. We are pleased to welcome HI-Prince Rupert in Northern BC and HI-Cumberland on Vancouver Island.

Our external partnerships continued to expand this year. We offered five First Nations programs last year at HI-Lake Louise Alpine Centre in partnership with Parks Canada. Guests and locals enjoyed these programs and they'll be repeated at HI-Lake Louise Alpine Centre and expanded to HI-Kananaskis this year. We hope to carry out a similar program in Vancouver in the future.



Another exciting venture was our work with the Canadian Paraplegic Association (Alberta) (CPA). Our aim is to increase accessibility at our hostels, especially our wilderness locations. CPA representatives assessed the properties and improvements were made at HI-Athabasca Falls, HI-Rampart Creek, HI-Beauty Creek and HI-Mosquito Creek. Updates include new gravel paths, temporary ramps, new permanent ramps and new outhouses. We worked closely in partnership with Parks Canada on this project and obtained two grants from the provincial and federal governments. We look forward to hosting two events this year. HI-Rampart Creek will host an adventure weekend featuring hand-cycling, adaptive rock climbing and adaptive trail hiking. The second event is a hand-cycling tour from HI-Mosquito Creek to HI-Jasper with stops at four wilderness hostels.

In October 2011, we signed a memo of understanding with the Bavaria Region of the German Youth Hostel Association. This year we were able to move that project to its next stages—in 2013 watch out for special contests and promotions.

Looking forward, we have exciting plans. This includes future development of HI-Calgary City Centre and HI-Jasper. We are also heading into the next phase of incorporating the three pillars of environmental, financial and social sustainability into our business plans.

We were severely hit by the recent floods in Alberta and suffered extensive damage at HI-Kananaskis Wilderness Hostel and HI-Calgary City Centre, both of which remain closed at the time of this report's printing.

I would like to extend a big thank you to our volunteers across the region, who have donated over 5,000 hours to the association. You have made the experience of our guests and your fellow members much more memorable. You should be very proud of the difference you made.

I would also like to thank the board members and staff for their contribution and dedication to the region.

I look forward to meeting you in my travels around the region during the upcoming year.

A handwritten signature in dark ink, appearing to read 'Alistair McLean'.

Alistair McLean
CEO
Hostelling International-Canada
Pacific Mountain Region

OUR HOSTEL NETWORK



HI-Tofino (Image courtesy of Tourism British Columbia)



HI-Whistler

OUR HOSTELS

Hostelling International–Canada–Pacific Mountain Region spans two provinces and one territory with hostels reaching from the rugged shores of Tofino, throughout the streets of Vancouver, across the peaks and valleys of the Rockies and into the peaceful sprawl of Alberta’s David Thompson Corridor—and our network continues to grow. This year, two BC affiliate hostels joined the region—one in Cumberland and one in Prince Rupert, opening up budget travel experiences and connections on Vancouver Island and in Northern BC.

At peak season the 31 hostels of HI-C-PM Region can accommodate 2532 travellers–2051 in 22 association-owned hostels and 481 in nine affiliate hostels.

Whatever our guests and members want from a hostel they can certainly find it in our network.

Want the ocean? Head to HI-Tofino or HI-Vancouver Jericho Beach.

Want the mountains? Find them at your doorstep at HI-Lake Louise Alpine Centre, HI-Fernie and HI-Nelson.

Want to feel the adrenaline? Go to HI-Whistler or HI-Banff Alpine Centre and name your adventure.

Want a small city feel? Chill out at HI-Victoria or HI-Penticton.

Want to get away from it all? Try out any of our 10 wilderness hostels in the Rockies.

Want to be in the thick of it? Head to an urban hostel in the heart of Vancouver, Calgary or Edmonton.

All hostels are bookable online at www.hihostels.ca or through our Central Reservations Department at **1.866.762.4122**

If you need help with membership or information on international hostels you can contact our member services department at **1.800.661.0020**

HI-Lake Louise Alpine Centre, 2012/2013 recipient of the Ivy Devereux Award for best hostel in the HI-Canada network.



Sykes Powderface–Stoney Nakoda Elder

HI-LAKE LOUISE ALPINE CENTRE

This year, HI-Lake Louise Alpine Centre was named Hostel of the Year by HI-Canada for the second year in a row. This award, based on a hostel’s ratings and reviews on HI’s international booking engine at hihostels.com, was only added to HI-Canada’s award program last year and HI-Lake Louise Alpine Centre has won it both times.

HI-Lake Louise Alpine Centre was built in 1990 and was a collaborative project between what was then the Southern Alberta Hostelling Association and the Alpine Club of Canada. There had been a hostel in Lake Louise for years prior but it was too small for the kind of demand a place like Lake Louise attracts. HI-Lake Louise Alpine Centre is the only hostel in the town site and is within walking distance of town amenities and a short drive from the lake itself. There’s room for 164 guests and the hostel is also home to a fully licensed bistro, Bill Peyto’s Café, that is as popular with the locals as it is with guests. There are private and shared rooms available, and rooms specially designed with families in mind.

The hostel’s vaulted ceilings and large but cozy common spaces make the hostel a prime place for meeting fellow travellers and sharing the tales of the day. The hostel organizes a number of regular group activities with an emphasis on celebrating the culture, history and geography of the Lake Louise area.

One of those programs was an award-winner itself this year. The Stoney Nakoda Elders program won the Best Environmental Program award at this year’s HI-Canada awards. The program, run in partnership with Parks Canada, gives guests, employees and locals the opportunity to meet three elders from the Stoney Nakoda Nation to learn about the group’s long history in the area and their connection with these lands. Over 150 guests took part in the program over the summer, which will continue and expand in the future.

“I feel the land’s intrinsic value is beyond our understanding, but hearing of the connection felt by the Stoney Nakoda gave me a glimpse of what it would truly be like to be connected to the land, something I believe should be experienced by all.”

—Louise Brittain Boisvert, program participant

NETWORK EXPANSION



HI-Cumberland



NETWORK EXPANSION

HI-C-PM Region grew by two hostels this year with the addition of two new affiliates. These are privately operated hostels that have a licensing agreement with our region. The Association is delighted to have enhanced the travelling options for members and travellers with the addition of these two exceptional properties.

HI-CUMBERLAND, RIDING FOOL HOSTEL

Located in historic downtown Cumberland on Vancouver Island, this Tourism BC Approved Accommodation occupies an 1895 heritage building, which served as the village hardware store prior to being tastefully restored and converted into a 30-bed hostel. The hostel is at the trailhead for mountain biking in Cumberland and a 25-minute drive from the lifts of Mount Washington Alpine Resort.

Cumberland is a former coal town in the Comox Valley that is now witnessing resurgence as a hub for outdoor enthusiasts and artists. The town of only 3,400 residents is a short drive from Comox/Courtenay and about an hour north of Nanaimo, in a pocket of the Comox Valley known for its mountain biking, hiking, skiing and snowboarding opportunities.

Along Cumberland's main drag, hostel visitors can dine at a number of restaurants, cafes and bistros and enjoy live music and nightlife at a local bar or pub. The hostel shares a building with a bike shop, where guests can rent mountain bikes or arrange a guided bike tour of the area.



HI-PRINCE RUPERT, PIONEER BACKPACKER'S INN

Also a BC Tourism Approved Accommodation and housed in a heritage building, this hostel is ideally located one block from the waterfront, the Museum of Northern British Columbia, the Cow Bay tourist district and other amenities. The 45 bed hostel features both private rooms and multi-share accommodation. Features include a large garden with a BBQ area and fire-pit.

Prince Rupert, in the northwest corner of British Columbia, is the last Canadian port town before you hit the Alaskan border. Famous for its lush, coastal rainforest and amazing sport fishing, Prince Rupert is also Canada's most strategically placed shipping port—a full day's sailing closer to China than anywhere on the Western North American coastline.



HI-Prince Rupert

HOSTEL HIGHLIGHTS

PROPERTY UPGRADES & UPDATES

HI-C-PM Region places a high priority on enhancing the guest experience through improved facilities and preserving the value of the Association’s physical assets. These capital improvements are paid for by revenue generated through operations and by funds generated through race events, casino licenses and government grants.

HI-VANCOUVER JERICHO BEACH

The building and property has been leased from the City of Vancouver since 1971. This year, the lease was renewed for an additional 10 years with the current term ending January 31, 2023. The hostel is operated seasonally for individual travellers, opening on May 1 and closing from mid-September to early October. During the off-season the property continues to host groups.

HI- LAKE LOUISE ALPINE CENTRE

Much of the furniture in the lounge area of the main building has been replaced. New couches, chairs and tables have improved the ambience of the space and comfort of our guests.

HI-JASPER

The septic field for the property required significant repairs, representing the largest investment in an individual property this year. The repair was necessary for the hostel to continue operating. The Association continues to explore cost-effective options for relocating the hostel in the Jasper community.

HI-VANCOUVER DOWNTOWN

The upgrading of the washroom facilities in the West building were completed in 2013. The facilities were taken back to the studs and completely refurbished. New ventilation systems were also added to ensure humidity levels are being kept at acceptable levels.

VARIOUS PROPERTIES

More and more hostel guests are carrying mobile wireless devices now, and they have higher expectations for excellent Wi-Fi reception. It became necessary to upgrade the guest Wi-Fi service at HI-Vancouver Jericho Beach, HI-Calgary City Centre, HI-Banff Alpine Centre, HI-Edmonton and HI-Whistler. Going forward, other HI-C-PM Region hostels will be upgraded as required.



HI-Jasper

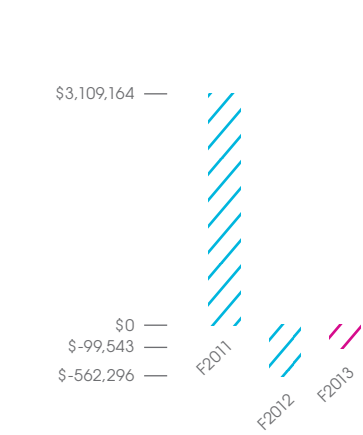
REGIONAL OCCUPANCY & PERFORMANCE

Overnights in the region increased by 1.3% in 2013, improving from 379,529 last year to 384,579 this year. While this is a positive result and a reverse of the previous year’s decline, the uneven performance within the region is a concern. Generally speaking, the growth in overnights came from Alberta hostels, which, as a group, saw overnights increase by 7.5%. Of note, most of the wilderness hostels showed improvement and HI-Calgary City Centre and HI-Edmonton posted impressive increases of 12% and 25% respectively. On the other hand, overnights at BC hostels fell by 4.8% with most properties holding steady or declining. One notable exception was HI-Victoria which saw a 7.3% increase in overnights versus the previous year.

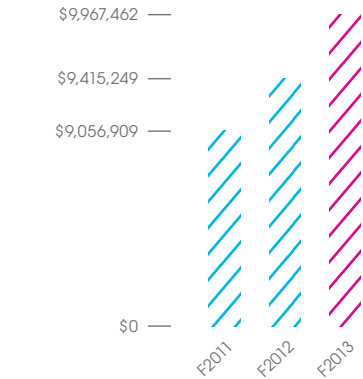
The combined annual occupancy rate for all hostels was 56.3% in 2013, up slightly from 55.5% in 2012. As was the case with year-over-year overnight growth, HI-Calgary City Centre and HI-Edmonton stood out from the crowd with annual occupancy rates of 91% and 83% respectively. HI-Banff Alpine Centre had the third highest occupancy rate at 75%, which was particularly important as this represents a 4% increase from 2012. HI-Vancouver Downtown, with a rate of 66%, and HI-Vancouver Central, with a rate of 67%, still boast two of the better occupancy rates in the region, but they both declined from the previous year.

Net Surplus vs Total Revenue

Net Surplus (Deficit)



Overnight Revenue



FINANCIAL PERFORMANCE

By most measurements, HI-C-PM Region’s financial performance improved in 2013. Gross or top-line revenues increased by 2% to \$12,707,186. Operating expenses, including depreciation and amortization, decreased by 1.2% to \$12,654,569. Cash provided by operating activities was \$1,338,551 in 2013, which was a material improvement over the 2012 result, which was \$906,324. The increase in cash and cash equivalents for the year was \$375,425. HI-C-PM Region’s balance sheet has shown steady improvement during the past three fiscal years. The Association’s payable loans have steadily declined from \$8,308,815 in fiscal 2011 to \$7,142,113 by the end of fiscal 2013. Most of this debt is associated with the development and financing of HI-Vancouver Central and HI-Whistler. You’ll find the Association’s audited financial statements beginning on page 31 of this report.

Overnights

Alberta			= 50,000
F2010	195,242		
F2011	188,455		
F2012	190,235		
F2013	204,422		

British Columbia			= 50,000
F2010	183,121		
F2011	199,392		
F2012	189,294		
F2013	180,157		

Regional Total			= 50,000
F2010	378,363		
F2011	387,847		
F2012	379,529		
F2013	384,579		

Average Occupancy			= 15%
F2010	53.7%		
F2011	55.0%		
F2012	53.2%		
F2013	56.3%		



SHOWN GROWTH
OVER LAST YEAR

EXPERIENCED DECLINES
FROM LAST YEAR

% of total international
market

OUR GUESTS—CANADIAN MARKET

Continuing the trend from recent years the international market still generates the majority of overnights in our region. Despite this there has been some encouraging growth from specific segments of the Canadian market. The number of BC and Alberta residents using our hostels grew slightly this year—with a modest yet welcome increase of 0.4% and 0.1% respectively.

The highest increase came from Saskatchewan with an increase of 17%. Following on from the trend of recent years Ontarians increased their stays in our hostels by 11.1%.

OUR GUESTS—INTERNATIONAL VISITORS

When looking at the top 15 countries that used our hostels there was no change from previous years. However there were some notable changes in market share.

Probably the most significant increase came from the countries of Australia (6.7%) and Ireland (31%). Part of this increase can certainly be attributed to a number of people from these counties choosing Canada as a place to find employment.

The strong Canadian dollar continues to have a negative impact on certain markets such as the USA, UK and France—all showing slight drops from last year. Balancing these losses were small increases from China, Korea (South) and New Zealand.

Germany, although posting a small decrease in overnights, still maintains the largest share of international visitors using our hostels.

CANADA'S TOP 15 OVERSEAS MARKETS

15% Germany

15% Australia

6% USA

5% UK

4% France

3% Ireland

3% Switzerland

3% Japan

2% Korea (South)

2% New Zealand

2% Netherlands

1% Spain

1% Brazil

1% Sweden

1% China

ONLINE PRESENCE

Internet bookings are increasingly important for the region, now accounting for 49% of total overnight revenue. Bookings on **hihostels.ca** showed modest growth but hostels saw significant increases in bookings through third-party websites like **Hostelworld**, **Hihostels.com** and **Hostelbookers**.

	2011	2012	2013
Overnight Revenue from Online Sources	\$3,839,466	\$4,399, 063	\$4,655,103
Total Overnight Revenue	\$9,056,909	\$9,415,249	\$9,967,462
Percentage of Overnight Revenue Generated Online	42%	47%	47%

Penticton, BC



OUR MEMBERS

Hostelling International runs on the support of its members. HI-C-PM Region’s membership department is focused on assisting members in any way they can, whether it’s by adding member discounts or providing information on hostels worldwide.

This year, HI-C-PM Region continued to support the national three-year strategic plan through a number of significant projects. This includes the redevelopment of the membership section of [hihostels.ca](#), producing new training materials for hostel staff across Canada as well as supporting the introduction of an international e-membership product.

MEMBERSHIP TYPE	2011/2012	2012/2013	% CHANGE
Adult Members	13,582	11,808	-13.1%
Youth Members	1,252	1,142	-8.8%
Lifetime Members	6,161	6,248	1.4%
Group Members	226	209	-7.5%
Total Regional Members	21,221	19,407	-8.5%

MEMBERSHIP

In Fiscal 2013, the membership department completed a number of significant projects that will help to better market the membership product across the region and online.

PROJECT SPOTLIGHT: E-MEMBERSHIP

Early in 2012, the IYHF finalized the details of a pilot project to sell an electronic version of the HI membership on the international booking platform [hihostels.com](#). HI-C-PM Region played a significant role in this project and our CEO Alistair McLean represented Canada on an international steering committee.

Not only does this new product take the HI membership into the 21st century, perhaps more significantly the project has also facilitated membership sales at the time of booking. The e-membership is more likely to appeal to the new generation of travellers who more often than not travel with a smart phone or similar device.

In Fiscal 2013 a total of 1,280 e-memberships were sold to Canadian travellers generating revenue of \$19,400 for the HI-Canada partnership.

At the end of Fiscal 2013 HI-C-PM Region had 19,407 members representing a total decline of 8.5% across all membership categories. Despite the disappointing result, HI-C-PM Region is still performing relatively well compared to other regions in Canada and internationally where membership numbers have declined at greater levels.

Next year, the membership department will look to reverse the recent decline in membership by focusing on internal sales performance as well as developing partnerships with like-minded organizations to promote membership.

PROJECT SPOTLIGHT: CO-BRANDED MEMBERSHIP

Work n Holiday is an Australian working holiday company that helps young people with their plans to work overseas. Currently they send people to the UK, New Zealand and Canada.

Upon arrival in Canada participants of the program stay at HI hostels until they find work and a more permanent place to live. In essence, they use our hostels as a landing pad for life in Canada. This is an important market as inevitably these visitors will spend time exploring Canada. Our primary goal in working with this company is to encourage overnights in our network.

In late 2012, HI-C-PM Region entered an agreement with Work n Holiday to develop a co-branded membership card. This means that everyone that enters Canada on the Work n Holiday program automatically becomes a member of Hostelling International–Canada. This is the first co-branded card in Canada—following a trend that other Hostelling International associations have taken around the world. The first cards were issued in March 2013 with a projection of 1,200 cards to be sold by the end of the year.

PROJECT SPOTLIGHT: MEMBER DISCOUNTS

A total of 13 new member discounts were added around the region this year. The focus was to add more discounts close to the hostels. Not only would this provide local members with savings but it would also help our hostels promote the immediate value of the membership to guests. Member discounts were added in Victoria, Tofino, Vancouver, Penticton, Calgary, Edmonton and Canmore.

In addition to adding new member discounts we also wanted to make it easier for our local members to find a discount when they are out and about. Guests can now search for local discounts based on their current location, using the new mobile version of our website, which was also launched this year.

MEMBERSHIP TRAINING

Last year we completed an internal audit of our current staff training materials for membership across Canada.

As a result, some significant improvements were made that will help deliver consistency across Canada in membership sales and promotion. This includes a new membership training video, a front desk training manual and a revamped FAQ section on CONNECT—HI-C-PM Region's intranet.

Next year, the membership department plans to develop a series of training webinars that will allow them to deliver on-demand training to hostel staff at various levels.

MEMBER COMMUNICATIONS

We continue to look at ways to increase our connection with members both online and offline. This strengthens the HI community and also helps us to reach new people who might be interested in what Hostelling International can offer.

BACKPACKER BUZZ E-NEWSLETTER

The monthly e-newsletter keeps HI members and other subscribers up to date with HI news and offers travel suggestions within Canada and around the world, HI membership deals plus much more. This year we have partnered with HI-St. Lawrence Region which has resulted in an increase in subscribers to our e-newsletter to 26,500— an increase of 20% over last year. This allows us to promote

the Pacific Mountain Region hostels directly to a significant and interested readership in Ontario and Quebec.

BACKPACKER BUZZ BLOG

The Backpacker Buzz Blog features blog posts about hostelling and travelling in general. The blog is updated on a regular basis throughout the month. A total of 119 blogs were written in the last fiscal year.

We had 1,383 unique visitors read our blog each month with an annual total of 16,602 new readers. This is an increase of 16% on last year’s readership.

OUTPOST MAGAZINE

Outpost is Canada’s leading adventure magazine which is published bi-monthly and available across newsstands in North America. Each edition includes six pages for HI-C-PM Region in a section called Backpacker Buzz. This section includes travel stories, trends and information, focusing on our region, Canada and the global HI network. At the end of fiscal 2013, over 8,500 members received Outpost as part of their HI membership.

BIG THANKS FOR A GENEROUS DONATION

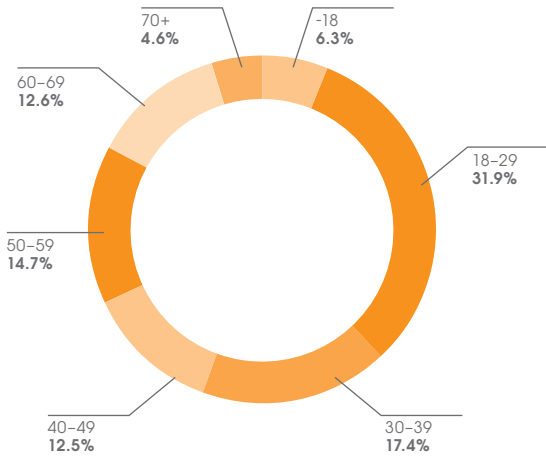
Sadly, long-time HI life member Robert Lavon Jones passed away this past year. In his estate he had generously left a \$2,500 donation to our region to further develop hostelling.

Robert lived in Calgary and was an avid outdoorsman who loved to ski, snowshoe, hike and take photos. He felt most at home in Kananaskis Country, home to HI-Kananaskis Wilderness Hostel. His donation will be used to enhance the experience and enjoyment of hostel guests and HI members in this special place.

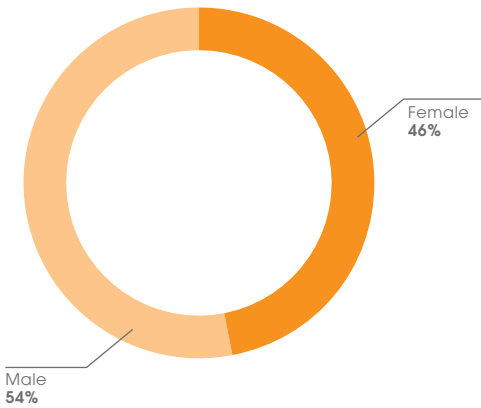
Robert’s donation will be going towards improving the hostel’s fire pit, a popular gathering spot for hostel guests from other parts of the province, the country and the world who share their stories of that day’s adventures and make plans for the next. We will be adding in new benches, a picnic table and masonry around the fire pit, while a plaque recognizing Robert and his contribution will be placed inside the hostel.



Robert Lavon Jones



MEMBERSHIP BREAKDOWN—AGE



MEMBERSHIP BREAKDOWN—SEX

IN THE COMMUNITY



HI-Victoria

CHARITABLE DONATIONS IN VICTORIA AND VANCOUVER

Both HI-Victoria and HI-Vancouver Central regularly donate clothing and supplies to various charities. HI-Victoria donates bottles and cans to The Land Conservancy and they pass on unclaimed lost and found items to the Salvation Army while older pillows, quilts, and towels go to the Good Will and other associations. Each year, they collect food for a local food bank and they collect change for the SPCA. HI-Vancouver Central donates unclaimed lost and found items and guests’ unwanted clothing to the Wildlife Thrift Store, who donate their proceeds to a number of local charities.

SENIORS SUPPORT IN CALGARY

HI-Calgary City Centre continued its partnership with a local seniors association. Twice a week, a member of the seniors association comes to the hostel, for three to four hours at a time, to provide tourist information to hostel guests.

DIGITAL COMMUNITIES

This year, HI-C-PM Region brought in a digital marketing strategist on a contract basis to help develop the region’s social media strategy at the regional and hostel levels. The end result of this work, which continues in Fiscal 2014, will be both a concrete regional strategy and comprehensive guidelines for hostel Facebook pages to ensure consistency in voice and brand across all of the region’s social media channels.

A full assessment was done of the region’s social media channels and the wheels are now in motion to move towards a national approach to social media, as opposed to a regional approach that is restricted by borders that few outside of the Association recognize. Combining regional efforts to represent the HI-Canada brand on Facebook and Twitter will allow for a more concentrated audience and brand message.

A regional social media strategy will incorporate both the hostel and national platforms and allow for the development of cross-platform social media campaigns to promote HI-C-PM Region hostels to a nationwide and international audience. At the same time, a strengthened hostel presence on social media will allow us to better engage with our local communities, members and guests online.

Facebook

Our total reach on Facebook (how many people see our content) fluctuates month to month and this year averaged about 6,510 unique users per month on our regional Facebook page (Backpacker Buzz), spiking at 30,953 one month due to a particularly popular and much shared image. The average monthly reach more than quadrupled over the previous year, due in most part to more frequent posting and more visual and aspirational posts.

Twitter

Our Twitter base grew by 16% this year with over 1,100 followers. Our Twitter presence will witness a similar transition to a more national approach this year, supported by Twitter-friendly campaigns. Twitter offers our marketing team the opportunity to engage with well-known travel bloggers directly, a new approach to media relations that will be incorporated in future communications strategies.



2012 RACES

The Association ran its usual roster of fundraising races in 2012 and despite some weather challenges, participant numbers continued to rise.

HI RUN / SPRING TRIO

Spring Trio 5/10/15km—April 22, 2012

Participant numbers more than doubled over 2011 and we even managed to get a great weather day, snuck in between two major snowfalls.

HI RUN / K-100

Kananaskis 100 Mile Relay Race (K-100)—June 23, 2012

Our 26th annual K-100 was the wettest one in recent memory. It rained most of the day and forced our post-race activities indoors at Nakiska. In spite of the wet weather, our runners still had a great time and all of our volunteers were still smiling.

HI RUN / BANFF EKIDEN RELAY

Banff Ekiden Relay—October 13, 2012

Numbers continue to grow steadily in this race with 12% more teams over 2011. We expect continued growth until we hit our Parks Canada imposed cap of 750 runners (150 teams).

HI RUN / LAST CHANCE HALF MARATHON

Last Chance Half Marathon—November 13, 2012

Our 500-person cap was filled more than a month before the race. It was a chilly one in 2012 with temperatures hovering around -13°C at race start. The post-race facility where brunch is served to runners and volunteers has agreed to increase numbers, so the cap is increased to 600 for 2013.

None of these races would be possible without the help of dedicated volunteers. Over the course of the race season, over 500 people volunteer their time. Thank you also to all of the sponsors and, in particular, Centaur Subaru, BDO, Gord’s Running Store, Village Brewery and Impact magazine, all of whom support all of the races throughout the year.

For more information about upcoming events visit hihostels.ca/running

OUR
PEOPLE

We believe that empowering
people leads to great things



LENGTH OF SERVICE RECOGNITION

5 years

- Alicia Arata, Housekeeper
HI-Vancouver Central
- James Ugray, Front Desk Agent
HI-Banff Alpine Centre
- Kevin Conrod, Front Desk Agent
HI-Victoria
- Terri Grassick, Night Supervisor
HI-Vancouver Central
- Kirsten Crisostomo, Front Desk Agent
HI-Vancouver Central
- Marc Belair, General Manager
HI-Whistler
- Sandra Hahn, Housekeeper
HI-Vancouver Downtown
- Krystel Barry, Housekeeping Supervisor
HI-Whistler
- Jean-Louis Belair, Maintenance Manager
HI-Lake Louise Alpine Centre
- Shaun Freeman, General Manager
HI-Whistler
- Somying (Jhi) Yaesuwan, F&B Manager
HI-Banff Alpine Centre

Ten Years

- Cheryl Bejar, Front Desk Agent
HI-Vancouver Central
- Snezana Djajic, Housekeeper
HI-Vancouver Central
- Marija Trajkovic, Housekeeper
HI-Vancouver Central

- Mikie Sato, Housekeeper
HI-Vancouver Central
- Quilina Solis, Housekeeper
HI-Vancouver Central

Fifteen Years

- John Len Hodges, Maintenance Manager
HI-Banff Alpine Centre
- Shelbey Sy, Marketing Director
Regional Office

Twenty-Five Years

- Volker Schelhaus, Hostel Manager
HI-Maligne Canyon Wilderness Hostel
- R. Mark Holland, Hostel Manager
HI-Victoria

PROMOTIONS & NEW POSITIONS

- Kareem Moustafa, Assistant Manager
HI-Vancouver Central
- Jenn Jimeno, Vancouver Programming Coordinator
HI-Vancouver Central
- Shaun Freeman, General Manager
HI-Whistler
- Michel Tremblay, General Manager
HI-Jasper/Jasper Wilderness Properties
- Nicolas Theriault, Assistant Manager
HI-Jasper/Jasper Wilderness Properties
- Kirsten Miffing, Assistant General Manager
HI-Banff Alpine Centre
- Somying Yaemsuwan, F&B Manager
HI-Banff Alpine Centre

DID YOU KNOW?

HOSTELCAREERS.CA STATISTICS

Hostelcareers.ca is the central jobs site for employment opportunities throughout HI-C-PM Region. There, visitors can view and apply for jobs, read about the benefits of employment with HI-C-PM Region and check out profiles of current employees.

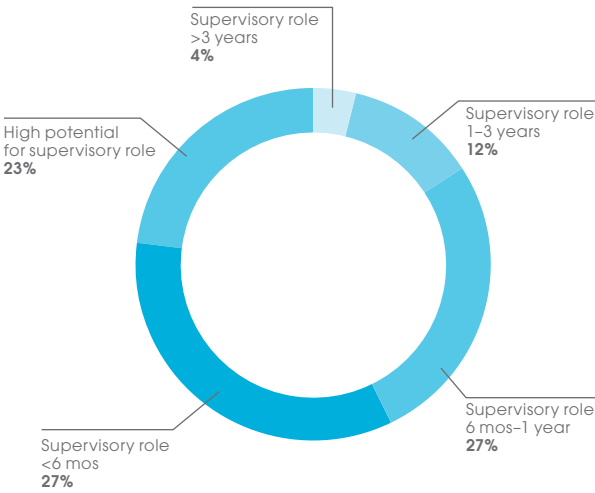
In Fiscal 2013

- 17,014 unique visitors/people viewed the site
- resulting in 116,921 page views
- from 115 countries: 74% from Canada, 7.3% from the US, 3.7% from the UK

TRAINING STATISTICS

A total of 22 unique course curriculums were created and offered in both provinces in person/via webinar for a total of 129 hours of instruction. A total of 57 employees from 13 hostels, the regional office and one affiliate hostel participated. Of the participants:

- 4% had worked in a supervisory role for more than 3 years,
- 12% in a supervisory role between 1–3 years,
- 27% in a supervisory role between 6 months–1 year,
- 34% in a supervisory role less than 6 months, and
- 23% not presently working in a supervisory role but identified as high potential in performance review



TRAINING STATISTICS

EMPLOYEE RECOGNITION

The HI-C-PM Region employee recognition program, **You Kick Ass!**, continued its success with 872 nominations in Fiscal 2013.

EMPLOYEE ENGAGEMENT

The 2012 Employee Engagement Survey closed on September 9th after two weeks and 155 completed submissions. We ran two surveys, one for hostel managers and another for front-line employees, supervisors and assistant managers. The response rate for the two surveys combined was 60%.

OCCUPATIONAL HEALTH AND SAFETY

Hazard assessments were updated at all properties, including wilderness properties in each of the national parks. All assessments are posted on CONNECT so all employees have access.

Twenty-one staff obtained their First Aid/CPR C certification this year while 17 staff were re-certified.

LEADERSHIP DEVELOPMENT

Our goal is to ensure newly hired and existing managers have the critical skills necessary to meet the ever-changing needs of our guests and members.

We conducted a needs assessment and developed a curriculum consisting of 22 unique learning opportunities that are delivered in group training and regular webinar format.

Core Curriculum was facilitated three times during the year: September 2012 in Alberta and January 2013 in BC and Alberta. In total, 57 employees participated in at least one session.

Two new modules were added after the initial roll-out: train the trainer and performance management/people planning. Participants are required to develop an action plan after each session and they support each other as resources to complete their projects. The Association now publishes an Annual Training Calendar that is also available to affiliate hostels.

OUR VOLUNTEERS

Volunteers across the region donated 5,000 hours collectively this year, assisting with hostel programming, fundraising races and with regional office administration.



STAFF SPOTLIGHT—WES

I began working at Hostelling International in September 2011 upon referral from a friend, whose glowing reviews of the unique atmosphere and work experience drew me in. Looking to sharpen my teeth in the “real world” and with only a vague understanding of hostelling, I had no idea what an experience joining HI would provide! From new relationships to eye-opening experiences, being a part of the HI team has positively impacted me.

Overall, my job involves keeping things going between Central Reservations and the wilderness hostels. This includes keeping tabs on availabilities, adjusting online allocations, drafting regular reports, keeping the computer systems up to date and processing transactions for our wilderness properties. Besides these tasks, my days include supporting the rest of the Central Reservations and HI-Vancouver Jericho Beach staff, processing online bookings,

and doing whatever other odd tasks need accomplishing. Best of all, I get the opportunity to work and interact with a variety of different people and HI departments daily, including guests, operations staff, Groups Reservations, Accounting, Marketing, and, of course, CRS!

This variety has allowed me to expand my knowledge, outlook and experiences, while increasing my understanding of HI and the tourism industry. More than that, though, working for HI has shown me what can happen when like-minded, travel-oriented people come together to provide life-changing travel opportunities for others. While high levels of service and experience often come with heavy price tags, HI shows that travel is not all about finances or even necessarily location, but rather the experiences, people, and memories held in between. This outlook, more than anything, is what continues to excite and draw me to HI. Here’s to travel!

OUR AWARDS

HI-C-PM Region was recognized this past year by HI-Canada and was presented with the following awards:

Hostel of the Year—
HI-Lake Louise Alpine Centre

Dorothy Simonetti Award—
Outstanding service by a staff member
Liz Ferguson, Director of Partnerships

Best Environmental Award—
Stoney Elders Traditional Knowledge Group—
HI-Lake Louise Alpine Centre

Best Special Event Award—
Discover Hostelling Challenge (Girl Guide Program)—
HI-Vancouver Downtown

DOROTHY SIMONETTI AWARD
LIZ FERGUSON

Liz Ferguson joined HI in 2004 as the Executive Director of HI’s Northern Alberta Region. After the merger between Northern Alberta and Pacific Mountain Region in 2008, she became Director of Partnerships for the newly merged region and has been instrumental in the development of a number of core activities for the Association, especially in the realm of cultural, social and environmental sustainability.

She played an important role in the development of revisions to HI-Canada’s Sustainability Charter to bring it in line with international standards. She spearheaded HI-C-PM Region’s greenhouse gas benchmarking project, which has led to a number of initiatives to reduce the Association’s CO2 emissions and ecological footprint (read more in the HI & Sustainability section on page 25).

Along the way, Liz has forged a strong and strategic relationship between the region and Parks Canada, that has helped spread the HI brand throughout Banff and Jasper National Parks. This partnership has spawned important cultural programs for guests and members, like the Stoney Nakoda Elders Traditional Knowledge Group at HI-Lake Louise Alpine Centre, and has led to increased accessibility at our wilderness hostels—a partnership between our region, Parks Canada and the Canadian Paraplegic Association (Alberta). Read more about our partnerships on pages 26 and 27.

Liz’s leadership and dedication have positioned HI-C-PM Region as a leader in hostel sustainability in Canada and around the world—equipping our hostels, staff and guests with programs and resources that will benefit the Association and the place it calls home for years to come.



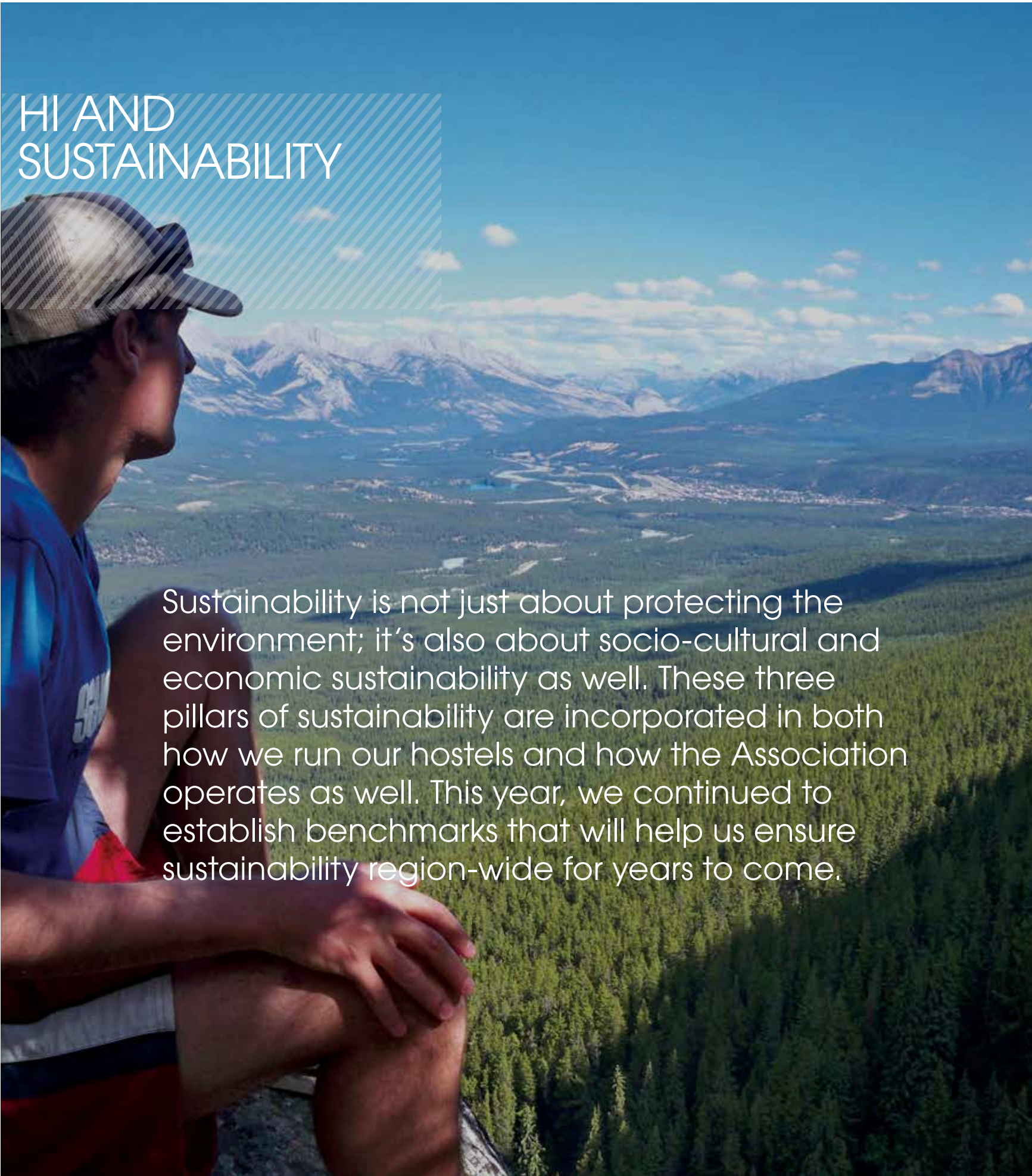
BEST SPECIAL EVENT PROGRAM
DISCOVER HOSTELLING CHALLENGE (GIRL GUIDE PROGRAM)

HI-C-PM Region has been working with the Girl Guides of BC and Alberta for four years and this year won HI-Canada’s Best Special Event Award for the Discover Hostelling Challenge that gives Girl Guides the opportunity to learn about hostelling as an alternative form of travel that is cheap, fun, safe and culturally rich.

Travelling takes courage, mental endurance, confidence, an acceptance of all cultures and a zest for life. In order to complete the Discover Hostelling Challenge, the girls must spend a night at a HI hostel and do a number of activities that include planning a travel budget and itinerary, meeting other travellers and using the hostel facilities such as the kitchen and other common areas.

Participants learn how to say hello and goodbye in four different languages, complete a Hostel Scavenger Hunt, plan a travel budget and itinerary, learn how to pack a backpack and meet other travellers from around the world. At the end, the girls get a special hostelling badge and are well on their way to becoming global citizens and future hostellers!





HI AND SUSTAINABILITY

Sustainability is not just about protecting the environment; it’s also about socio-cultural and economic sustainability as well. These three pillars of sustainability are incorporated in both how we run our hostels and how the Association operates as well. This year, we continued to establish benchmarks that will help us ensure sustainability region-wide for years to come.

Some of the metrics we'll be using to help us assess our sustainability compliance and progress in the future are:

- Annual Quality Assurance Standards inspection reports
- Anonymous hihostels.com green ratings provided by guests
- Annual review of power and fuel consumption trends and greenhouse gas emissions at our hostels
- Ecological projects

From this process, items specific to ecological stewardship are grouped into five categories and performance measures are assigned for each. Those categories are: waste management, water conservation, energy conservation, communication and leadership and management.

ECOLOGICAL INITIATIVES

Five years of power, fuel and greenhouse gas emissions data show, for the most part, reductions in consumption and, as a result, CO₂ emissions.

	GREENHOUSE GAS EMISSIONS			ELECTRICAL POWER		NATURAL GAS		PROPANE	
	Tonnes	kg / overnight	kg / sqft	kWh / overnight	kWh / sqft	Gj / overnight	Gj / sqft	L / overnight	L / sqft
2009	2,506	6.09	213.75	6.20	129.77	0.05	0.66	3.53	49.18
2010	2,559	6.76	213.00	6.20	128.20	0.06	0.64	4.26	51.43
2011	2,588	6.67	218.65	7.21	126.43	0.05	0.62	5.19	54.30
2012	2,455	6.49	206.21	7.60	125.24	0.06	0.60	4.77	47.34
2013	2,516	6.54	209.68	7.19	122.09	0.06	0.65	4.62	38.44

SUSTAINABILITY IN ACTION

HI-Banff Alpine Centre Toilet Replacement

Seventeen toilets were replaced at HI-Banff Alpine Centre as part of a municipal rebate program. Rather than dual-flush toilets, which wouldn't have worked with the existing system, we went with ultra-low-flow toilets (4.8L/flush instead of 13L). We estimate that these installations will save over 1.3 million litres of water annually and, as a result, 2,325 tonnes of CO₂e emissions.

Educational Posters

A series of customized educational posters were developed and distributed to hostels throughout the region to inform guests of that hostel’s ecological initiatives in a memorable and humorous tone that meshes well with the HI brand.

Go with the Flow Oh hi there. Did you know that fine porcelain throne you’re sitting upon right now uses two times less water than a normal toilet? It’s true. That means we’re leaving about 100,000 litres of water in the wild every year. That’s enough water to fill 52 dunk tanks. Don’t worry, this isn’t a dunk tank. Or is it? *(HI-Victoria)*

Shine On Out Here, the sun isn’t just for show; we use it to generate power to run our lights, the internet and to recharge the occasional phone. This means we avoid using 700 litres of diesel and save the mountain air from two tonnes of CO₂ emissions every year. So all these trees around us can breathe a little bit easier, and that makes us breathe easier. *(HI-Rampart Creek)*

Grey Water System at HI-Athabasca Falls Wilderness Hostel

A new Parks Canada-approved grey water system was installed at HI-Athabasca Falls Wilderness Hostel that improves the efficiency of the kitchen’s grey water drainage and disposal system, reducing the number of pump-outs required and eliminating odours that might attract wildlife.



Edmonton Fringe Performance

In support of socio-cultural sustainability, HI-Edmonton organized a BBQ and ‘Fringe Festival Street Performer Talent Contest’ to help foster a connection with the city’s annual Fringe Festival. The Edmonton Fringe Festival is a well-known festival and emblematic of the arts and theatre culture that thrives in the hostel’s neighbourhood of Old Strathcona.

OUR PARTNERS

HI-C-PM Region establishes strategic partnerships with community organizations and government agencies to help broaden awareness of the fact that HI goes well beyond offering accommodation and actively works to facilitate connections with the geographic and cultural landscapes of the areas in which its hostels are located.

PARTNERSHIP SPOTLIGHT

Parks Canada and the Canadian Paraplegic Association (Alberta)

This year, HI-C-PM Region worked with the Alberta branch of the Canadian Paraplegic Association and Parks Canada to modify a number of wilderness hostels along the Icefields Parkway in order to make them more accessible to people with disabling conditions and an adventurous spirit.

Updates were made at HI-Athabasca Falls, HI-Beauty Creek, HI-Rampart Creek and HI-Mosquito Creek Wilderness Hostels. Improvements include new ramps and railings, new accessible outhouses, smaller gravel, retrofitted entryways flush with landings and floors and lever-style door handles. These installations were subject to Parks Canada’s environmental assessment process for which they have received full approval.

A \$25,000 grant was received through the Alberta Lottery’s Community Facility Enhancement Program in support of the outhouse replacement at HI-Mosquito Creek. The conditions of this grant would require that we contribute at least 50% of the project costs.

The financial support for the installation at HI-Rampart Creek outhouse installation was part of a larger program relating to our Accessibility initiative. For this project the Enabling Accessibility Fund, administered by the Federal Ministry of Human Resources and Skill Development, awarded \$50,000.



HI-Athabasca Falls Wilderness Hostel

By connecting sleeping cabins 1 and 2 together with this attractive and functional decking, this space at HI-Athabasca Falls Wilderness Hostel is enhanced for all guests, creating an additional common area for all guests while ensuring that these two cabins are accessible for people with mobility issues.



HI-Beauty Creek Wilderness Hostel

This framed gravel pathway at the north end of the front decking at HI-Beauty Creek Wilderness Hostel is an example of low-cost accessibility solutions at this hostel.



HI-Rampart Creek Wilderness Hostel

Isn’t she a beaut! This outhouse installation at HI-Rampart Creek Wilderness Hostel includes a wheelchair accessible stall and has important design features to maximize ventilation. The surrounding gravel surface is of “wheelable” gravel and is flush with the concrete platform on which the outhouse sits.



HI-Rampart Creek Wilderness Hostel

An opening at the east end of the front porch of the cookhouse at HI-Rampart Creek Wilderness Hostel and a graveled pathway built to be flush with the porch surface are examples of low-cost accessibility solutions at this hostel.



HI-Mosquito Creek Wilderness Hostel

A temporary ramp and platform have been constructed to facilitate access to one of the sleeping cabins at HI-Mosquito Creek Wilderness Hostel. These, and others, are available for placement on request when a group or individual with mobility limitations is staying at the hostel.



GOVERNANCE



HI-C-PM Region’s eight-member volunteer Board of Directors is the governing body of the Association. They’re responsible for setting the high-level direction for the Association through its governance policies. The Board also represents the membership with regards to fiscal responsibility, maintenance and improvement of assets and adherence to the Association’s mission.

HI-C-PM Region’s CEO reports to the Board and is responsible for the day-to-day operations of the association with the help of a capable management team, staff and volunteers that are integral to the smooth operation of the Association. The Board also serves as a link between the HI-C-PM Region and HI-Canada.

The Board meets four times a year for weekend meetings that rotate among various locations in our region. There’s also a retreat following the Annual General Meeting in September to orient new Board members to the Association and to one another. All Directors contribute to at least two of the following committees that meet via web-conference in between Board meetings:



2012/2013 Regional Board Members

- Ownership Linkage Committee
- Governance Committee
- Nominating Committee
- Audit Committee
- CEO Relationship Committee

Like HI members, HI-C-PM Region Directors are passionate about hostelling, the region’s hostels and advancing the mission of the Association. They draw on their diverse backgrounds and offer a wealth of professional experience, but at the core, they all love hostelling and travelling around our region and the world.

BELIEVE IN HOSTELLING

YOU BELIEVE IN HOSTELLING!

In 2011, the Ownership Linkage committee set out a three-year member engagement strategy, which will come to a close this year.

In the first year, the committee conducted an extensive survey that over 500 members participated in. The survey gave the committee and the board a lot of valuable feedback, some of which the board and committee wanted to delve into a bit further.

As a result, in the second year, the committee conducted roundtable discussions in six communities: Victoria, Vancouver, Calgary, Red Deer, Kelowna and Edmonton. We are very grateful to all 54 participants that took part in the discussions.

Last fall, the committee released an in-depth summary paper that included various recommendations that came from these roundtable discussions. The report can be found at hihostelspm.ca/believe-hostelling

This year, the Ownership Linkage committee held another meet-up in Whistler for BC members and they’ll be holding another in Lake Louise in the fall for Alberta members. This will be the final phase in the Ownership Linkage three-year plan. You can read about the results from these meet-ups on the HI-C-PM Region's website later in the fall.





FINANCIALS

Combined Financial Statements of

TRUE NORTH HOSTELLING ASSOCIATION
O/A HOSTELLING INTERNATIONAL – CANADA
PACIFIC MOUNTAIN REGION

Year ended March 31, 2013

Independent Auditor’s Report

To the Directors of True North Hostelling Association
O/A Hostelling International–Canada
Pacific Mountain Region

We have audited the accompanying combined financial statements of True North Hostelling Association O/A Hostelling International–Canada–Pacific Mountain Region, which comprise the combined statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the combined statements of operations and changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and the related notes including a summary of significant accounting policies and other explanatory information.

MANAGEMENT’S RESPONSIBILITY FOR THE COMBINED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of True North Hostelling Association O/A Hostelling International –Canada–Pacific Mountain Region as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants

COMBINED STATEMENT OF FINANCIAL POSITION

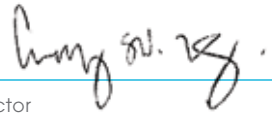
As at March 31, 2013

	2013	2012	2011
			As at April 1, 2011 (note 2)
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,117,937	\$ 742,512	\$ 406,425
Short-term investments	1,433,365	1,827,476	2,239,283
Accounts receivable	215,021	266,282	316,783
Inventory	129,563	123,468	143,211
Prepaid expenses	203,587	192,097	190,046
	3,099,473	3,151,835	3,295,748
Restricted cash (note 10(c))	5,000	5,000	5,000
Long-term investments	201,678	—	—
Capital assets (note 5)	26,074,967	26,696,283	27,635,991
	\$ 29,381,118	\$ 29,853,118	\$ 30,936,739
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities (note 9)	\$ 1,138,639	\$ 920,662	\$ 948,865
Unearned revenue and deposits	285,275	252,364	150,842
Loans payable (note 6)	7,142,113	7,701,044	8,308,815
	8,566,027	8,874,070	9,408,522
Deferred contributions (note 7)	42,902	105,852	66,104
Deferred capital contributions (note 8)	824,796	826,260	852,251
	9,433,725	9,806,182	10,326,877
Net assets:	19,947,393	20,046,936	20,609,862
	\$ 29,381,118	\$ 29,853,118	\$ 30,936,739

Commitments and contingencies (note 10)

See accompanying notes to these combined financial statements.

Approved by the Board of Directors


Director


Director

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31, 2013

	2013	2012
Revenue:		
Overnights	\$ 9,967,462	\$ 9,415,249
Memberships	465,931	547,034
Other, including food, beverage and merchandise	2,273,793	2,490,471
	12,707,186	12,452,754
Expenses:		
Hostel	\$ 10,027,746	\$ 10,100,616
Administration and membership	1,290,859	1,289,571
Amortization of capital assets	1,335,964	1,411,707
	12,654,569	12,801,894
Excess (deficiency) of revenue over expenses from operations	52,617	(349,140)
Other expenses (income)		
Interest	\$ (40,436)	\$ (35,425)
Interest expenses	248,511	249,111
Loss on extraordinary items	—	100
Recovery on settlement of gas claim	(55,915)	—
	152,160	213,786
Deficiency of revenue over expenses for the year	\$ (99,543)	\$ (562,926)
Net assets—Beginning of year	20,046,936	20,609,862
Net assets—End of year	19,947,393	20,046,936

COMBINED STATEMENT OF CASH FLOWS

For the year ended March 31, 2013

	2013	2012
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses for the year	\$ (99,543)	\$ (562,926)
Items not involving cash		
Amortization of capital assets	1,335,964	1,411,707
Amortization of deferred capital contributions	(51,464)	(50,991)
Net recovery on settlement of gas claim	(32,524)	-
Deferred contributions used	(130,971)	(32,978)
	1,021,462	764,812
Changes in non-cash working capital		
Accounts receivable	51,261	50,501
Inventory	(6,095)	19,743
Prepaid expenses	21,035	(2,051)
Accounts payable and accrued liabilities	217,977	(28,203)
Unearned revenue and deposits	32,911	101,522
	\$ 1,338,551	\$ 906,324
Financing activities		
Repayment of loans payable	\$ (558,931)	\$ (607,771)
Investing activities		
Sale of investments	192,433	411,806
Purchase of capital assets	(714,649)	(471,998)
Deferred contributions received	68,021	72,726
Deferred capital contributions received	50,000	25,000
	\$ (404,195)	\$ 37,534
Increase in cash and cash equivalents	375,425	336,087
Cash and cash equivalents - Beginning of year	742,512	406,425
Cash and cash equivalents - End of year	\$ 1,117,937	\$ 742,512
Supplementary information		
Interest paid - net of interest received	\$ 208,075	\$ 213,686

The accompanying notes are an integral part of these combined financial statements.

1. Operations:

The True North Hostelling Association, O/A Hostelling International - Canada - Pacific Mountain Region (the "Association") is a group of not-for-profit organizations whose mission is to "help all, especially the young, gain greater understanding of people, places and cultures through hostelling". The Association is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes. The Association has an investment in 1025 Granville Street Trust which is not a tax exempt entity. However, this entity has not generated taxable income.

COMBINED STATEMENT OF CASH FLOWS

For the year ended March 31, 2013

2. Adoption of accounting standards for not-for-profit organizations:

Effective April 1, 2012, the Association elected to adopt Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework have been applied consistently and retrospectively as if these policies had always been in effect. The Association has not utilized any transitional exemptions on the adoption of ASNPO. There were no adjustments to the statements of financial position or the statements of operations and changes in net assets and cash flows as a result of adopting ASNPO.

3. Significant accounting policies:

a. Basis of presentation

The combined financial statements of the Association are the representation of management prepared in accordance with ASNPO. The combined financial statements include the combined accounts of the True North Hostelling Association, the Canadian Hostelling Association - British Columbia Region, 1025 Granville Street Trust, the Canadian Hostelling Association - Southern Alberta Region, and the Canadian Hostelling Association - Northern Alberta District. Transactions between these entities have been eliminated upon combination.

The Association accounts for its investment in a 69.57% owned joint venture, which operates as the Canadian Alpine Center and International Hostel at Lake Louise ("CAC"), by the proportionate consolidation method whereby the Association's proportionate share of the assets, liabilities and the related revenue and expenses of the CAC joint venture are included in the combined financial statements (note 12).

b. Cash and cash equivalents:

The Association considers deposits in banks, certificates of deposit and short-term investments with original maturity of three months or less as cash and cash equivalents.

c. Investments:

Short-term investments consist of guaranteed investment certificates and term deposits which can be realizable within one year. Investments with maturities over a year are classified as long-term investments. All investments are measured at fair value.

d. Inventory:

Inventory is stated at the lower of cost, on a first-in, first-out basis, and net realizable value. Cost includes all costs of purchase and net realizable value is the estimated selling price in the ordinary course of operations less the estimated costs necessary to make the sale.

e. Capital assets:

Capital assets are stated at cost less accumulated amortization. Except as described below for the Calgary Hostel, amortization is provided over their estimated useful lives using the declining balance method at the following rates:

Asset	Rate
Buildings and leasehold improvements	5%
Automobiles	30%
Computer equipment and software	30%-50%
Furniture and equipment	20%

Buildings include certain properties located on Federal, Provincial or Municipal lands whereby the Association has licenses of occupancy. These licenses are typically for a term of 10 years, with a nominal annual fee and historically have been renewed without issue. Therefore, the Association amortizes these buildings over the estimated useful lives instead of the underlying land license. The Association reviews its properties annually, and if the useful lives are determined to be shorter, will adjust the amortization prospectively.

The Association has received notice that the Calgary Hostel license will be terminated by the City of Calgary, effective December 31, 2015. In the prior year, the Association has prospectively adjusted the amortization for this building to a straight-line basis over the remaining life of the hostel. The Association is currently investigating alternative sites in Calgary, Alberta.

For the year ended March 31, 2013

The Association reviews its capital assets for impairment whenever circumstances indicate that the carrying value may not be recoverable. In the event of an impairment loss the assets carrying value will be reduced and charged through the statements of operations and changes in net assets.

f. Revenue recognition:

The Association follows the deferral method of accounting for contributions. Unrestricted contributions, including government grants, are recorded as revenue when received or receivable if the amounts can be estimated and collection is reasonably assured. Other unrestricted revenue, including revenue from hostel operations, is reported as revenue at the time the services are provided or the products are delivered. Revenue from the sale of memberships is recognized in the year the memberships are purchased. Investment income is recognized as revenue when it is earned.

Externally restricted contributions are reported as revenue when the restrictions imposed by the contributors on the use of the monies are satisfied as follows:

- i. Non-capital contributions for specific purposes are recognized as revenue in the year in which the related expense is incurred.
- ii. Contributions of or for the purchase of capital assets having a limited life are recognized as revenue on the same basis as the amortization expense related to the capital asset purchased is recorded. Where the capital asset involved is land to be held-for-use by the Association, the contribution is reported as a direct increase in net assets rather than as revenue.
- iii. Some of the contributions received by the Association are restricted for certain activities without the contributor specifying which portion is to be used to acquire capital assets. These contributions are recognized as revenue when spent for the particular purpose covered by the restriction, regardless of the fact that some of the expenses may relate to the purchase of capital assets.
- Volunteers contribute a significant amount of time each year to assist the Association in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these combined financial statements.

g. Financial instruments:

The Association’s financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities and loans payable.

Cash and cash equivalents and investments are measured at fair value.

Accounts receivable, accounts payable and accrued liabilities and loans payable are initially measured at fair value and subsequently carried at amortized cost.

h. Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant areas of estimate include useful lives of capital assets and contingent liabilities. Actual results could differ from those estimates.

4. Internally restricted net assets:

The Association has certain balances which are internally restricted for New Jasper Hostel. These amounts are included in the combined statements of financial position accounts as follows:

	March 31 2013	March 31 2012	April 1 2011
Cash and cash equivalents	\$ 300,000	\$ –	\$ –
Short-term investments	1,197,012	1,668,143	1,408,462
Long-term investments	201,678	–	–
	1,698,690	1,668,143	1,408,462

5. Capital assets:

	Cost	Accumulated amortization	Net	Net	Net
Land	\$ 5,713,574	\$ —	\$ 5,713,574	\$ 5,713,574	\$ 5,713,574
Buildings & leasehold improvements	30,449,391	11,206,011	19,243,380	19,708,351	20,391,888
Automobiles	229,735	191,481	38,254	55,725	79,605
Computer equipment & software	979,159	792,688	186,471	157,502	166,319
Furniture and equipment	4,086,407	3,203,997	882,410	1,050,253	1,273,727
	41,458,266	15,394,177	26,064,089	26,685,405	27,625,113
Hostel development planning & assets under construction*	10,878	—	10,878	10,878	10,878
	41,469,144	15,394,177	26,074,967	26,696,283	27,635,991

* Relates to the future hostel development planning in Jasper, Alberta.

6. Loans payable:

	March 31 2013	March 31 2012	April 1 2011
Line of credit (a)	\$ –	\$ 5,000	\$ 20,000
CAC loan payable (b)	8,285	84,265	157,458
Whistler mortgage (c)	5,519,243	5,875,695	6,243,087
1025 Granville Street Trust loan (d)	1,614,585	1,736,084	1,888,270
	7,142,113	7,701,044	8,308,815

- a. The Association has a line of credit with a maximum limit of \$500,000, bearing interest at prime plus 0.75% per annum.
- b. This demand term loan represents the Association’s share of the CAC loan payable. It bears interest at prime plus 0.75% per annum, and matures July 31, 2014 with blended bi-weekly payments of \$4,300. Both this loan and the line of credit in a) are secured by the Lake Louise Hostel assets, and a debenture covering a fixed charge on the leases for land.
- c. This demand term loan was obtained to finance the acquisition of the Whistler property. It bears interest at 3.35% per annum with blended monthly payments of \$45,775.

- d. The demand term loan bears interest at 3.30% per annum, with blended monthly payments of \$15,100.
- The loans a, c and d are secured by the following:
- i. General security agreement covering a first ranking security interest in all property of the Association;
 - ii. Guarantee and postponement of claims in full amount each provided by the Canadian Hostelling Association–British Columbia Region, Northern Alberta District and Southern Alberta Region, supported by a general security agreement covering all present and after-acquired property and a floating charge on land;
 - iii. Certificate of insurance on the 1025 Granville Street Hostel, New Whistler Hostel and Downtown Hostel showing the bank as a first mortgagee; and
 - iv. Collateral mortgage in full amount constituting a first fixed charge on the lands and improvements on the above three hostels.

Notwithstanding certain of the loans are repayable on demand and/or maturing in the next twelve months, the Association is currently scheduled under the above debt agreements to make periodic payments over a period beyond one year. Principal repayments required on loans payable over each of the next four fiscal years and thereafter, assuming renewal at similar terms and conditions, are estimated as follows:

2014	\$	472,196
2015		521,959
2016		539,429
2017		557,485
Thereafter		5,051,044
		7,142,113

7. Deferred contributions:

	March 31 2013	March 31 2012	April 1 2011
Balance—Beginning of year	\$ 105,852	\$ 66,104	\$ –
Contributions received during the year	68,021	72,726	66,104
Contributions utilized to offset expenses incurred during the year	(130,971)	(32,978)	–
Balance—End of year	42,902	105,852	66,104

8. Deferred capital contributions:

Balance—Beginning of year	\$ 826,260	\$ 852,251	\$ 946,272
Addition	50,000	25,000	–
Amortization during the year	(51,464)	(50,991)	(94,021)
Balance—End of year	824,796	826,260	852,251

9. Government remittances:

Government remittances consist of amounts (such as property taxes, sales taxes, payroll withholding taxes and workers’ compensation premiums) required to be paid to government authorities and are recognized when the amounts become due. At March 31, 2013, \$91,095 (March 31, 2012 - \$67,392; April 1, 2011 - \$149,486) is included within accounts payable and accrued liabilities.

10. Commitments and contingencies:

- a. Operating leases
- The Association leases certain premises under operating leases that will expire in various periods up to fiscal 2028. Minimum annual rental payments under these premises leases are as followss:

2014	\$	93,747
2015		93,747
2016		93,747
2017		93,747
Thereafter		358,409

- b. National levy
- The Association pays a levy to the Canadian Hostelling Association based on membership sales and overnights recorded for the last completed fiscal year. The levy paid in 2013 totalled \$428,039 (2012 - \$426,497; 2011 - \$433,717) and is recorded in Hostels’ expenses.

- c. Letter of credit
- A letter of guarantee of \$5,000 has been issued by the Association’s bank for the Association’s line of credit. The security for the letter of guarantee has been provided by \$5,000 restricted cash on deposit with the bank.

- d. Jasper Hostel
- The Association may be required to restore the site of a hostel in Jasper National Park under certain conditions. The extent of the restoration and the related cost is not reasonably determinable at this time and the Association has not accrued the potential cost in these combined financial statements.

- e. Litigation
- From time to time, in connection with its operations, the Association is named as defendant in actions for damages and costs allegedly sustained by the plaintiffs, usually related to employment matters. As the outcome is indeterminable, no provision has been made. Similar actions in the past have generally been resolved with minimal damages or expenses in excess of amounts covered by insurance. Settlements of claims, in excess of those provided, are accounted for as current period transactions.

11. Financial instruments:

- a. Credit risk
- Due to the nature of the hostel business, the Association does not face any significant concentrations of credit risk.
- b. Interest rate risk
- The Association is exposed to interest rate risk as the demand term loan bears interest at variable rates and fluctuates with movements in the prime lending rate and as the loan payable rate is fixed annually upon renewal and fluctuates with the prevailing rates at the time of renewal.
- c. Fair value
- The carrying values of accounts receivable, accounts payable and accrued liabilities and demand term loan payable approximate fair values due to the relatively short periods to maturity of these items. The carrying values of the revolving line of credit and the loans payable approximate their fair values as the loans bear interest at floating rates or are set annually based on the current market rates.

12. Investment in joint venture:

The combined financial statements include the Association’s 69.57% proportionate share of the revenue, expenses, assets and liabilities of the CAC joint venture as follows:

	March 31 2013	March 31 2012	April 1 2011
Assets			
Current assets	\$ 264,372	\$ 98,240	\$ 156,016
Capitai assets	1,975,702	2,075,570	2,181,163
	2,240,074	2,173,810	2,337,179
Liabilities and Net Assets			
Accounts payable and other current liabilities, excluding current portion of loans payable	\$ 68,486	\$ 57,397	\$ 55,321
Loan payable	8,285	84,265	157,458
Deferred contributions	399,713	420,751	442,895
Net assets	1,763,590	1,611,397	1,681,505
	2,240,074	2,173,810	2,337,179
Revenue	1,360,209	1,303,142	1,285,665
Excess of Revenue over expenses	\$ 145,794	\$ 54,204	\$ 8,707
Cash flow from operating	\$ 281,202	\$ 141,253	\$ 79,432
Cash flow from financing	(110,763)	(197,513)	(17,742)
Cash flow from investing	(18,852)	(20,516)	(5,166)

LIST OF HOSTELS

BC

- HI-Vancouver Jericho Beach
- HI-Vancouver Downtown
- HI-Vancouver Central
- HI-Victoria
- HI-Penticton
- HI-Whistler
- HI-Yoho National Park, Whiskey Jack Wilderness Hostel

Affiliate BC Hostels

- HI-Tofino
- HI-Nanaimo
- HI-Prince Rupert
- HI-Cumberland
- HI-Shuswap Lake
- HI-Nelson
- HI-Cranbrook
- HI-Fernie

AB

- HI-Jasper
- HI-Banff Alpine Centre
- HI-Lake Louise Alpine Centre
- HI-Calgary
- HI-Edmonton
- HI-Nordegg

Alberta Wilderness Hostels

- HI-Athabasca Falls
- HI-Beauty Creek
- HI-Castle Mountain
- HI-Hilda Creek
- HI-Kananaskis
- HI-Maligne Canyon
- HI-Mosquito Creek
- HI-Mt Edith Cavell
- HI-Rampart Creek

Affiliate AB Hostels

- HI-Canmore



OUR MISSION
TO HELP ALL, ESPECIALLY THE YOUNG, GAIN
A GREATER UNDERSTANDING OF PEOPLE,
PLACES AND CULTURES THROUGH HOSTELLING.