



ANNUAL REPORT 2015



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Pacific Mountain Region**
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MESSAGE FROM THE CHAIR



IT HAS BEEN AN HONOUR TO SERVE AS CHAIR OF YOUR VOLUNTEER BOARD OF DIRECTORS FOR THE 2014/15 FISCAL YEAR. THIS WAS MY FIFTH YEAR OF VOLUNTEER BOARD SERVICE TO HOSTELLING IN OUR REGION AND IN CANADA, AND I CONTINUE TO BE A PROUD MEMBER OF WHAT I BELIEVE TO BE A WONDERFUL ASSOCIATION.

This year we retained all four directors who stood for re-election in September 2014: myself, Jason Demers, Michael Shui and Meghan Trepanier, which allowed for a degree of continuity. I am pleased to say that all directors have made valuable contributions to the board over the course of the year.

All of your directors have worked hard to ensure that the association continues to reflect the values of the membership. We continue to provide governance leadership and oversight for the association while assuming leadership opportunities in HI-Canada, at both the governance and operational levels. Members of our staff and board continue to serve on national and international committees and workgroups. I would like to commend our regional and hostel staff for their hard work over the past year.

The board has been working on a variety of initiatives and has made substantial progress in policy governance, environmental stewardship, partnerships, member engagement and volunteerism. Linking with the grass roots on governance issues is an important role for the board in a member-based organization and one that we continued to prioritize over the past year.

The Ownership Linkage Committee conducted two successful Members' Social Evenings as part of its current three-year linkage plan, in addition to townhall meetings in Vancouver and Edmonton and the AGM in Calgary. These events—one at HI-Vancouver Downtown in January and one at HI-Edmonton in May—coincided with scheduled board meetings so that as many directors as possible could attend. Directors were able to meet and learn from members and answer any questions.

The Ownership Linkage Committee continues to explore ways to link with our members and strives to play a significant role in facilitating a more engaged membership. This allows us, of course, to seek invaluable feedback around priorities that help us shape policy within the association. I would like to thank all members who were able to participate in these linkage opportunities and invite everyone to attend such events in the future when it is possible to do so.

Furthermore, as one of the leaders in HI-Canada, we continue to strive to improve the functioning of the network and the effectiveness of the entire organization. As always, we work with our regional and national partners to ensure that the way we conduct business across Canada optimally advances the HI mission in what is an increasingly competitive market. For a variety of reasons, including fiscal and environmental prudence, HI-C-PM Region recently decided to cease communications in Outpost magazine in favour of a new digital travel magazine named TERN, which launched online in May. It is an excellent example of HI-C-PM Region's strong leadership with regards to an important national initiative. We encourage all members to sample and subscribe to this online magazine.

As a fellow member and passionate hosteller, I hope that you will find time to enjoy some of our many unique and special hostels in the Pacific Mountain Region. I can proudly say that our region provides ample opportunity in diverse landscapes to have a truly genuine hostelling experience.

James Wyatt

Chair

**Hostelling International – Canada
Pacific Mountain Region**

MESSAGE FROM THE CEO



THIS YEAR WE SAW AN UPWARD SWING IN VISITORS ACROSS THE REGION TO NEARLY PRE-RECESSION NUMBERS. ALONG WITH THE REOPENING OF HI-CALGARY CITY CENTRE AFTER 11 MONTHS OF REPAIRS AND RENOVATIONS FOLLOWING THE FLOODS OF 2013, IT'S BEEN AN EVENTFUL YEAR.

In 2014 and early 2015 we continued to see a positive trend in all our hostels, with large growth in the wilderness hostel chain in particular. We have not only seen a regional market increase but an increase in our international guests this past year as well.

The oil price drop in Alberta has had minimal effect so far. However, if the prices stay low we will experience some loss of business.

Staffing has remained very stable during the past year with several internal promotions when vacancies appeared. We continue to develop our internal training programs and offer over 25 opportunities throughout the region.

The return of travellers has improved our cash flow, allowing us to cautiously invest back into capital projects at the hostels, which you will read about further on in this report. In the second half of 2015, we will see the completion of the final phase of HI-Calgary City Centre's restoration, which will include new windows, external siding, landscaping and the renovation of the 2nd floor guestrooms. We will also be carrying out a complete renovation of the HI-Edmonton hostel, along with smaller projects at other hostels. Looking to the future we continue to plan future development for a new Jasper property, which is our next major capital project.

I am pleased to say that we continue to look at expanding our network of hostels and are currently in discussions with several opportunities. In June 2015 at the HI-Canada National Annual Meeting of Members, our current region was expanded to include the Northwest Territories and Nunavut.

Our external partnerships continued to strengthen this year and we are currently in discussions with Parks Canada about a 10-year plan along the Banff-Jasper highway and a new partnership agreement with the three national parks there (Banff, Yoho and Jasper). We continue to meet with our local, provincial and national members of government to introduce them to hostelling and its mission in our region.

I am pleased to announce that we have signed a new 10-year land lease for HI-Calgary City Centre. This allows us to complete our restoration of the property knowing we will be there for a definite period of time.

This year will see another staff exchange with the Bavaria Region of the German Youth Hostel Association (Deutsches Jugendherbergswerk), where hostel managers in Germany and Canada swap places for a three-week period. An agreement was also signed between HI-Canada and YHA China, which will see cross initiatives in the coming years.

We continue the planning of our next phase of our implementation of the three pillars of environmental, financial and social sustainability into our business plans.

I would like to extend a big thank you to our volunteers across the region who have donated over 5,400 hours to the association. You have made the guest and member experience that much more memorable. You have made a difference and should be very proud of that. I would also like to thank the board members for their time and dedication to the region as well as all our staff.

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

Sincerely,

Alistair McLean
CEO
Hostelling International – Canada
Pacific Mountain Region

BOARD BIOS



CHARLES BROWN

Whistler, BC

Two-year term expires 2015 AGM

Charles is a longtime hosteller and traveller and has been a life member of CHA/HI-Canada since the late 1960s. He has lived and worked as a university professor and researcher in Canada, Argentina, Denmark and Sweden and he speaks the languages of these countries as well as German and some Italian. Travels have taken him to South America, Asia, all over Scandinavia and Europe as well as North America.

Now retired after 30 years of university work, he can pursue his love of travelling and meeting people. Skiing and ski-mountaineering, hiking, cycle-touring and camping are his favourite activities. Charles has been involved in the outdoors all his life, and he was one of the founding members of Mountain Equipment Co-op and is a past president of the Varsity Outdoor Club at UBC. His mountaineering has taken him to the Rockies and Cascades, France, Austria, Switzerland, Italy, Spain, and to the fjells and mountains of Lapland in Sweden and Norway. He has professional guiding experience with geologists in BC.

Charles has wide experience with organizations and groups of all sizes. He has participated in large European wide research projects leading to the development of the current SatNav GPS systems as well as smaller projects leading to patent applications in human interface devices. He has been a university athlete in track and has coached football, basketball and volleyball, and he has led bicycle tour groups in Europe. He is committed to environmental wardenship. He and his wife Sue run a small organic farm in their spare time.

Charles was born in England and educated in Canada. He graduated in engineering physics from CMR in St-Jean, Québec and has engineering degrees from UBC (BAsC Eng-Phys, MAsC Nuclear Spectra) and a PhD (AI Computational Linguistics) from SFU.



JAMES WYATT—CHAIR

Vancouver, BC

Two-year term expires 2016 AGM

Having set foot on every continent except Antarctica, James has extensive travel experience and his passion for travel has always been present in his life. Born in England and raised in Canada, James has both British and Canadian citizenship. Currently residing in Vancouver where he works as a French teacher, he is well aware of the degree to which travelling and the subsequent socio-cultural experiences can enrich people’s lives.

He holds a B.P.E. from the University of Alberta, a B.Ed. from the University of Calgary, and a Diploma in French Language and Civilization from Université Paul Valéry in Montpellier, France. In addition to studying in Montpellier, he has worked in France as a teacher, an administrator, an athlete, a coach and a tourist guide. He has teaching, coaching and guiding experience with children and adults of all ages and has travelled in all of these roles in addition to his own personal adventures.

James has enjoyed hostels all across Canada and throughout Europe and strongly believes in the mission statement of Hostelling International. He is a long-standing member and current volunteer for HI-Canada in Vancouver. His most recent support of volunteerism has led to involvement with the 2010 Olympic Games and the Vancouver French Cultural Center. He believes that in addition to hostelling being accessible to everyone and immensely enjoyable, it is an activity that broadens one’s horizons and ultimately galvanizes the global citizen. He is excited to have the opportunity to assist the board of directors in continuing to improve hostels and hostel services. He is committed to broadening the appeal of hostels for all members.



JASON DEMERS—VICE-CHAIR

Calgary, AB

Two-year term expires 2016 AGM

As a lifetime HI member and active hosteller, Jason is familiar with many of HI-C-PM Region’s hostels. He also served two terms as a board member of HI-C-Northern Alberta giving him relevant governance experience that will be an asset to this member-based association. Aside from hostelling, Jason also serves on the Board of Green Calgary Association and he has worked for over 10 years as a fundraising professional. He has the skills and knowledge to successfully maintain and build the region’s existing hostelling network. Furthermore, he also has the passion and commitment to continue the great momentum the previous board has initiated.

When not working or volunteering, Jason can be found cycling, playing soccer or squash. He also enjoys travelling throughout the world and enjoys planning for his next trip.

He looks forward to representing the membership on the board so that hostelling in Western Canada continues to be as strong, if not stronger, ten years from now when we enter another new decade.

BOARD BIOS (CONT.)



NARMIN HASSAM-CLARK

Edmonton, AB

Two-year term expires 2015 AGM

Narmin comes to the board after serving as a board member for HI-C-Northern Alberta in 2007/08, before it became a part of the Pacific Mountain Region.

Narmin is also a board member for the Edmonton Heritage Festival and serves on the executive of the Grant MacEwan Mountain Club. In addition, she has organized events for the Edmonton Outdoor Club, volunteered for the Christmas Bureau of Edmonton, and supported the World Partnership Walk, which is an annual event that raises awareness and funds for global development in Asia and Africa. She has worked in the public relations profession for more than 10 years.

She loves to travel and HI has helped to enrich her experiences at home and abroad thanks to fellow travellers, knowledgeable staff and a safe and comfortable place to serve as her home away from home.

She has enjoyed her lifetime HI membership not only in Alberta and British Columbia but also around the world, including South Africa, Australia, New Zealand, and most recently in Patagonia.

Apart from travelling and hostelling, Narmin enjoys volunteering, hiking, backpacking, camping, and climbing (indoor/rock/ice).



BETTY LAFAVE

Edmonton, AB

Two-year term expires 2015 AGM

Betty has lived in Alberta for most of her life, but has travelled all over the world. A Chartered Accountant for almost 30 years, she has worked for two international accounting firms, both in the private and public sectors. Betty has extensive experience with financial accounting, reporting and auditing and has served as auditor for many public, private, not-for-profit and government entities. As an auditor, Betty has worked with many Boards, both large and small, and has extensive audit committee experience. Betty has served on the Boards of several not-for-profit entities and is currently Treasurer of the Grant MacEwan Mountain Club.

Betty enjoys hiking, backpacking and skiing in the mountains and has stayed at several Alberta wilderness hostels. She believes hostelling is a good way to travel economically and to meet other people who enjoy the outdoors. She is pleased to have the opportunity to use her knowledge for the benefit of the hostelling community.



MICHAEL SHUI

Vancouver, BC

Two-year term expires 2016 AGM

Michael's hostelling adventure began when his friends persuaded him to take a trip to Thailand. A year later he went to London and Paris and stayed at various hostels. Raised in Sydney, Australia, Michael travelled to Cairns and Melbourne before embarking on a European trip.

Being able to stay in hostels kept his costs down and let him meet fellow travellers with similar interests. Michael's most memorable hostelling experience was meeting his future wife in New Zealand while trekking on the Abel Tasman Coastal Track. Together they hostelled throughout the south island of New Zealand visiting all the usual tourist spots before heading off to Australia. Before settling in Vancouver, they travelled to New York, Quebec City, Toronto and Montreal staying at hostels in each of the cities.

Michael's background is in the PMO working as a project coordinator, specifically in outsourcing accounts working with some of Australia's larger companies in finance and the airline industry. In Australia, Michael volunteered for the Children's Hospital in fundraising activities. While in Vancouver he volunteers his time with the Canadian Cancer Society working on database maintenance and IT migration from Office 2003 to Office 2010.

MEGHAN TREPANIER

Vancouver, BC

Two-year term expires 2016 AGM

Having grown up in the Thompson-Okanagan, Meghan became involved with hostelling during family trips to the wilderness hostels in the Rocky Mountains. Over the years, she continued travelling and hostelling across Canada and around the world. She's been to all but one of the HI-C-PM Region's hostels.

When she's unable to travel herself, Meghan still enjoys interacting with fellow hostellers as a volunteer guide with the local HI hostels in Vancouver, where she currently resides.

Meghan teaches French, Spanish and ESL and has taught in Kamloops, Vancouver, Quebec City and Mexico. She continues to work in education on a part-time basis as she pursues a law degree at the University of British Columbia.

In addition to a Bachelor of Education from UBC, Meghan has a degree in International Studies and Modern Languages from Laval University and a Master's in Public and International Affairs from York University and the University of Barcelona. She has worked in program monitoring and evaluation with the Government of Canada as well as with a national non-profit organization in Toronto. In addition to travelling and hostelling, Meghan also enjoys cycling, hiking, camping and skiing.



OUR HOSTEL NETWORK

Are you looking for:

an adventure in the mountains with a party vibe?
Try HI-Banff Alpine Centre or HI-Whistler.

a quiet weekend getaway not too far from home?
Try HI-Victoria, HI-Penticton or HI-Kananaskis

a back-to-nature experience without the tent? **Try one of the ten wilderness hostels in the Rockies**

a spot close to the ocean to soak your toes?
Try HI-Vancouver Jericho Beach or HI-Tofino.

somewhere off the beaten path to get the adrenaline pumping? **Try HI-Cumberland or HI-Nelson.**

a budget-friendly launch pad in the city?
Try HI-Vancouver Central, HI-Calgary City Centre or HI-Edmonton.

OUR HOSTELS

Hostelling International–Canada–Pacific Mountain Region’s 30 hostels are ideally located in some of the best spots to visit in British Columbia and Alberta. From oceanside retreats to rustic wilderness hostels, there’s something out there for every kind of traveller.

If you’re looking to make a vacation out of your adventures in Western Canada, check out HI-C-PM’s Trip Planners. These set routes give you an idea of where to go and what to see, whether you’ve got a few days or a whole bunch of them. Read more at <http://www.hihostels.ca/tripplanner>

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 1.800.633.5777



HOSTEL SPOTLIGHT: HI-VICTORIA

You can’t really beat the location of HI-Victoria, inside a heritage building at the foot of Yates Street in downtown Victoria, just steps from the Inner Harbour and the bustle of the city. Well, as much of a bustle as a city like Victoria can muster.

BC’s capital city is known for its quiet and laid-back lifestyle, and HI-Victoria embraces that way of life wholeheartedly. It’s the kind of place you visit to spend a few days wandering and meandering before your adventures take you a bit farther afield, like the rest of Vancouver Island or even south to Washington. Not that there isn’t plenty to do in Victoria. The BC Museum and provincial Parliament Buildings are a short walk from the hostel, along the picturesque Inner Harbour, fully stocked with artists and buskers in the summer months.

The building itself dates back to 1889, when it was built by a local businessman as a storefront to sell produce, groceries and provisions, mostly to aspiring gold diggers on their way up north. The building was one of the first brick buildings in the city, a breath of fresh air among the mostly wooden buildings of the time. In the 1960s, the Salvation Army bought the building for temporary housing for those in need. And finally, in 1983, the Canadian Hostelling Association’s BC Chapter, the precursor to HI-C-PM Region, bought the building and opened it as a hostel the following year.

Since then, the building has been restored and renovated —from revealing the original brick facade and windows on the outside to seismic upgrades on the inside.

But all throughout its history this building has welcomed adventurers, dreamers and travellers to this mild-mannered and mild-weathered city on the West Coast.

HOSTEL HIGHLIGHTS

PROPERTY UPGRADES & UPDATES

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

HI-CALGARY CITY CENTRE

HI-Calgary City Centre was closed for over 10 months of fiscal 2014 due to the severe floods that struck Calgary in late May of 2013. But after extensive renovations to the basement and first floor, HI-Calgary reopened on June 1, 2014. As part of the redevelopment, three en-suite private rooms were added.

Another highlight in Calgary was the finalization of a 10-year lease with the Calgary Municipal Land Corporation. The lease ensures HI-C-PM Region will maintain its presence in a key market.

HI-EDMONTON

An application process to change HI-Edmonton’s zoning was successfully completed in November. The revised zoning allows for 109 beds and 128 pillows, increasing the number of pillows currently being provided by two. A parking variance permitting 13 parking spots was also obtained.

Design and preparatory work for a planned renovation for fiscal 2016 was conducted. The approximate estimate for the project is \$450,000.

HI-JASPER

In an effort to expedite the development of a new hostel in Jasper, a process of evaluating alternative construction methods has begun. The process began with an investigation into the use of storage containers, which have been used to construct hotels and student housing in Europe. A second phase of the process was an evaluation of modular construction, which involves building the structure in a factory and assembling it on site. The process was ongoing at the end of fiscal 2015, but will continue as the Association seeks a cost-effective approach to building a new hostel in Jasper.

OTHER IMPROVEMENTS

- HI-Nordegg, Shunda Creek Hostel received a new hot water tank.
- HI-Victoria’s washroom facilities were upgraded with new flooring and resurfaced shower inserts.
- Solar panels and LED lighting were installed at HI-Hilda Creek Wilderness Hostel. The goal is to have guests use the LED lighting instead of the propane lighting, which will be safer, cheaper and less impactful on the environment.
- HI-Banff Alpine Centre had new windows installed in the sleeping rooms of the main building.

AFFILIATE HOSTELS

HI-Nanaimo, Painted Turtle Guesthouse and HI-Tofino, Whalers on the Point Guesthouse were both sold and now operate under new ownership. As two excellent hostels in important markets, HI-C-PM Region is pleased that the owners of both properties signed new three-year licensing agreements.



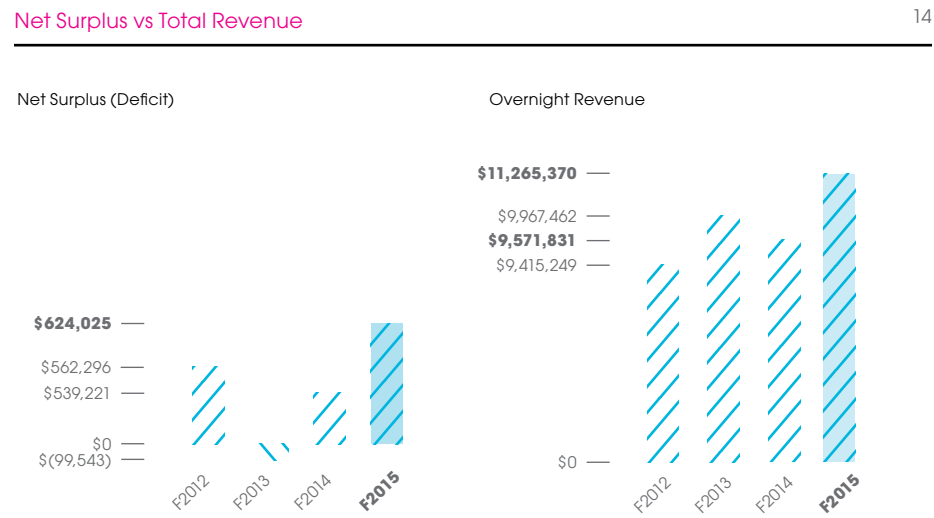
Overnights

Alberta		= 50,000
F2012	190,235	
F2013	204,422	
F2014	175,157	
F2014	205,178	

British Columbia		= 50,000
F2012	189,294	
F2013	180,157	
F2014	180,407	
F2015	191,487	

Regional Total		= 50,000
F2012	379,529	
F2013	384,579	
F2014	355,564	
F2015	397,205	

Average Occupancy		= 15%
F2012	53.2%	
F2013	56.3%	
F2014	52.8%	
F2015	55.3%	



Note: The numbers above are impacted by the closure of HI-Calgary City Centre and HI-Kananaskis Wilderness Hostel due to flooding.

FINANCIAL SUMMARY

HI-C-PM Region’s operating performance continues to improve. Total revenue increased by 11.2% to \$13,751,286. With expenses increasing at a lower rate of 2.4% to \$12,958,126, including other items the excess of revenue over expenses totaled \$624,025. In addition to the improved results at the hostels, the café at HI-Lake Louise Alpine Centre made a significant contribution. The department achieved a net surplus of \$181,520, which is an increase of \$97,450 or 116% versus last year.

HI-C-PM Region’s balance sheet was similarly strong. Net assets increased to \$21,110,639, partly attributable to a \$476,780 reduction in loans payable, which as of March 31, 2015 totaled \$6,163,737. The association focuses on maintaining a healthy balance sheet so it will be well positioned to expand the network and invest in its current hostels.

OVERNIGHT PERFORMANCE

Overnights increased moderately in 2015. The region accounted for 397,205 overnights, an increase of 11.7%. However, part of this increase can be accounted for by HI-Calgary City Centre coming back on line on June 1 after being closed for post-flood renovations. The hostel contributed an additional 23,631 overnights versus the previous year.

Most markets performed strongly. The three hostels in Vancouver saw a combined increase of 7%, with HI-Vancouver Jericho Beach posting the most significant increase of 13.2%. HI-Whistler’s performance continued to trend upward with a year over year increase of 5.5%.

In Alberta, of the larger hostels, HI-Lake Louise Alpine Centre topped all results with an increase in overnights of 21%. This was largely due to the Lake Louise Ski Resort leasing the second building for staff housing from mid-November to mid-April. The wilderness hostels in Alberta accommodated more guests than the previous year, with HI-Kananaskis leading the group with an impressive 39.6% increase.

The annual occupancy rate increased by 2.5% to 55.3%. This improvement was further enhanced by an in increase in the average daily rate at most hostels. The combination resulted in \$11,265,370 in overnight revenue, which surpasses 2014’s total of \$9,571,831.

OUR MEMBERS

MEMBER COMMUNICATION

TERN
This year saw the launch of an exciting new digital magazine called TERN. The goal of TERN is to position HI-Canada as the leading authority on backpacking in Canada.

TERN includes a dedicated section for members providing the latest news from Hostelling International, both at a local and a global level. It is fully responsive, and therefore able to be viewed on any device. Each quarter will include a new exclusive offer for members.

This change also means the end of members receiving Outpost magazine. Based on feedback received during this change we will continue to look at print publications as possible partners moving forward.

Members can subscribe to TERN at www.tern.travel

MEMBERSHIP

This year saw a slowing of the recent membership decline with only a -1.1% decline in validated members posted at year-end.

At time of writing, the final touches have been applied to a new adult, junior and group membership product that will be piloted at all hostels across Canada. HI-C-PM Region and HI-Quebec and Ontario Region staff have led the development of this product over the past Fiscal Year.

In Fiscal 2016 we will be looking to refresh the life membership as well as starting the development work on a Canadian e-Membership product.

The continued focus will be adding value to current membership products through strategic partnerships and by delivering excellent customer service to new, existing and prospective members planning their next hostelling adventure.

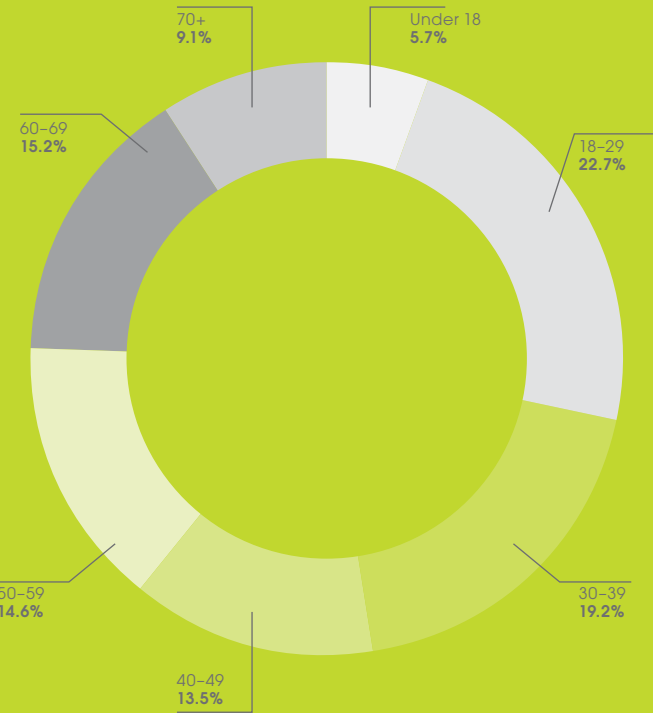
MEMBERSHIP TYPE	2014/15	2013/14	% CHANGE
Adult members	9519	9885	-3.7
Junior members	903	1009	10.5
Lifetime members	6676	6459	3.2
Group members	299	243	18.7
Total Canadian members	17397	17597	-1.1

BACKPACKER BUZZ BLOG

Our blog is now fully integrated as a national communication piece reaching interested readers across Canada and globally. This year saw some significant increases in number of users and individual sessions.

	2014/15	2013/14	2012/13
Total Users	24,572	17812	16637
Individual Sessions	29983	21561	20789
Total Posts	91	135	119

MEMBERSHIP AGE



NATIONAL PARTNER SPOTLIGHT: MOOSE TRAVEL NETWORK

Moose Travel Network is the country's leader in hop-on, hop-off backpacker transportation. Their routes cover all of the hot spots on both sides of the country and they have a ton of fun doing it. Along the way, passengers can stop at many HI hostels.

Moose increased their discount with Hostelling International to 10% this year and continue to partner on a number of marketing initiatives. This includes an annual familiarization trip to HI-Whistler where both organizations promote their product to travel agents and activity coordinators at local ESL schools.



SUSTAINABILITY

This year, HI-Yoho National Park, Whiskey Jack Wilderness Hostel was selected as one of the winners of Hostelling International's Sustainability Fund. This fund, established by the IYHF, offers a sum of money to select hostels to implement eco-initiatives. HI-Yoho National Park proposed a micro-hydro power generator for this small, remote and seasonal hostel, and was awarded, through public votes and a panel of judges, about \$11,800 to put the plan in motion.

HI-YOHO NATIONAL PARK, WHISKEY JACK WILDERNESS HOSTEL, ON THE EASTERN EDGE OF BRITISH COLUMBIA, IS A SMALL 27-BED HOSTEL JUST DOWN THE ROAD FROM ONE OF THE MOST IMPRESSIVE WATERFALLS IN THE CANADIAN ROCKIES. It's so remote that you can only get there between June and September, when there's no snow blocking the road. This hostel isn't quite like any of the others in our network. You can spot—and hear—the massive Takakkaw Falls from the front porch and there are tons of hiking routes right off the front steps.

In the 45 years that it's been a hostel, HI-Yoho National Park, Whiskey Jack Hostel hasn't had electricity. That means the hostel's lights and kitchen appliances are run off propane, which isn't the most sustainable energy source. In

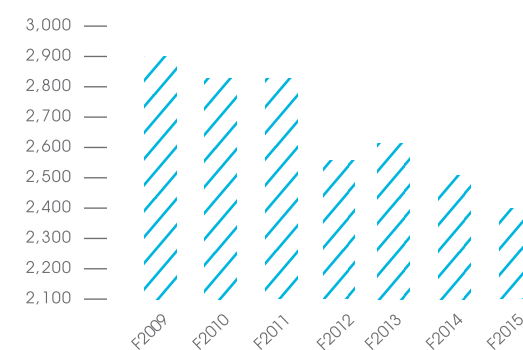
an effort to update and improve the hostel's amenities, we're looking to install a micro-hydro electrical power generator that will supply clean and green electricity from a nearby water source and, in turn, reduce the hostel's propane consumption.

With the new micro-hydro electrical power generator in place, the hostel will be able to replace propane-powered lighting with LED lights and the propane fridge with an energy-saving electrical model. The new source of energy will also mean the hostel can leave its phone on all day (as opposed to an hour a day like in the past), and guests have the opportunity to charge their own devices, an increasingly important amenity these days.

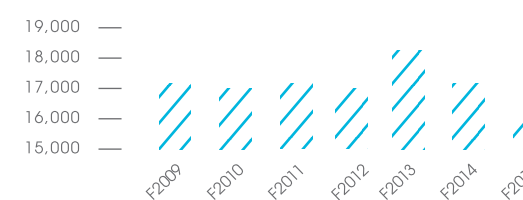
SUSTAINABILITY UPDATE

We continue to monitor our progress made towards ecological stewardship targets. This includes monitoring our impact in a number of key areas of energy use. The charts below show the trends for total energy consumption and CO₂e emissions in our network.

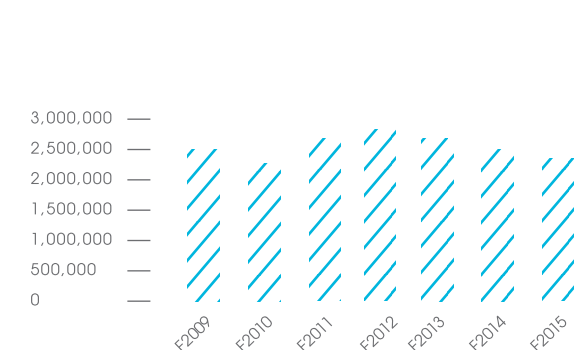
Total GHG (tonnes)



Natural gas consumption (Gj)



Electrical power consumption (kWh)



Propane consumption (litres)



SUSTAINABILITY (CONT.)



IN THE COMMUNITY

Hostels across the region take their place in their communities very seriously and are regularly involved in different activities and initiatives that help build socio-cultural sustainability close to home, as well as fostering a sense of community and well-being for hostel guests and local neighbours. Here’s a snapshot of some of the projects hostels took on this year.

- **HI-Lake Louise Alpine Centre** hosted the Stoney Nakoda Elders Speaker series during the summer of 2014, for a second season, in partnership with Parks Canada. Close to one hundred people were treated to an evening with three Stoney Nakoda Elders who shared their stories about their culture and experiences to give attendees a glimpse at the world from a First Nations perspective.
- **HI-Edmonton** was again a performance venue for the internationally renowned Edmonton Fringe Festival throughout the two week event. During this time, more than a thousand community members attended a performance at the hostel.
- **HI-Vancouver Jericho Beach** continued its partnership with the North Shore Culinary School to promote local cuisine and culinary talent, as well as its partnership with the Jericho Stewardship Group through its own Earth Easy program.

- **HI-Victoria** donated overnight packages and a life membership card to the Vancouver Island Kidney Patients Association auction, raising over \$900.00 for the charity.
- **HI-Vancouver-Central** works with a charity, the Wildlife Thrift Store, by donating bags of clothing all year round, through a combination of lost and found, left luggage, and guest donations (posters are used to encourage donations from guests with unwanted items).
- **HI-Vancouver Downtown** employees and guests collected food items for the Food Bank in December and put together amenity bags for a woman's shelter.
- **HI-Whistler** provided meeting room space for the Whistler Library’s children's literacy program and established a new relationship with The Whistler Great Lake Clean-Up
- **HI-Penticton** participated in the Cover With Kindness Blanket & Winter Clothing Drive.
- **HI-Banff Alpine Centre** continued its School Luncheon fundraiser at the local elementary school and entered a float in the annual Christmas parade.
- **HI-Wilderness Hostels** held six events for Bow Valley NFP youth groups.

HI RACES

Once again, HI-C-PM hosted four popular fundraising races during the 2014 race season in Southern Alberta. Each of the events came off without a hitch although the impact of the 2013 flood in the Bow Valley affected participation numbers. The race fundraising program is supported by Centaur Subaru, Gord’s Running Store, Village Brewery, Blackfoot Motosports, Printcor and Metro Ford.

Spring Trio (5/10/15 km) – April 13th, 2014

Often referred to as the training and promotion event for the K100, the 2014 Spring Trio saw close to 300 runners participate.

K100—Kananaskis 100 Mile Relay Race June 21, 2014

This event is the core engine of the Association’s race event fundraising program. After the cancellation of the 2013 event, because of the floods that year, registration was down significantly to only 60% capacity. It was, nevertheless, a successful day with cooperative weather and many happy runners pleased to be back in the race.

Banff Ekiden Relay – October 18th, 2014

This is the newest race in this fundraising program and offers a unique outdoor experience in the Town of Banff. This year, 88 teams registered and enjoyed a fun fall day in the mountains.

Last Chance Half Marathon – November 9th, 2014

It was a challenging day weather-wise as several centimeters of early snow and winter put a bit of a damper on the more than 465 runners who had registered for the event. But it takes more than a few flakes of snow to deter our race organizers and participants. The race was well organized and the runners were happy with a warm place to eat at the end of it all!

MARKETING REPORT



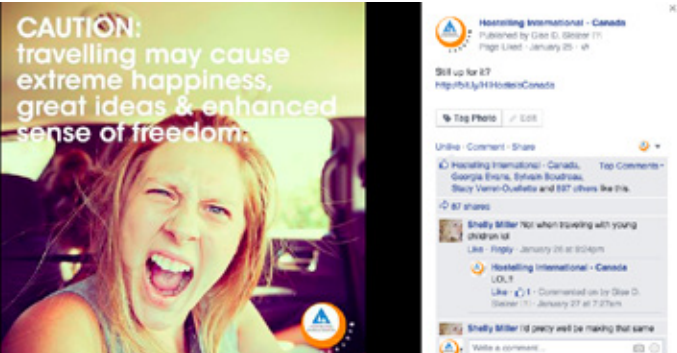
INDUSTRY CONFERENCES

This year our region continued our attendance at industry conferences to support and promote youth tourism in Canada.

In Dublin this year we partnered with the CTC to create a youth village at WYSTC (World Youth Student Travel Conference). Other Canadian companies who support the youth industry in Canada also participated, including Moose Travel Network, Parks Canada, Merit Travel and many others.

HI-C-PM Region helped create and distribute a replica Canadian Passport that would unlock a fridge offering Molson beer. We held events at the end of the day for conference delegates. It was a big success with much interest generated in how Canada was positioning itself as a growth destination for youth.

In addition, we attended Rendez-vous Canada in Vancouver. This is the annual business-to-business conference held by the CTC to introduce and sell Canadian tourism products to international buyers. As the youth program develops in Canada, this will become a key conference to promote Hostelling International – Canada to a global audience.



SOCIAL MEDIA

Our strategic focus on social media continued with the hiring of a part-time national social media coordinator. This position is jointly funded by HI-Pacific Mountain and HI-Quebec & Ontario Regions.

As a result, both Twitter and Facebook continued to grow both in levels of engagement and number of followers.

By March 31st we had increased our number of likes on Facebook to 5,960 – an increase of 3,350 over 12 months. Our most successful post was a promoted article from a Backpacker Buzz blog entitled “Best websites to plan your Canada trip.” The Canadian Tourism Commission (CTC) shared this post through their own social channels helping it to eventually reach an audience of 43,120.

We have also established a private Facebook group that connects social media staff across hostels and regions – ensuring that we continue to leverage our efforts at both the hostel and national levels.

Although our wilderness hostels are all about getting closer to nature and away from technology, we decided to establish a Facebook page to help promote these gems to a wider audience. Please “like” the page at facebook.com/hiwildernesshostels.

MEDIA COVERAGE

Although we continue to get covered in traditional press, the trend towards online coverage continues apace. This growth to higher digital exposure helps us reach our target market and drive important traffic to our website.

This year we were featured in a number of influential blogs:
www.veryhungrynomads.com
www.thegiantspoon.wordpress.com
www.rockiesfamilyadventures.com

In partnership with Travel Alberta, HI-Banff Alpine Centre played host to a popular Korean online reality show in which celebrity dads are documented travelling with their youngest child throughout countries.



MARKETING (CONT.)



BIG BLOG EXCHANGE

Hostelling International (IYHF) launched its second edition of the Big Blog Exchange in 2014. Bloggers from all around the world competed online to be selected to exchange blogs and lives for a period of 10 days. Each winner was to be paired with another winner and exchange blogs and countries with them.

A total of 633 bloggers from around sixty countries competed for the top 16 places. Logan Anderson, from Victoria, British Columbia was lucky enough to be selected as the Canadian participant. His exchange partner was Purujeet Parida from, Mumbai India. Pacific Mountain Region put together a travel pack in support of Logan and also played a role in hosting Purujeet in his trip to Canada.



ONLINE PERFORMANCE

This year we saw a significant increase in the number of overnights booked online in our network. 53% of our bookings are now taken either directly on **www.hihostels.ca** or through an OTA (Online Travel Agent) channel.

In an effort to increase our market share of online bookings, we introduced a Best Rate Promise on **www.hihostels.ca**. We also continued to optimize our website with an overall goal of positioning highly on key search engines. As a result we saw the number of bookings made through our website increase by 10%. In Fiscal 2016 we will look to consolidate these gains with further website improvements and continued marketing of our Best Rate Promise.

	2011	2012	2103	2014
Total Online Revenue	4,399,063	4,673,747	4,790,465	5,980,757
Total Overnight Revenue	9,454,849	10,219,509	10,648,943	11,397,325
Percentage of Overnight Revenue Generated Online	47%	46%	45%	53%

GROUPS

Despite the school strike in BC at the beginning of the fiscal year, the number of groups using our regional hostels has increased. The focus on outdoor and sports groups, university students and tour operators resulted in a 12.7% increase.

The Girl Guides Discover Hostelling program was expanded into Alberta this year, with HI-Lake Louise Alpine Centre hosting their first annual sleepover in November. HI-Canmore also introduced a sleepover program in April with Girl Guides from the Calgary district staying overnight and experiencing a hostel for the first time. Last year over 800 Girl Guides experienced hostels in our regions and began their Hostelling journey.

We are continuing to work with the Girl Guide councils in Alberta and BC to develop this program and increase the number of units coming to experience a hostel and earn a badge.

PARTNER SPOTLIGHT

CANADA-GERMANY STAFF EXCHANGE

In late 2013, HI-C-PM Region finalized its agreement with the Bavaria region of Germany's Hostelling International association, Deutsches Jugendherbergswerk (DJH), which established the groundwork for three-week exchanges between hostel managers and regional office staff in the two regions.

The aim of the exchange program is four-fold: to promote youth tourism between the two countries, to share best practices between staff in both countries, to provide a professional development opportunity for managers and staff and to tap into staff expertise and resources for special projects or events.

In February 2014, Holger Strobel, manager of DJH Bad Tölz, visited Vancouver, Whistler, Calgary and the Rockies for a few weeks. He met with managers at various hostels as well as the regional office in Vancouver and Central Reservations to learn about how the hostels operate here. He also had some free time to ski in Whistler and to explore some of Canada's cities and wilderness.

In May last year, Maicke Andresen, manager of HI-Vancouver Downtown, visited Nuremburg, Stuttgart and Munich on the flip side of the exchange. She visited with staff and managers at many different hostels in the Bavaria region and the region's head office in Munich. She also had time to explore nearby Salzburg, Vienna and to enjoy some traditional Bavarian food and drink.

The next exchange between the two regions is in the works for this year and we are looking at possible exchanges with YHA China.



OUR PEOPLE



VOLUNTEERS

Across our region in the past year:

512 VOLUNTEERS
5,420 HOURS

This included volunteering at one of the four regional race events in Alberta, programming activities at the hostels, helping with upkeep of wilderness hostels and volunteering at casino nights in Edmonton and Calgary.

EMPLOYEE ORIENTATION

The HR team conducted a review of all human resources policies and procedures and developed a monitoring process. One of the end results was a new and improved employee handbook. The new handbook was re-branded as an Employee Guide, and it was redesigned as a 12" x 18" folded map-style document. The new guide more closely reflects the HI-Canada brand, reduces paper and integrates with the Orientation Passport. The new guide also uses 70% less paper, has a larger and more readable font and costs less to produce than the previous handbook. The association's mission, vision and values are also given a more prominent focus in the new guide.

BUILDING LEADERSHIP CAPACITY

This year, the HR team transformed the supervisory development program into a peer-led training program. The training consists of seven modules over two-and-a-half days. The program is a requirement for all new managers and supervisors. This year, managers were invited to participate in the program as we trained four peer trainers. This type of peer-led management training program is not only unique, but it has been very well received by participants, with excellent post-training reviews.

LENGTH OF SERVICE RECOGNITION

20 years

- Kenneth Simms** / Housekeeper / HI-Banff Alpine Centre

15 years

- Cheryl Lowery** / Fund Development Manager / Regional Office

10 years

- Donnalyn Reyes** / Housekeeper / HI-Vancouver Central
- Colin Middleton** / Front Desk Agent / HI-Calgary City Centre
- Alistair McLean** / CEO / Regional Office
- Sanja Stankovic** / Housekeeper / HI-Vancouver Downtown
- Liz Ferguson** / Director of Partnerships / Regional Office
- Terry Sample** / Maintenance Staff / HI-Vancouver Downtown

5 years

- Jane Robinson** / Reservations Agent / HI-Central Reservations
- Mario Allard** / Housekeeping Supervisor / HI-Vancouver Downtown
- Randall Black** / Caretaker / HI-Penticton
- Maicke Andresen** / Hostel Manager / HI-Vancouver Downtown

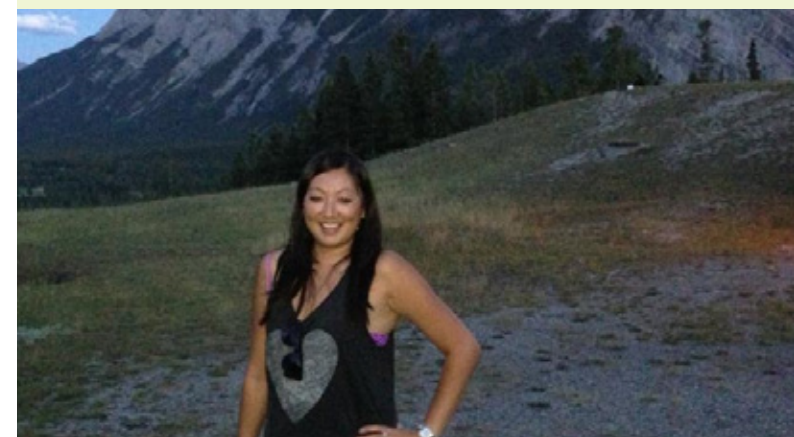
PROMOTIONS & NEW POSITIONS

- Ryan Murfitt** / General Manager / HI-Whistler
- Cara Kauhane** / Central Reservations Coordinator / HI-Central Reservations
- Liephea Prum** / Central Reservations Assistant Manager / HI-Central Reservations
- Andrew McNally** / Maintenance Manager / HI-Lake Louise Alpine Centre
- Etienne Rompre-Ferland** / Housekeeping Supervisor / HI-Whistler
- Kelly Moran** / Food and Beverage Manager / HI-Banff Alpine Centre
- Leo Barrette** / Maintenance 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 and check out profiles of current employees.

29,743 UNIQUE SITE VISITORS
119,431 PAGE VIEWS



STAFF SPOTLIGHT: KIRSTEN MIFFLING

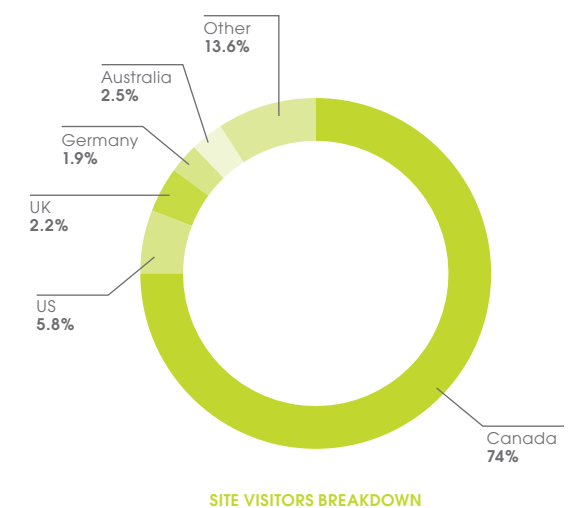
Kirsten Miffing, the assistant manager at HI-Banff Alpine Centre, was the You Kick Ass! grand prize winner in 2014.

Kirsten (aka "Kiki") was nominated in the Helpful, Knowledgeable and Quick categories by General Manager Ken Campbell for "keeping right up" with any discrepancies with the implementation of Siteminder, online booking software, at the hostel.

Kiki was first hired as a Front Desk Agent at HI-Banff Alpine Centre by Lisa Rayman in May 2007. She also spent 15 months working at the Front Desk for Keith Luciow at HI-Vancouver Central. She is now on her third stint and fourth role working for HI in Banff.

When asked what the best part about working at HI-Banff Alpine Centre is, Kiki said the mountain views from all around the hostel as well as the team she works with. In the summer, her favourite things to do in Banff are playing tennis and drinking on rooftop patios, and in winter she's all about snowboarding. When she's not working, Kiki enjoys going to hip hop shows.

If given the time and money, Kiki's next vacation would be to New York or back to Montreal. She'd also like to visit the HI hostels in Fernie and Halifax. Kiki's final comments: "Thanks to Ken Campbell for being such an awesome boss, and long live hostelling!"



OUR AWARDS

HI-C-PM Region was awarded a number of National Awards in front of their peers at this year’s NAAM (North American Annual Meeting) and NAGM (National Annual General Meeting). These awards recognize operational excellence in a number of areas.

This year the awards were given a new name—The Barclays—in honour of the Barclay sisters who founded Hostelling International in Canada back in 1933.

Barclay Award winners from our region last year were:

Member Engagement Award

Recognizes a region that has shown leadership within our federation in creating a program(s) to link with the individual members at their regional level.

Winner: HI-C-PM Board (Awarded for Member Social Initiatives – see Governance Report)

Cleanliness

This award recognizes the highest cleanliness ratings for a small, medium and large hostel across the country. It is measured by taking an average of the cleanliness ratings left by reviewers on Hostelworld and hihostels.com.

Winner: HI-Whistler (large hostel)

Membership

This award recognizes the hostel that increased total membership revenue by the highest percent over the previous year.

Winner: HI-Nelson, Dancing Bear Inn (small hostel)
Winner: HI-Jasper (large hostel)

Inspection Ratings

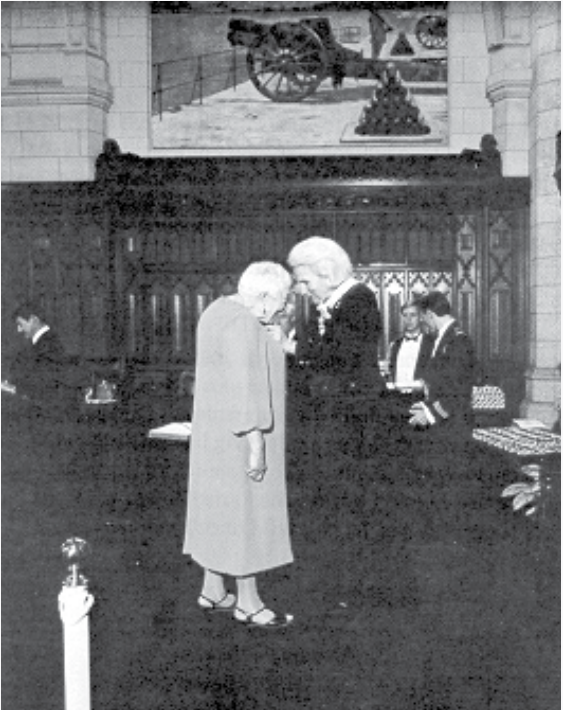
This award recognizes the best overall inspection ratings from the QAS hostel inspections from the past year, recognizing the top three winners in each category.

Winner: HI-Penticton (small hostel)
Winner: HI-Whistler (large hostel)

Environmental

This award recognizes the highest overall ECO—QAS environmental inspection ratings. There are 39 QAS environmental standards used in the calculation, with some exemptions for rustic hostels.

Joint Winners: HI-Calgary City Centre & HI-Whistler



GOVERNANCE

GOVERNANCE + OWNERSHIP LINKAGE

HI-C-PM Region's seven-member volunteer Board of Directors is the governing body of the association. They are 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 great management team, staff and volunteers that are integral to the smooth operation of the association. The board also serves as a link between 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 is 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 conference call in between board meetings:

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

Like all 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.

OWNERSHIP LINKAGE

The Ownership Linkage Committee conducted two successful Members' Social Evenings as part of its current three-year linkage plan, in addition to townhall meetings in Vancouver and Edmonton and the AGM in Calgary. These events—one at HI-Vancouver Downtown in January and one at HI-Edmonton in May—coincided with scheduled board meetings so that as many directors as possible could attend. Directors were able to meet and learn from members and answer any questions.

The committee has also invited local members to participate in a new Adopt-a-Hostel initiative by helping out at a spring cleanup weekend at HI-Rampart Creek Wilderness Hostel in June, with plenty of fun throughout of course. It is a wonderful opportunity for members to connect with the board, while at the same time giving back to the hostels. Feedback from all the year's events was extremely positive, and members appreciated being engaged as part of a membership organization.

The board continues to use any information and feedback from members as a guide in decision-making and in shaping the future of the HI-C-PM Region. Next year, the Ownership Linkage Committee will be completing its current three-year plan with a series of meet-up sessions. Based on the feedback received from members over the past two years, the committee will continue to focus on broadening communication opportunities from the board to facilitate ongoing dialogue with members.



FINANCIALS

Combined Financial Statements of

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

Year ended March 31, 2015

Auditors' 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 statement of financial position as at March 31, 2015 and the combined statement of operations and changes in net assets and cash flows for the year then ended, 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 audit. We conducted our audit 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 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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP
Chartered Accountants

As at March 31, 2015

	2015	2014
	\$	\$
Assets		
Current assets:		
Cash and cash equivalents	3,259,170	1,375,450
Short-term investments	544,240	1,606,040
Accounts receivable	104,453	188,495
Inventory	103,130	103,984
Prepaid expenses	227,649	192,954
	4,238,642	3,466,923
Restricted cash (note 9(c))	5,000	5,000
Long-term investments	446,018	204,066
Capital assets (note 4)	25,035,865	25,596,802
	\$ 29,725,525	\$ 29,272,791
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	1,088,474	1,007,315
Unearned revenue and deposits	270,224	240,658
Loans payable (note 5)	6,163,737	6,640,517
	7,522,435	7,888,490
Deferred contributions (note 6)	129,713	94,875
Deferred capital contributions (note 7)	962,738	802,812
	8,614,886	8,786,177
Net assets:	21,110,639	20,486,614
	\$ 29,725,525	\$ 29,272,791

Commitments and contingencies (note 9)

The accompanying notes are an integral part of these combined statements.
Approved on behalf of the Board:


Director


Director

For the year ended March 31, 2015

	2015	2014
	\$	\$
Revenue:		
Overnights	11,265,370	9,571,831
Memberships	397,170	335,771
Other, including food, beverage and merchandise	2,088,746	2,457,251
	13,751,286	12,364,853
Expenses:		
Hostel	10,116,782	10,048,846
Administration and membership	1,539,500	1,362,561
Amortization of capital assets	1,301,844	1,245,449
	12,958,126	12,656,856
Excess (deficiency) of revenue over expenses from operations	793,160	(292,003)
Other expenses (income)		
Interest income	(39,770)	(66,245)
Interest expense	210,267	239,528
Gain on insurance claim (note 12)	-	(1,070,642)
(Gain) Loss on disposal of capital assets	(1,362)	66,135
	169,135	(831,224)
Excess of revenue over expenses for the year	624,025	539,221
Net assets, beginning of year	20,486,614	19,947,393
Net assets, end of year	21,110,639	20,486,614

For the year ended March 31, 2015

	2015	2014
	\$	\$
Cash provided by (used in)		
Operating activities:		
Excess of revenue over expenses for the year	624,025	539,221
Items not involving cash:		
Amortization of capital assets	1,301,844	1,245,449
Amortization of deferred capital contributions	(50,429)	(41,240)
Deferred contributions used	(35,439)	(26,709)
(Gain) Loss on disposal of capital assets	(1,362)	66,135
	1,838,639	1,782,856
Changes in non-cash working capital:		
Accounts receivable	84,042	26,526
Inventory	854	25,579
Prepaid expenses	(34,695)	10,633
Accounts payable and accrued liabilities	81,159	(131,324)
Unearned revenue and deposits	29,565	(44,617)
	1,999,564	1,669,653
Financing activities:		
Repayment of loans payable	(476,780)	(501,596)
Investing activities:		
Change in investments	819,847	(175,063)
Deferred contributions received	70,277	78,682
Deferred capital contributions received	229,611	19,256
Deferred capital contributions paid back	(19,256)	-
Purchase of capital assets	(752,958)	(835,419)
Proceeds on sale of capital assets	13,415	2,000
	360,936	(910,544)
Increase in cash and cash equivalents	1,883,720	257,513
Cash and cash equivalents, beginning of year	1,375,450	1,117,937
Cash and cash equivalents, end of year	3,259,170	1,375,450
Supplementary information:		
Interest paid, net of interest received	170,497	173,283

See accompanying notes to 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.

For the year ended March 31, 2015

2. Significant accounting policies:

a. Basis of presentation

The combined financial statements of the Association are the representation of management prepared in accordance with Canadian accounting standards for not-for-profit organizations ("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 11).

b. Cash and cash equivalents:

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

c. Investments:

Short-term investments consist of guaranteed investment certificates, term deposits, and mutual funds 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. Amortization is provided for using the declining balance method at the following annual 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.

In the prior year, the Association had received notice that the Calgary Hostel license would be terminated by the City of Calgary, effective December 31, 2015. After discussion with the City of Clagary, the Association was advised the land had been sold to the Calgary Municipal Land Corporation who has assumed the lease and extended for a new term ending on March 31, 2025.

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.

For the year ended March 31, 2015

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:

- a. Non-capital contributions for specific purposes are recognized as revenue in the year in which the related expense is incurred.
- b. 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.
- c. 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.

3. Internally restricted net assets:

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

	2015	2014
	\$	\$
Cash and cash equivalents	879,023	—
Short-term investments	500,000	1,561,777
Long-term investments	390,607	204,066
	1,769,630	1,765,843

4. Capital assets:

	2015		2014	
	Cost	Accumulated amortization	Net	Net
Land	\$ 5,713,574	\$ —	\$ 5,713,574	\$ 5,713,574
Buildings & leasehold improvements	31,212,929	(12,995,090)	18,217,839	18,848,611
Automobiles	245,702	(198,263)	47,439	43,262
Computer equipment & software	1,172,022	(942,857)	229,165	179,576
Furniture and equipment	4,320,219	(3,514,785)	805,434	798,345
	42,664,446	(17,650,995)	25,013,451	25,583,368
Hostel development planning & assets under construction*	22,414	—	22,414	13,434
	42,686,860	(17,650,995)	25,035,865	25,596,802

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

5. Loans payable:

	2015	2014
	\$	\$
Line of credit (a)	—	—
Line of credit (b)	—	—
Whistler mortgage (c)	4,800,874	5,155,087
1025 Granville Street Trust Loan (d)	1,362,863	1,485,430
	6,163,737	6,640,517

a. The Association has a revolving line of credit of \$500,000 (going up to a maximum limit of \$1,000,000 from November 1 to May 30), bearing interest at prime rate plus 0.75% per annum.

b. The Association's Joint Venture with the Canadian Alpine Center has a revolving line of credit of \$200,000, bearing interest at prime plus 1.00% per annum.

c. This mortgage includes three demand term loans that were obtained to finance the acquisition of the Whistler property. These loans with blended monthly payments of \$43,964 bear interest rates at 2.94%, 3.25% and 3.25%, respectively.

d. The demand term loan bears interest at 2.94% per annum, with blended monthly payments of \$14,858.

All the above loans 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:

2016	\$	525,966
2017		542,190
2018		558,915
2019		576,158
Thereafter		3,960,508
		6,163,737

	2015	2014
6. Deferred contributions:		
Balance, beginning of year	\$ 94,875	\$ 42,902
Contributions received during the year	70,277	78,682
Contributions utilized to offset for operating expenses incurred during the year	(35,439)	(26,709)
Balance, end of year	129,713	94,875

7. Deferred capital contributions:

Balance, beginning of year	802,812	824,796
Addition	229,611	19,256
Repayment	(19,256)	-
Amortization during the year	(50,429)	(41,240)
Balance, end of year	962,738	802,812

8. 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, 2015, \$39,047 (2014 - \$48,791) is included within accounts payable and accrued liabilities.

9. 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 follows:

2015	\$	98,521
2016		98,521
2017		78,347
2018		58,173
Thereafter		233,975

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 2015 totalled \$442,905 (2014 - \$430,568) and is recorded in Hostels’ expenses.

c. Letter of guarantee

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.

10. 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 lines of credit bear 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.

11. 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:

	2015	2014
Assets:		
Current assets	\$ 568,291	\$ 358,232
Capital assets	1,825,257	1,886,997
	2,393,548	2,245,229
Liabilities and Net Assets:		
Accounts payable and other current liabilities	\$ 76,649	\$ 81,918
Deferred contributions	360,741	398,983
Net assets	1,956,158	1,764,328
	2,393,548	2,245,229
Revenue	1,475,679	1,298,550
Excess of revenue over expenses	\$ 261,396	\$ 56,390
Cash flow from operations	\$ 340,411	\$ 211,464
Cash flow from financing	(69,565)	(63,937)
Cash flow from investing	(68,385)	(5,112)

12. Insurance claims:

The Calgary Hostel suffered a catastrophic loss this past year due to its closure from late June 2013 until the end of May 2014 from the damage of the Alberta floods. Most restoration and reconstruction costs and loss of business were covered under the Association's insurance policy. Business interruption insurance claims are included in “other revenue” on the statement of operations. Insurance claims relating to furniture and leasehold improvements have been capitalized, and claims relating to facility repair and maintenance are included in the statement of operations.

LIST OF HOSTELS

BC

HI-Vancouver Jericho Beach
HI-Vancouver Downtown
HI-Vancouver Central
HI-Victoria
HI-Penticton
HI-Whistler

BC Wilderness Hostels

HI-Yoho National Park

Affiliate BC Hostels

HI-Tofino
HI-Nanaimo
HI-Cumberland
HI-Prince Rupert
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

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-Nordegg
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.