



2016 Annual Report



OUR MISSION

To help all, especially the young, gain a greater understanding of people, places and cultures through hostelling.

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Message From The Chair



It has been an honour to once again serve as Chair of your Board of Directors for the 2015/2016 fiscal year. This was my sixth year of volunteer board service; representing hostelling in our region and in Canada. I continue to be a proud member of what I believe to be a wonderful Association. This year we welcomed three new Directors in the September 2015 election, bringing welcome new voices to the table. All directors have made very valuable contributions to the Board over the course of the year.

The Board has 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 both at 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 progress in the governance of the Association on behalf of members. Policy governance, environmental stewardship, member engagement and volunteerism are but a few examples. 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 highlight over the past year. Member feedback assists the Board in shaping policy and therefore the Ownership Linkage Committee is tasked with developing ways to link with our members while striving to create a more engaged membership. I would like to thank all the members who were able to participate in the organised events this fiscal year and invite the membership to attend future activities when it is possible to do so.

Furthermore, as one of the leaders in HI-Canada, the HI-C-PM Region Board continues to strive to improve the functioning of the network and the effectiveness of the Federation. We continue to 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 marketplace. Following years of collaborative consultations; particularly in the past two years, there have been some structural changes at HI-Canada at both the governance and operational levels. This

represents the culmination of a tremendous amount of work; and we feel both confident and excited that the aforementioned changes will continue to strengthen hostelling in Canada.

In conclusion, I encourage all members to be engaged in hostelling and invite you to enjoy our wonderful new National Online Digital Travel Magazine called 'TERN'. The inaugural edition was launched in May 2015 and one can easily subscribe when visiting the site tern.travel. As a fellow member and passionate hosteller I hope that you will find time to visit some of our truly unique hostels in the Pacific Mountain Region. I can proudly say that our region provides fantastic opportunities in diverse landscapes to enjoy a genuine hostelling experience.

Sincerely,

James Wyatt

Chair
Hostelling International – Canada
Pacific Mountain Region

Message From The CEO



Hostelling International – Canada – Pacific Mountain Region enjoyed a strong year once again in Fiscal 2015/2016. Despite a downturn in business in Calgary and Edmonton, a surge in overnight performance across the rest of the network has resulted in a net positive gain for the Association, posting a 3.3% increase in overnight revenue over the previous fiscal year.

GROWTH

Canadian travellers represent the largest source of overnights for the region. This trend continued in FY2016 with Canadians generating a 6% increase in overnights from the previous year and now represents 43% of total overnights for the region. Staycations remained popular; particularly for our hostels in key resort destinations in Whistler, Banff and Jasper National Parks.

HI-C-PM Region also experienced strong growth from across the border. American demand, buoyed by the strong US dollar, resulted in a 22% increase in US overnights in comparison to last fiscal year.

We also celebrate the growing success and popularity of our wilderness hostels in the parks. Collectively, this network of nine hostels saw a 6% increase in overnights year over year. This increase came not just from a loyal base of regional users but also from stronger international interest.

The strength in our overnight performance has improved our cash flow immensely and allowed us to invest back into our network of hostels in BC and Alberta. In the second half of 2015, we saw the completion of the final phase of the HI-Calgary restoration which included new windows, external siding, landscaping and the renovation of the second floor guest-rooms. The region also began significant renovations at our HI-Edmonton hostel that we hope to see completed in 2016. In close consultation with Parks Canada, planning also continues for the development of a brand new hostel in Jasper.

On the affiliate hostel front, I am pleased to say that we continue to look at expanding our network of hostels and have added one new affiliate partner in Squamish, BC, a mecca for adventure travellers from around the world.

PARTNERSHIP

HI-C-PM Region operates 12 hostels in three National Parks and we continue to work closely with Parks Canada to showcase the natural wonder and beauty of this area. In addition to our work with Parks Canada on a new hostel in Jasper, the Region has just signed a new partnership agreement between HI and the three National Parks (Banff, Yoho and Jasper National Park) that we operate hostels in. We are also in consultation with them on their ten year plan along the Banff Jasper highway.

One particular new initiative we have ongoing with Parks Canada is the installation of a new river turbine at three of our wilderness hostels. This latest innovation means the turbines will generate off-the-grid electricity for our hostels and further decrease our energy footprint in the Parks.

PEOPLE

People continue to be the lifeblood of our organization. We are proud to report that staffing remained very stable in the past year. We continue to grow our internal development program; and now have over 25 training programs offered to staff throughout the region.

The region also depends largely on the dedication and generosity of volunteers across the region. In fiscal year 2016, volunteers donated nearly 4,900 hours to the Association. From delivering hostel tours to serving on the board, each of our volunteers contribute to making a better hostel experience for our guests and members.

I would like to thank all our staff and volunteers for their time and commitment to the Association. Our successful performance these past 12 months is a testament to your hard work and passion for our organization.

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

Sincerely,

Alistair McLean

CEO
Hostelling International – Canada
Pacific Mountain Region

Board Member Bios



JAMES WYATT

CHAIR, VANCOUVER, BC, 2 YR 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 from a young age, 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 traveling 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 traveled 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-C 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 being accessible to everyone and immensely enjoyable, hostelling 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.



BETTY LAFAVE

1ST VICE CHAIR, EDMONTON, AB, 2 YR TERM, EXPIRES 2017 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, in private industry and currently works in government. 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.



MEGHAN TREPANIER

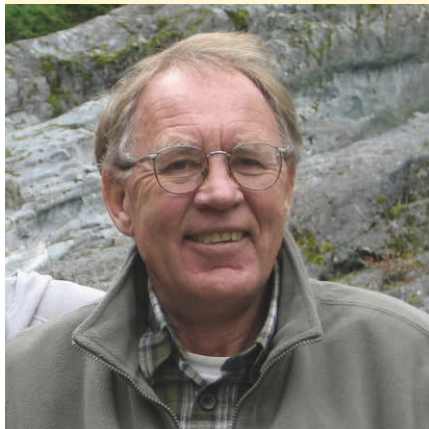
2ND VICE CHAIR, VANCOUVER, BC, 2 YR TERM, EXPIRES 2016 AGM

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 has continued travelling and hostelling across Canada and around the world. She knows the HI-PM Region well, having been to all but one of the hostels.

When unable to travel herself, she continues to enjoy interacting with fellow hostellers as a volunteer guide with the local HI hostels in Vancouver. Her travel and volunteer experiences with HI have taught her that hostelling is more than affordable accommodation; it's a unique opportunity to interact and exchange ideas in an open, safe environment.

Meghan is a French, Spanish and ESL teacher 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 degree in Law at the University of British Columbia.

In addition to her Bachelor of Education from UBC, she 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 a national non-profit organization in Toronto. In addition to travelling and hostelling, she also enjoys cycling, hiking, camping and skiing.



CHARLES BROWN

WHISTLER, BC, 2 YR TERM, EXPIRES 2017 AGM

Charles is a long time hosteller and traveller. He has been a Life Member of CHA/HI-Canada since the late 1960's. He has lived and worked as a university professor and researcher in Canada, Argentina, Denmark, and Sweden. 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. Involved in the outdoors all his life, he was one of the founding members of Mountain Equipment Coop and is a past president of the Varsity Outdoor Club, 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.

Hostelling is very important to Charles. He believes deeply in the mission and objectives of HI-Canada and recognizes the contribution hostelling makes to a deeper understanding between peoples. He believes we have the opportunity in HI-Canada-PMR to continue to pursue sustainability and environmental issues within the organization and in cooperation with other like-minded groups, while developing our own hostels and encouraging all age groups and families to participate. These are the areas he hopes to contribute to.

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. He has worked with young and old as a teacher and professor. When asked about his favourite hostelling experience it would be the time he and his companions were invited for breakfast into the home of the hostel warden high in the Swiss Alps to share tales with the warden's family.



ANDREW CROSSETT

CALGARY, AB, 1 YR TERM, EXPIRES 2017 AGM

Andrew is a born and raised Canadian, having lived and worked in Calgary his entire life. He takes full advantage of the nearby Banff and Jasper parks, regularly visiting hostels in the HI-PM region as he hikes and road trips through the mountains. He has also traveled around the world making visits to Australia, Germany, Morocco, Peru, and Singapore to name a few. His favourite destinations so far have been the ancient ruins of both Machu Picchu and Chichen Itza, and the cultural melting pot of Singapore. Andrew is self employed, owning and operating a small photography business. He is a graduate of SAIT's Travel and Tourism, Photojournalism, and Networking Engineering Technology programs. While at SAIT, Andrew was an active member of the community and worked closely with both the Students' Association and the Institution, sitting on the Students' Council, Academic Council, and SAIT's Board of Governors. These roles have given him a strong foundation in governance which will be an asset to any board. Andrew enjoys hiking, archery, and cooking in his downtime, and is looking forward to bringing his energy to the HI team.

LEE KEENER

EDMONTON, AB, 2 YR TERM, EXPIRES 2017 AGM

For more than twenty years Lee has been a professor of mathematics, as well as a dean and a department head, at the University of Northern British Columbia and will retire this summer. He has a BA from Amherst College, MSc and PhD degrees from Rensselaer Polytechnic Institute, and an MSc from the University of Oregon. Lee has been a member of a number of governance boards, including those of the Prince George Symphony Orchestra (Vice President), Prince George Art Gallery, UNBC Research Forest (Chair), Canadian Mathematical Society, and the UNBC Board of Governors.

Lee has travelled extensively, visiting over forty countries including India, Egypt, Russia, China, and Australia, as well as Tahiti and Marquesas Islands and most of the European countries. He enjoys cycling, sailing, and downhill skiing. When younger, he was an enthusiastic rock climber and mountaineer and has climbed the Alps, Tetons, and Cascades, as well as in his native Ontario. Lee is also a former US Nordic ski patroller.

Lee’s hostelling experience began in 1968 with a six-month backpacking trip to Europe. More recently it has been a family affair with wife Sylvia and daughter Madeleine. Their favourite hostel is the Barrowdale hostel in England’s Lake District. The fellowship, the inclusivity, the location, and the international character of the visitors, speak perfectly to what hostelling is all about.

KIE SHIROMA

EDMONTON, AB, 2 YR TERM, EXPIRES 2017 AGM

As an avid backpacker, Kie is passionate about Hostelling International’s mandate which promotes cultural exchange and affordable accommodation for travellers. Kie has hosted all over Europe, South America, North America, Australia and Asia, and has always found hostelling to be a positive and rewarding experience.

Kie’s first experience staying at a hostel was in New York City when she was sixteen – she travelled there alone but managed to become friends with someone who was staying in her dorm room. That experience allowed Kie to realize that there is an immediate understanding when one stays in a hostel – you’re there to socialize, exchange ideas and experiences, and explore the world.

Educationally, Kie’s interest in different cultures led her to pursuing a Bachelor’s degree in International Relations at the University of British Columbia, which then led her to volunteering with two non-profit organizations in Peru. Kie’s passion for local engagement has steered her to volunteering for the 2010 Vancouver Paralympics, Interstellar Rodeo, and the Edmonton International Fringe Theatre Festival.

Having grown up in British Columbia and now living in Alberta, Kie is passionate about what the region has to offer to both local and international travellers alike. From Edmonton being Canada’s “festival city” to the Rocky Mountain Region where Kie enjoys snowboarding, climbing and hiking, the chance to facilitate such experiences through the extensive hostel network in the region is one that she is excited about.



MICHAEL SHUI

VANCOUVER, BC, 2 YEAR TEAM, EXPIRES 2016 AGM

Michael’s hostelling adventure began at the urging of friends with a trip to Thailand. A year later he went to London and Paris staying at various hostels. Raised in Sydney Australia, Michael travelled to Cairns and Melbourne throughout the intervening years 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 whilst trekking on the Abel Tasman. Together they hosted 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 fund raising activities. Whilst in Vancouver he volunteers his time with the Canadian Cancer Society working on database maintenance and IT Migration from Office 2003 to Office 2010.

As an avid supporter of hostels and with a young family of his own, Michael hopes that his involvement will encourage other families to get involved and use hostels to discover their country and the world around them.

Hostel Spotlight



Our Hostels

Hostelling International – Canada – Pacific Mountain Region spans two provinces and one territory with hostels reaching from the rugged shores of Tofino, through 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, a new affiliate in Squamish joined the region. HI-Squamish Adventure Inn now opens up budget travel experiences and connections between Vancouver and Whistler, BC.

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

HI-LAKE LOUISE ALPINE CENTRE

Originally built in 1990, with a second building added five years later, HI-Lake Louise Alpine Centre was a joint partnership between Hostelling International and the Alpine Club of Canada. Over 25 years later, the hostel is an award-winning budget accommodation provider that continually garners high praise from visitors from around the world; all eager to explore this UNESCO World Heritage site.

HI-Lake Louise caters to a broad and diverse group of travellers: from hiking enthusiasts wanting to take on the many trails the area has to offer, winter loving people keen to ride down snow-covered slopes or summer visitors hoping for a glimpse of the turquoise blue waters the town is named after, HI-Lake Louise is their home away from home.

But it’s not just the hostel that lures guests from far & wide, *Bill Peyto’s*, the hostel’s on-site restaurant, is one frequented not only by guests but locals as well; serving up delicious meals with the friendliest service & best value in town.

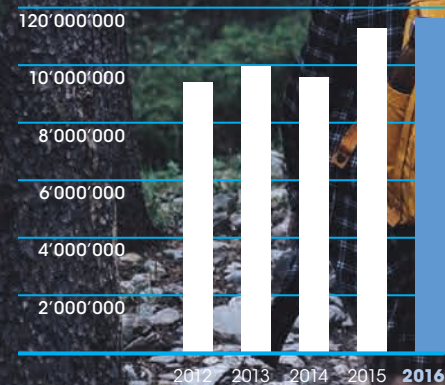
This past year, HI-Lake Louise Alpine Centre welcomed even more visitors to the area, experiencing an 8.4% increase in total overnights over the previous year. Customer ratings continue to stay strong as the hard-working HI-Lake Louise team works to serve the needs of its guests. No doubt, the hostel is a place to let your adventurous spirits roam freely to soak up everything the surrounding area has to offer.



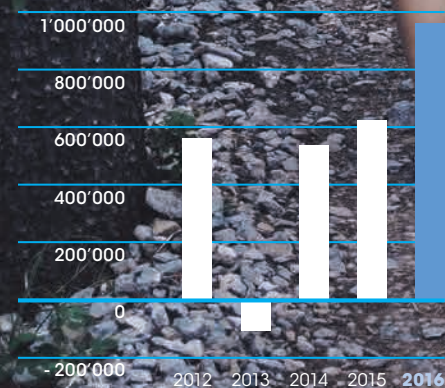
Hostel Highlights

Net Surplus vs Total Revenue

OVERNIGHT REVENUE



NET SURPLUS (Deficit)



Fiscal 2014 and 2015 figures are impacted by the closure of HI-Calgary City Centre and HI-Kananaskis due to flooding.

Financial Summary

Canadian tourism was robust in fiscal 2016. A weak Canadian dollar resulted in increased inbound traffic and more Canadians travelling domestically. HI-C-PM Region benefitted from this broad tailwind, but this upside was somewhat offset by the economic challenges in Alberta.

Revenue increased by 2.5% to \$14,100,281, of which overnight revenue accounts for \$11,635,426. HI-C-PM Region has introduced more sophisticated pricing strategies to minimize the impact of volatile occupancy rates. The result is a 2% increase in the regional average daily rate to \$29.79.

Expenses increased by less than 1% to \$13,012,567 despite an increase in the minimum wage in both BC and Alberta. The net result is an excess of revenue over expenses of \$958,530, which is an increase of 53.6% over the previous year's \$624,025.

As with the organization's operational performance, its balance sheet also improved. Net Assets increased by \$959,000 to \$22,069,169. Helped by historically low interest rates, Loans Payable decreased from \$6,163,737 to \$5,585,653. This debt is primarily associated with the development of HI-Vancouver Central and more recently HI-Whistler.

Overnight Performance

Overall, overnights continued their upward trend in 2016, although there was a notable exception to these positive results. The total number of overnights for the region was 402,675, a 1.4% increase from 2015.

In British Columbia, all hostels hosted more travelers except for HI-Vancouver Downtown, which saw a decrease of 4.2%. However, the three Vancouver hostels combined hosted more travelers than the previous year, with HI-Vancouver Jericho Beach showing the most significant increase at 24.6%. HI-Victoria and HI-Whistler also saw strong increases, with growth of 10.3% and 6.1% respectively.

In Alberta, the resort and wilderness hostels built on the strength of previous years. HI-Lake Louise Alpine Centre overnights increased by 8.4%, HI-Athabasca Falls was up 37%, and HI-Edith Cavell was up 45%. On the other hand, the downturn in the oil industry has resulted in fewer people looking for work or taking breaks from their work, translating into a 30% drop in overnights at HI-Edmonton. Improvements are being made at the hostel to make the hostel a more competitive tourist accommodation and reduce the impact of the downturn in the Alberta economy.

New Affiliate Hostels



NEW OWNERSHIP AT HI-NELSON – Having founded and operated HI-Nelson Dancing Bear Inn for many years, Brooke and Sandi Leatherman have sold their property to Jamie and Tucker Renney. We welcome the Renneys and are pleased that they will continue HI-Nelson's affiliation with HI-C.

HI-SQUAMISH – HI-C-PM Region welcomed a new affiliate hostel in Squamish, BC. With the well-known Stawamus Chief as its backdrop and located minutes from downtown Squamish, HI-Squamish Adventure Inn provides an important budget option to travellers visiting this popular outdoor adventure mecca. Situated between Vancouver and Whistler, Squamish is a perfect stop along the Sea to Sky Highway. From kiteboarding to rock-climbing, mountain biking to wind-surfing, Squamish features the best of the best of Western Canada.

HI-Squamish offers a range of room types that will meet the needs of any travellers' budget; from multi-share accommodation to various private room options. The hostel also provides guests with a fully-equipped kitchen, BBQ facilities, free Wi-Fi and a picturesque waterfront, backyard patio perfect for socializing.

Other improvements

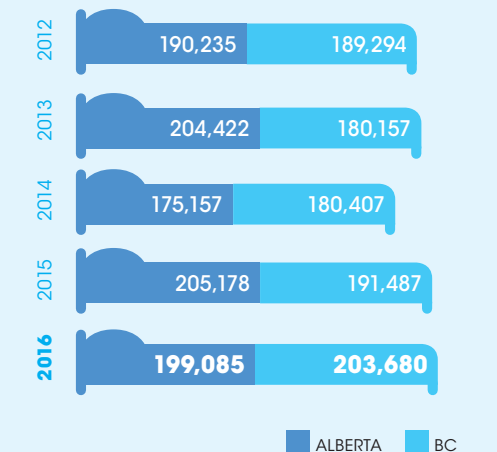
HI-Whistler – The hostel is part of a community hot water heating system that uses new technology. This has caused some issues at the hostel and the mechanical systems have not operated at an optimal level. The heating and ventilation systems have been modified to improve its performance which has enhanced guest comfort and reduced utility costs.

HI-Penticton – The garage received a new roof and the lounge received new furniture.

HI-Castle Mountain – The exterior of the building was refurbished.

HI-Jasper – New commercial laundry equipment was purchased. The hostel does the laundry for its in-house guests and for the Jasper wilderness hostels.

Overnights



Regional Total – 402,765
Average Occupancy – 59.5%



HI-Calgary

Hostel Highlights

HI-CALGARY – Having secured a 10 year lease renewal with the Calgary Municipal Land Corporation, a two phase renovation was undertaken.

The **first phase** involved the exterior of the hostel, which had been clad with the original wood siding. The aim was to create a modern aesthetic, which was achieved by employing James Hardie panels and siding. Windows were also replaced as was the deck off of the second floor lounge and a number of exterior emergency doors.

The **second phase** focused on the renovation of the second floor interior. (The basement and first floor had been renovated after the Calgary flood in 2013.)

All walls were painted, wainscoting was installed in hallways, carpet was replaced and new furniture was purchased for the upstairs lounge.

HI-VANCOUVER CENTRAL – The heritage building is over 100 years old and in recent years significant investments have included new flooring and lighting. In fiscal 2016, cosmetic additions include all private rooms receiving new duvets and linen, bed side tables and painted accent walls. As well, all of the furniture in the lounge and TV room was replaced and the guest WiFi service was enhanced.

HI-YOHO WHISKEY JACK – In 2015 the hostel received a grant to install a Micro-hydro system. The system has been successfully installed and the propane lighting has been replaced with LED fixtures. Sufficient

electricity is also available for charging electrical devices. The reduction in green-house gas emissions supports HI-C-PM Region's goal to reduce the environmental impact of its hostels.

HI-EDMONTON – A comprehensive refurbishment of the property is being undertaken. The **first phase** included:

- Landscaping of front and back yards
- Large section of flat roof replaced
- Flooring replaced and walls painted in the games room, dining area and kitchen
- Two floors of guest rooms and their hallways have been upgraded

The **second phase** will include upgrading of the main floor common areas and remaining guest rooms.

Barclay Scholarship Sendoff

The small, backyard oasis of HI-Calgary City Centre was the venue of a very special event on the evening of June 25, 2015.

Monica Salib, the recipient of the 2015 E. Catherine Barclay Scholarship, and a small group of people including her parents, the scholarship founders Dr. Gerald Hankins and Bob Knipe, the University of Calgary Dean of Arts, Dr. Richard Sigurdson, and four of the scholarship's previous recipients gathered to celebrate as Monica prepares to embark on a life changing adventure.

This unique scholarship, graciously supported by the University of Calgary, gives one student the opportunity in any faculty at the University of Calgary to pursue studies in France for one academic year. Dr. Gerald Hankins and Bob Knipe, in attendance at the event, founded the award to honour their late teacher and colleague, E. Catherine Barclay.

Catherine Barclay along with her sister, Mary Barclay established the first youth hostel in North America in 1933 in Bragg Creek, Alberta to help provide youth with an affordable way to travel and gain understanding and appreciation of different cultures. This hostel became part of an international network of hostels now known today as Hostelling International. The scholarship supports Hostelling International's mission to "to help all, especially the young, gain a greater understanding of peoples,

places and cultures through hostelling" by providing a student with the opportunity to create enriching, life-long relationships in communities across the world.



Monica attended francophone schools growing up in both Kuwait and after moving to Calgary and is currently studying French at the University of Calgary. Though nervous about her upcoming adventure, she doesn't let fear get in the way of her plans. "I want to complete a PhD in French. Having that plan makes me so excited for the opportunities to come," she states. Monica will be studying at the Université François Rabelais in Tours for the 2015-2016 academic year.

When asked what other travel plans she has while she is in Europe she jokingly states that her friends have strictly told her that she is not allowed to go to specific places until they come to visit.

Hostelling International provided Monica with a backpack filled with travel gear and a one-year Hostelling International membership. After having experienced a hostel stay in Paris on a school trip, Monica is excited about exploring France and the surrounding countries through the Hostelling International network.

Monica departs on August 3.

Sustainability

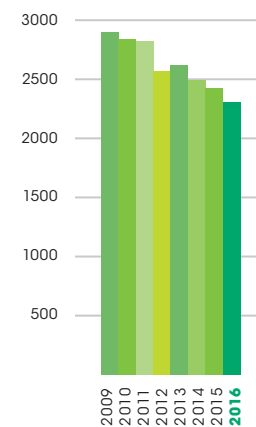
The CO₂e Emission and Energy Consumption Report for FY2016

We continue to look to hostel operations to find ways to reduce energy consumption and CO₂e emissions. The charts below show that we're going in the right direction. For FY2016, our calculations show that total hostel emissions for the year were more than 110 tonnes less in comparison to the year before, and about 275 tonnes less in comparison to the average of the previous five years.

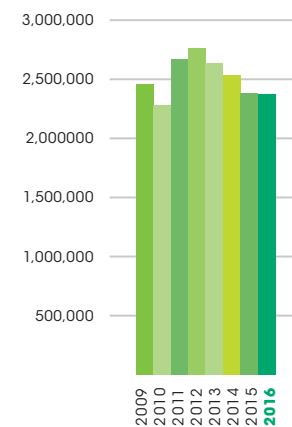
These improved efficiencies in FY2016 in our operations reduced CO₂e emissions is equivalent to taking twenty-four (24) passenger vehicles off the road for the year. In the past five years, our improved operations have avoided more than 500 tonnes of CO₂e emissions which is equivalent to the amount of carbon sequestered by four hundred and eighty-six acres of forest. (EPA website)

Electrical power consumption continues to decline as well, most likely due to ongoing initiatives to replace lighting and appliances with low energy usage models. Natural gas consumption, often weather dependant, also shows a decline this year and can be attributed to corrections made to the heating system at HI-Whistler.

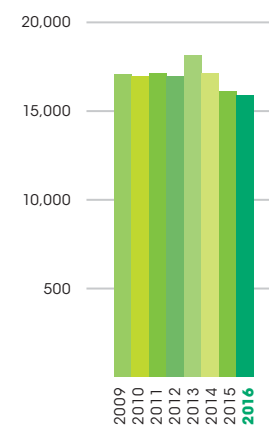
TOTAL GHG
(tonnes)



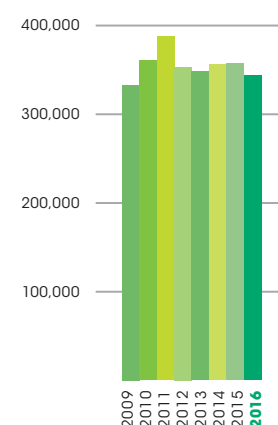
ELECTRICAL POWER
CONSUMPTION (kWh)



NATURAL GAS
CONSUMPTION (Gj)



PROPANE
CONSUMPTION (litres)





Sustainability Update

Operating sustainably means we want to tread lightly on the earth, contribute to the community and be a positive force in the economy. Happily, we have always strived to achieve in these areas. Some of our long term community involvements include supporting local theatre companies with a venue to present performances during the Edmonton Fringe, maintaining our partnership with the North Shore Culinary School to promote local cuisine and culinary talent, and supporting the Banff School Luncheon fundraiser. The managers at many of our hostels keep themselves and their teams involved in community activities such as neighbourhood clean up projects and a variety of fundraising initiatives.

On the ecological front, in FY2016, our hostels used consumed less electricity, used less natural gas, burned less propane and emitted less CO₂ emissions than any other year since 2011 (the year in which the new HI-Whistler came onto the scene). Overall, in FY2016, our hostels emitted 5.2 kilograms of CO₂ emissions per overnight. This is our best result since we began keeping these records in 2009. In FY2016, we achieved these successes by continuing to implement best practices that put downward pressure on our consumption. These vary from hostel to hostel but in all cases are carried out by a team of managers and employees all motivated to tread as lightly as we can on the earth.

Our positive impact on the economy is exemplified in many ways. One such example features a cross-over with our efforts to reduce the amount of waste generated from operations. At HI-Victoria, the manager has connected with a local company, Pedal to Petal, which supports urban agriculture by collecting compostable waste from local businesses, and doing that using bicycle-powered pick up trailers. In this way, HI-Victoria joins a large number of professional commercial clients including of government offices, banks, schools, and law firms as well as many condos, town homes and single family dwellings. HI-Victoria's participation helps to provide employment to dozens of people who share a commitment to sustainable living.

ENVIRONMENTAL HIGHLIGHT

The micro-hydro electrical power generator installed at HI-Whiskey Jack in the Yoho National Park in British Columbia will provide, for the first time, electrical power to the hostel and, thereby, accomplish four objectives:

1. Reduce CO₂ emissions by reducing propane consumption and replacing
 - ◆ propane fueled lighting system with an electric LED system and,
 - ◆ propane powered refrigerator.
2. Provide a safer means for lighting the hostel (current system requires matches and flammable (and expensive) lantern mantles.
3. Provide a safer overall environment by improved access to communication
4. Offer an educational opportunity and experience for guests as they gain an understanding of using power generated through a natural renewable energy source

HI-Whiskey Jack's water system comes from a Parks Canada pond/weir/penstock system that cascades down the side of the mountain behind the hostel that connects to the hostel building as well as their old washroom facility. This water fall has a drop of nearly 100 vertical feet. As a result, at the hostel, there is a 2" line with 90psi. This unique set of circumstances feeds the micro-hydro generator in-line and requires no alterations to any existing systems. The result of the installation would be an electrical power generating system providing 120V power for the hostel.

The components of the generator were purchased and installed by *Energy Alternatives Ltd.*

The installation includes the replacement of the propane fueled refrigerator with an energy star electricity powered model (to be installed in the spring of 2016, when seasonal access to hostel is opened) as well as the installation of an LED lighting system, replacing a propane burning lighting system (much safer and simpler for guests).

In addition, the generator will consistently provide 120V power for the hostel's communications equipment, allowing the manager to leave the phone active full-time instead of an hour a day....an invaluable safety feature.

Our People

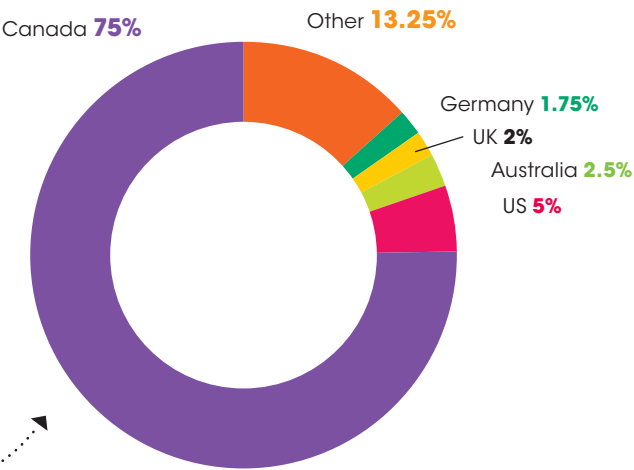
DID YOU KNOW – HOSTELCAREERS.CA STATISTICS

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.

27,826
UNIQUE SITE VISITS

11,496
PAGE VIEWS

► Visits from **142** DIFFERENT COUNTRIES, top 5 here



DID YOU KNOW – TRAINING STATISTICS

- The *Leadership Development Program* (total of 7 modules) was offered two different times to a total of 26 employees
- 5 managers facilitated the modules as peer trainers.

YOU KICK ASS NOMINATIONS

The *You Kick Ass! Program* publicly recognizes exceptional performance. Guests and any HI employee, be it a co-worker, a manager, or someone who works at another hostel doing a kick ass job can nominate an employee for recognition.

Total number nominations: **1032**

LENGTH OF SERVICE AWARDS

25 years

Robb Cryder › COO › Regional Office

20 Years

Lisa Grey-Dreaper › Hostel Manager › HI-Penticton

15 Years

Caroline Krauss › Housekeeper › HI-Vancouver Downtown
Jason Wong › Hostel Manager › HI-Calgary City Centre

10 Years

Leo Barrette › Maintenance Manager › HI-Banff Alpine Centre
Stephen Campbell › Hostel & Reservations Manager ›
HI-Vancouver Jericho Beach and Central Reservations Office
Oren Fisher › Front Desk Agent › HI-Victoria

5 Years

Harold Denys › Front Desk Agent › HI-Penticton
Ryan Murfitt › Manager › HI-Whistler
Robert Pepin › Housekeeper
Sasha Viminiz › Housekeeping Supervisor › HI-Banff Alpine Centre

HR Activities

Hostelling International - Canada - Pacific Mountain Region transitioned both our payroll and benefits provider over the past fiscal year. While these two projects are very operationally focused, the goal was to improve the experience for our employees and managers. The investment in time to complete the payroll transfer resulted in eliminating the duplication of data entry, reducing paperwork and providing managers and supervisors with improved reporting capabilities. The new payroll system provides an enhanced experience for employees with the launch of employee self-service functions.

The transition to a new benefits provider resulted in considerable timesavings from an administration standpoint and also dramatically improved the employee experience by introducing mobile access to benefits along with a more simplified and quicker claims processing.

STAFF PROMOTIONS

Jessica Bugden › Assistant General Manager › HI-Vancouver Jericho Beach/CRS
Jon Tastad › Maintenance Supervisor › HI-Vancouver Central
Laurence Martel › Assistant General Manager › HI-Whistler
Jessica Richardson › Housekeeping Supervisor › HI-Whistler
Cassandra Moore › Assistant Manager › HI-Calgary City Centre
Kimberley Brown › Dining Room Supervisor › HI-Lake Louise Alpine Centre
Brandon Coulson › Kitchen Supervisor › HI-Lake Louise Alpine Centre

Our Members



Product

This year saw the introduction of a new 1-year membership product for sale at HI hostels across Canada.

Priced at \$25 for 1 year, the goal was to increase our membership base and also provide new members with a better welcome to Hostelling International.

This product comes with a number of improvements.

1. A product that is the same for all guests – regardless of whether they are Canadian or International in origin. This has streamlined the sales process at hostels making it much easier for our front desk agents to promote and sell.

2. A product with less packaging. This has reduced the environmental footprint of membership and contributed towards our efforts to become a more sustainable organization.

3. Improved information for the new member on how to book hostels, find membership discounts and connect on our social media channels. This has helped members get the most out of their membership in addition to improving engagement.

4. Simplified registration process that has not only helped with speed of registration at our busy front desks, but also improved the quality of data we have on our membership.

As a result of these changes we have seen a 5.8% increase in the number of validated members at year end.

Operations

During the last year a national review was conducted on membership operations in Canada. As a result, starting April 1st 2016 there will be some changes in how membership operates.

HI-Pacific Mountain and HI-Québec and Ontario will now lead key aspects of national operations. This will be done in consultation with other regions.

HI-Pacific Mountain Region will lead the following:

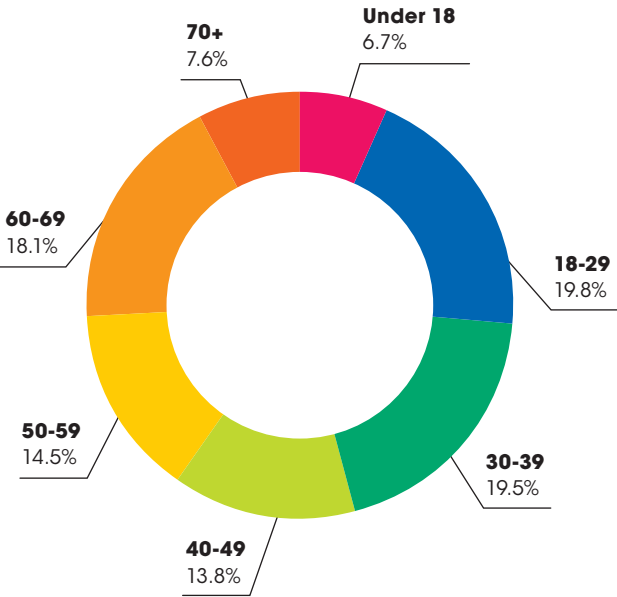
- Inventory Control
- Sales and Training
- Product Development

HI-Québec and Ontario Region will lead the following:

- Business Development – Sales
- Marketing
- Members Discount Development

The end goal of these changes is primarily to grow the membership base in Canada and improve the experience of new and current members.

Our Members in Numbers



MALE 53%
FEMALE 47%

MEMBERSHIP TYPE

	2014/15	2015/16	Variation	Change (%)
Adult	9519	10434	915	9,6
Junior	903	906	3	0,3
Lifetime	6676	6875	199	3,0
Group	299	199	-100	-33,4
TOTAL	17397	18404	1007	5,8%

Partner Spotlight – VIA Rail



VIA Rail provides year-round transportation to Canadians and International visitors looking to explore Canada.

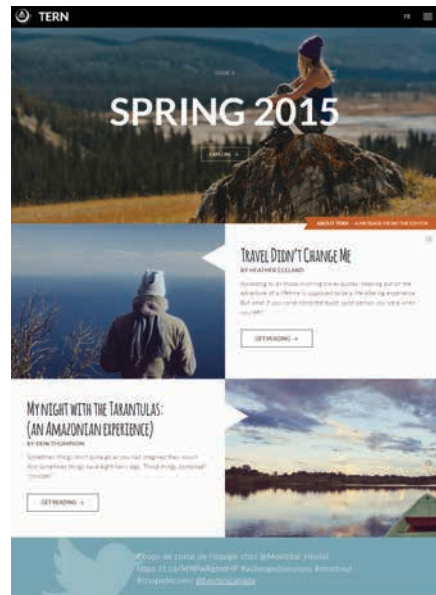
Whether going across the country, or travelling within BC and Alberta, VIA Rail provides a convenient and leisurely way of getting around with many destinations in places we have hostels located.

At the beginning of the partnership HI Members were initially offered a discount of 10% on train travel in Canada for themselves and up to 3 companions. However due to the popularity of this discount, VIA Rail recently decided to increase this discount to 12.5%.

VIA rail also helps promote Hostelling International on their website – this page promotes our network of hostels and also the HI Membership. This is a really important component of the partnership as it introduces Hostelling International to new people.

We consider VIA rail to be a very valuable partner and look to continue working with them in the year ahead.

Marketing



TERN Travel Mag

In the spring of 2015, Hostelling International – Canada – Pacific Mountain Region launched its new digital magazine site Tern. Named after the tiny but mighty sea bird, the Arctic Tern, these little creatures undertake the longest annual migration known in the animal kingdom. We like to think that, like us, the Tern knows that there's just so much to see on this planet of ours - so why not try to see as much of it as we can?

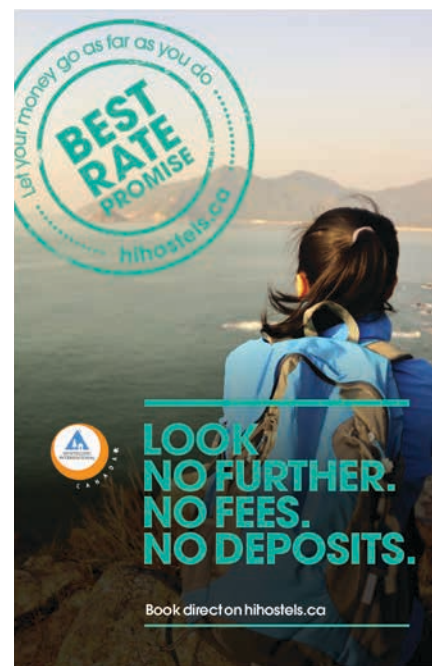
Tern Travel Magazine is published 4 times a year. Last winter, Tern officially became Hostelling International Canada's national magazine. It is now available in English and French, attracts writers from across the country and earns praise from its readers. Looking ahead, we are excited to grow Tern's subscribers, attract more contributors to share their love of exploration and introduce more people to the wonders of travel.

Campaign Spotlight: Book Direct

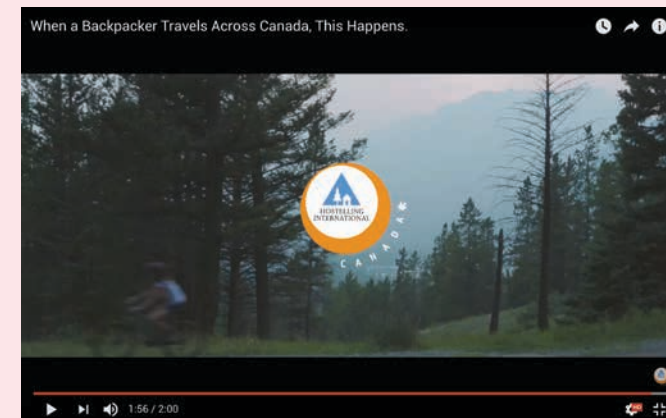
Like many in the accommodation sector, Hostelling International – Canada – Pacific Mountain Region launched a Book Direct campaign to try and encourage more travellers to book their hostel accommodation directly with the Association. Guests who book direct by phone, email or through the website hihostels.ca can be confident that they're getting the best rate, availability and options.

The campaign included book direct call to actions on the website, book direct promotional materials displayed at hostels and even a tongue-in-cheek video encouraging guests to book direct.

Since the start of this book direct campaign, the region has experienced an increase in the proportion of direct versus third party bookings; from 42% in 2014 to 48% in 2016. As with many others in the accommodation sector, the Marketing department will be dedicating more and more time and resources to communicating the benefits of guests using direct booking channels for their reservation and travel needs.



New Hostel Video



In the summer of 2015, HI-C-PM Region, partnered with HI-Q&O region to create a new video promoting HI-Canada's great hostel network. We followed HI-Montreal front desk staffer Gabrielle as she discovered the best that Canada has to offer from east to west. Travelling by car, bus, plane and train, Gabrielle stayed in many of HI-Canada's 60 hostels, spending her days exploring, surfing, hiking, biking, partying and meeting people from around the world.

The video was launched in February of 2016 and has generated nearly **30,000 views on Facebook and Youtube.**

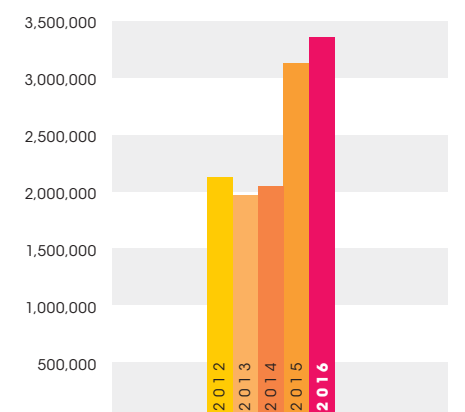
Website and Social Media

In FY2016, Hostelling International Canada's website hihostels.ca generated **\$3.40 million in overnight revenue** and represented a seven percent increase over the previous fiscal year. It is by far the largest source of bookings for the region overall.

As HI-Canada's premier marketing and booking platform, hihostels.ca recorded **over 1.2 million users** this fiscal year with visitors, on average **viewing 4 pages** and spend **3.5 minutes per session.**

Fiscal 2014 and 2015 figures are impacted by the closure of HI-Calgary City Centre and HI-Kananaskis due to flooding.

OVERNIGHT REVENUE THROUGH [HIHOSTELS.CA](http://hihostels.ca)



Governance

A talented team of four directors comprises the Governance Committee this year. We are continuing the good work of past boards in reviewing and monitoring our policy manual which outlines policies to ensure the region achieves its goals and reflects the shared values of its membership base.

The governance committee not only monitors and reviews board policies on a regular basis but also actively seeks to improve and add value whenever an opportunity presents itself. This year, the Governance Committee introduced a number of initiatives that aim to elevate the level of professionalism in the Board’s work:

- i. New reporting forms were introduced to standardize the way the committee reports, monitors and obtains feedback on board compliance to policy
- ii. Renewed emphasis on strong board education and in the importance of building a cohesive board
- iii. Comprehensive review of the board policy manual to ensure policies remain relevant.

The Governance Committee is working hard to serve the needs of the membership and hope to complete these three key tasks by the end of the next board year.



PHOTO CREDIT : Paddy Pallin

OWNERSHIP LINKAGE

Our owners, according to our policy manual, are “those members who are committed to hostelling and a hostelling community as a unique way to see the world and experience people, places, and cultures”. These are the members who contribute their time and energy, through their interest and volunteer work, to hostelling in general and the Pacific Mountain Region in particular. The Ownership Linkage Committee strives to ensure that the board understands what the owners’ values and priorities are and that the owners understand those factors that contribute to board decisions.

During the past year the committee has organized several activities designed to enhance board/owner communication. In addition to the annual general meeting in Edmonton in September, we hosted a social evening at the Granville Street Hostel in Vancouver at the end of March. The event included a special presentation by Charles Brown on ski touring in northern Sweden. The event was well attended and we received very positive and useful feedback from attendees.

A similar event was held in May in Calgary, also well attended. The evening included a presentation about the wilderness hostels of Alberta by CEO Alistair McLean. In June, we continued last year’s “Member Meet-Up” initiative with a weekend at HI-Castle Mountain and HI-Lake Louise Alpine Centre, both in Banff National Park. We had nearly a dozen enthusiastic participants from both Edmonton and Calgary who engaged in several lively discussions and leisure activities.

The committee has now completed its three-year plan and is now looking forward to developing a new plan for the next three years. We value the thoughts and feedback of the general membership and encourage them to attend future events or speak with any of the directors at any time.

In the Community

2016 has been another great year for the widespread variety of ways our hostels and staff have been able to give back to their communities. The following are just a few highlights from this year.

COMMUNITY SPOTLIGHT:
HI-BANFF & THE SCHOOL LUNCH FUNDRAISER

For over 18 years, HI-Banff Alpine Centre has participated in a local fundraiser for the Banff Elementary School, held each fall on International Children’s Day. The hostel staff, including the café, donate food and their time to make lunches for the students and their parents. All proceeds from the fundraiser go directly to the school. This year, over \$800 was raised to purchase books for the school library.

The HI-Banff Alpine Centre School Lunch Fundraiser not only raises needed funds to improve the school but it has also become an annual event that parents, students and the hostel staff look forward to each year.

HOSTELS CONTRIBUTING TO COMMUNITIES

HI-Vancouver Downtown – continued with the previous years’ charitable donations by collecting food items and monetary donations for the *Food Bank* this holiday season as well as filling shoeboxes with amenities for a local women’s shelter.

HI-Vancouver Jericho Beach – partnered with the *Ride to Conquer Cancer* by opening the hostel twice in the off-season to hold the *Start and Finish* to a *Spring Training Ride* in May and a *Celebration Ride* in the fall to recruit new riders for the event. Nearly 200 riders took to their bikes at both events to help fundraise for a worthy cause. The hostel also raised over \$1,000 in FY2016 for it’s ongoing fundraising efforts to support the *Jericho Stewardship*

Group. HI-Vancouver Jericho Beach’s latest effort was to partner with *Trips for Kids*, a non profit group that works to raise money to buy helmets, bikes and ride days for inner city kids. The hostel raised \$450 through guest donations over the summer of 2015.

HI-Whistler – continued with their *Adopt-a-Bus* community program. Every morning staff at the hostel cleans and tidies the area of their adopted bus stop for *Cheakamus Crossing* community and hostel guests that use that bus stop on a daily basis. The hostel also organizes weekly yoga sessions that are open to hostel guest and the Whistler community. It’s a great way to get fit and get together.

HI-Penticton – continued their efforts with the annual *Cover with Kindness* campaign in which they provide and distribute blankets, jackets & warm gear to those in need. The hostel also donates refundable bottles and cans to 2 separate charities; the SPCA and OSNS (Okanagan Similkameen Neurological Society) Child & Youth Development Centre.

HI-Lake Louise Alpine Centre – spearheaded trivia night to benefit a local foodbank. Proceeds include \$200 raised by the sold out café and they also collected nearly 100 canned foods. The hostel café, *Bill Peyto’s*, also provides food donations to various community events held at the Lake Louise Recreation Centre.



Pacific Mountain Region
2016 Annual Report

HI-Jasper – with support from Parks Canada, worked to clean-up Whistlers Road leading to the hostel. A small team of HI-Jasper staff cleaned up over 30 kilograms of trash, including old scrap metal chunks, hoses and microtrash that littered the area and greatly improving sightlines for passing traffic.

HI-Edmonton – was once again designated block captain for the 8th year as part of the *Capital City Clean-Up Program*. They were also host to two local theatre troupes during the Edmonton Fringe Festival.



Our Awards

HI-C-PM Region was awarded a number of National Awards, called the Barclay's, before their peers at this year's NAAM (North American Annual Meeting) and NAGM (National Annual General Meeting). These awards recognize operating excellence in a number of areas.

The Barclay Award winners from our region last year include:

CLEANLINESS AWARD

This award recognizes the highest cleanliness ratings for a small 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.

WINNERS

- HI-Castle Mountain — SMALL HOSTEL
- HI-Tofino — LARGE HOSTEL

FRIENDLINESS AWARD

This award recognizes the staff ratings for a small and large hostel across the country. It is measured by taking an average of the staff ratings left by reviewers on Hostelworld and HiHostels.com.

WINNERS

- HI-Rampart Creek — SMALL HOSTEL
- HI-Tofino — LARGE HOSTEL

RATINGS IMPROVEMENT AWARD

This award recognizes the small and large hostel that demonstrated the best overall rating improvement over the same period last year. It is measured by taking the percentage improvement of the average overall ratings between Hostelworld and HiHostels.com over the previous period.

WINNER

- HI-Jasper — LARGE HOSTEL

MEMBERSHIP AWARD

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

WINNER

- HI-Vancouver Jericho Beach — LARGE HOSTEL

INSPECTION RATINGS

This award recognizes the best overall inspection ratings from the QAS (Quality Assured Standards) hostel inspections from the past year.

WINNER

- HI-Whistler — LARGE HOSTEL

ENVIRONMENTAL AWARD

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.

Winner

- HI-Whistler — LARGE HOSTEL

MEMBERSHIP ENGAGEMENT AWARD

This award recognizes a Region who 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 Region for Member Meet-ups

HOSTEL OF YEAR AWARD

This award recognizes the best overall rating on HostelWorld and HiHostels.com for a small and large hostel across the country. It is measured by taking an average of the overall ratings between Hostelworld and HiHostels.com.

WINNERS

- HI-Athabasca Falls — SMALL HOSTEL
- HI-Tofino — LARGE HOSTEL



Financials

True North Hostelling Association O/A Hostelling International - Canada - Pacific Mountain Region COMBINED FINANCIAL STATEMENTS — YEAR ENDED MARCH 31, 2016

Independent Auditor’s Report To the Directors of True North Hostelling Association O/A Hos- telling International - Canada - Pacific Mountain Region

We have audited the accompanying combined financial state-
ments of True North Hostelling Association O/A Hostelling Inter-
national - Canada - Pacific Mountain Region, which comprise the
combined statement of financial position as at March 31, 2016
and the combined statements of operations and changes in net
assets and cash flows for the year then ended, and the related
notes, which comprise a summary of significant accounting poli-
cies and other explanatory information.

MANAGEMENT’S RESPONSIBILITY FOR THE COMBINED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presenta-
tion 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 judg-
ment, 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 inter-
nal control relevant to the entity’s preparation and fair presentation
of the combined financial statements in order to design audit pro-
cedures 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 appropri-
ateness of accounting policies used and the reasonableness of
accounting estimates made by management, as well as evaluat-
ing 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 Moun-
tain Region as at March 31, 2016 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.

Chartered Professional Accountants

COMBINED STATEMENT OF FINANCIAL POSITION

As at March 31, 2016

	2016	2015
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	3,922,295	3,259,170
Short-term investments	44,240	544,240
Accounts receivable	77,441	104,453
Inventory	88,637	103,130
Prepaid expenses	220,534	227,649
	4,353,147	4,238,642
Restricted cash	—	5,000
Notes receivable - HI Prairies	13,035	—
Long-term investments	55,491	446,018
Capital assets (note 4)	25,621,691	25,035,865
	30,043,364	29,725,525
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	1,154,069	1,088,474
Unearned revenue and deposits	235,856	270,224
Loans payable (note 5)	5,585,653	6,163,737
	6,975,578	7,522,435
Deferred contributions (note 6)	84,015	129,713
Deferred capital contributions (note 7)	914,602	962,738
	7,974,195	8,614,886
NET ASSETS	22,069,169	21,110,639
	30,043,364	29,725,525

Commitments and contingencies (note 9)

Approved by the Board of Directors

Director 

Director 

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31, 2016

	2016	2015
	\$	\$
Revenue		
Overnights	11,635,426	11,265,370
Memberships	382,342	397,170
Other, including food, beverage and merchandise	2,082,513	2,088,746
	14,100,281	13,751,286
Expenses		
Hostel	10,259,180	10,116,782
Administration and membership	1,429,150	1,539,500
Amortization of capital assets	1,324,237	1,301,844
	13,012,567	12,958,126
Excess of revenue over expenses from operations	1,087,714	793,160
Other expenses (income)		
Interest income	(56,105)	(39,770)
Interest expense	175,392	210,267
Loss on extra ordinary items	9,731	—
Loss (gain) on disposal of capital assets	166	(1,362)
	129,184	169,135
Excess of revenue over expenses for the year	958,530	624,025
Net assets - Beginning of year	21,110,639	20,486,614
Net assets - End of year	22,069,169	21,110,639

For the year ended March 31, 2016

	2016	2015
	\$	\$
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenses for the year	958,530	624,025
Items not involving cash		
Amortization of capital assets	1,324,237	1,301,844
Amortization of deferred capital contributions	(60,625)	(50,429)
Deferred contributions used	(203,769)	(35,439)
Loss (gain) on disposal of capital assets	166	(1,362)
	2,018,539	1,838,639
Changes in non-cash working capital		
Accounts receivable	27,012	84,042
Inventory	14,493	854
Prepaid expenses	7,115	(34,695)
Accounts payable and accrued liabilities	65,595	81,159
Unearned revenue and deposits	(34,368)	29,565
	2,098,386	1,999,564
Financing activities		
Proceeds from loan issuance	(13,035)	—
Repayment of loans payable	(578,084)	(476,780)
Deferred contributions received	158,071	70,277
Deferred capital contributions received	12,489	229,611
Deferred capital contribution paid back	—	(19,256)
	(420,559)	(196,148)
Investing activities		
Change in investments	890,527	819,847
Decrease in restricted cash	5,000	—
Purchase of capital assets	(1,910,829)	(752,958)
Proceeds on sale of capital assets	600	13,415
	(1,014,702)	80,304
Increase in cash and cash equivalents	663,125	1,883,720
Cash and cash equivalents - Beginning of year	3,259,170	1,375,450
Cash and cash equivalents - End of year	3,922,295	3,259,170
Supplementary information		
Interest paid - net of interest received	119,291	170,497

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.

2. Significant accounting policies

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).

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.

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.

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.

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:

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 Calgary, the Association was advised the land had been sold to the Calgary Municipal Land Corporation who has assumed the lease and extended it 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 statement of operations and changes in net assets.

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.

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.

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:

	2016 \$	2015 \$
Cash and cash equivalents	1,768,064	879,023
Short-term investments	—	500,000
Long-term investments	—	390,607
	1,768,064	1,769,630

4. Capital assets

	Cost	Accumulated amortization	2016 Net	2015 Net
	\$	\$	\$	\$
Land	5,713,574	—	5,713,574	5,713,574
Buildings and leasehold improvements	32,926,959	(14,047,221)	18,879,738	18,217,839
Automobiles	251,935	(204,656)	47,279	47,439
Computer equipment and software	1,211,856	(1,023,318)	188,538	229,165
Furniture and equipment	4,459,997	(3,689,849)	770,148	805,434
	44,564,321	(18,965,044)	25,599,277	25,013,451
Hostel development planning and assets under construction *	22,414	—	22,414	22,414
	44,586,735	(18,965,044)	25,621,691	25,035,865

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

5. Loans payable

	2016 \$	2015 \$
Line of credit (a)	—	—
Line of credit (b)	—	—
Whistler mortgage (c)	4,374,805	4,800,874
1025 Granville Street Trust loan (a)	1,210,848	1,362,863
	5,585,653	6,163,737

- 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 CAC has a revolving line of credit of \$100,000, 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 \$46,571 bear interest rates at 2.77%, 2.77% and 2.71%, respectively.
- d) The demand term loan bears interest at 2.71% per annum, with blended monthly payments of 14,715.

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:

	\$
2017	590,859
2018	607,136
2019	623,863
2020	641,050
Thereafter	3,122,745
	5,585,653

6. Deferred contributions

	2016 \$	2015 \$
Balance - Beginning of year	129,713	94,875
Contributions received during the year	158,071	70,277
Contributions utilized to offset expenses incurred during the year	(203,769)	(35,439)
Balance - End of year	84,015	129,713

7. Deferred capital contributions

	2016 \$	2015 \$
Balance - Beginning of year	962,738	802,812
Addition	12,489	229,611
Repayment	—	(19,256)
Amortization during the year	(60,625)	(50,429)
Balance - End of year	914,602	962,738

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, 2016, \$91,746 (2015 - \$39,047) 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:

	\$
2017	98,521
2018	98,521
2019	74,985
2020	58,173
Thereafter	177,551

b) National levy

The Association pays a levy to Hostelling International Canada based on membership sales and overnights recorded for the last completed fiscal year. The levy paid in 2016 totalled \$430,646 (2015 - \$442,905) and is recorded in Hostels’ expenses.

c) 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

Credit risk. Due to the nature of the contributions and hostel operations, the Association does not face any significant concentrations of credit risk.

Interest rate risk. The Association is exposed to interest rate risk as the lines of credit bear interest at variable rates and fluctuate 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.

Fair value. The carrying values of cash and cash equivalents, 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, and cash flows of the CAC joint venture as follows:

	2016 \$	2015 \$
Assets		
Current assets	777,409	568,291
Capital assets	1,748,134	1,825,257
	2,525,543	2,393,548
Liabilities and Net Assets		
Accounts payable and other current liabilities	85,581	76,649
Deferred contributions	342,704	360,741
Net assets	2,097,258	1,956,158
	2,525,543	2,393,548
Revenue	1,569,582	1,475,679
Excess of revenue over expenses	245,058	261,396
Cash flows provided by operating	333,364	340,411
Cash flows used in financing	(104,348)	(69,565)
Cash flows used in investing	(38,292)	(68,385)

12. Insurance claims

The Calgary Hostel suffered a catastrophic loss 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 have been 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 have been included in the statement of operations.

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BC HOSTELS

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

Wilderness Hostels
HI-Yoho National Park

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

ALBERTA HOSTELS

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

Wilderness Hostels
HI-Athabasca Falls
HI-Beauty Creek
HI-Castle Mountain
HI-Hilda Creek

HI-Kananaskis
HI-Maligne Canyon
HI-Mosquito Creek
HI-Mount Edith Cavell
HI-Nordeg
HI-Rampart Creek

Affiliate Hostels
HI-Canmore