



# 2017 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 Board Chair




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*It has been another exciting and interesting year for Hostelling International Canada Pacific Mountain Region (HI-C-PM). The 2016-17 fiscal year has been a successful one, with 34 hostels now operating in British Columbia, Alberta, Saskatchewan and Manitoba.*

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As a non-profit organization, we rely on the hard work and dedication of volunteers and staff in meeting the needs of our guests and 15,000+ members. The entire team is dedicated to ensuring that travel experiences are enriched by staying at our hostels. The key to our success is a focus on service, sustainability and the environment as our hostels continue to offer the community atmosphere that guests expect and enjoy.

This year, the board focused on connecting with members, through in-person member updates in Edmonton, Calgary and Regina, as well as a comprehensive member survey rolled out in January 2017. Through these efforts, members shared many ideas with the board, like how small hostels are important to them and that their adventures are enhanced when they have access to affordable accommodation in great locations where they can connect with fellow travellers. These insights are top of mind as the board continues to provide strategic direction and leadership for the organization.

In April, Hostelling International Canada, including HI-C-PM, launched an exciting new national brand and website. I encourage you to take a look at our website at [hihostels.ca](http://hihostels.ca) where you will find our new look and lots of great information about the hostels in our network and across Canada.

I want to thank the volunteers who help us succeed, including the incredibly talented folks who make up the Board. I would particularly like to extend thanks to Kie Shiroma, who will be leaving the board in September and James Wyatt, who served as chair last year and who has since moved to the HI Canada's board as a director of that organization.

Meeting the needs of our members is what our job as a board is all about. If we aren't doing that well, we will not succeed. As we look forward to another year, the board remains committed to making sure that members continue to receive value from their membership and a warm welcome in our hostels.

Sincerely,

**Lenore Neudorf**

*Chair, Board of Directors  
Hostelling International – Canada  
Pacific Mountain Region*



# Message From The CEO




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*This year, HI Pacific Mountain Region expanded to incorporate Saskatchewan and Manitoba, adding two new hostels to the regional network: an owned hostel in Regina, SK, and an affiliate in Rossburn, MB. We now have a total of 34 hostels — 23 owned and 11 affiliate properties.*

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HI Canada also underwent some changes with the elimination of the National Office in early 2016. As of April 1, 2016, the day-to-day operations of HI Canada are overseen by the Council of Executive Directors (CED) reporting to the HI Canada Board of Directors. I currently chair this council and represent HI Canada in the national and international HI arena.

The 2016-17 fiscal year was a record financial year for us, with the surge of the travel market despite the continued soft Edmonton and Calgary markets. In 2016 and early 2017 we continued to see an upward trend in all our hostels, with notable growth in the wilderness hostel chain. The wilderness group has grown from an annual occupancy low of 19% to 48% and rising. More and more people, from our region and internationally, have discovered these gems and it's now tough to get a reservation at certain times of the year. Please plan ahead and make reservations when staying in the national parks.

The oil industry in Alberta still has a great effect on some of our hostels, especially in Calgary and Edmonton where we have experienced a large drop in business over the past few years. This trend continued this year with similar projections into the near future, even with the increase in tourists to Canada. We have taken the opportunity during this slow time to renovate and upgrade HI Edmonton.

Staffing has remained very stable during the past year with several vacancies filled by internal promotions. Internal training programs remain a focus, and we offer over 25 opportunities throughout the region. We continued in 2016 with our staff exchange with the Bavaria Region of Germany, swapping hostel managers for about three weeks at a time.

With the return of travellers, our cash flow has improved immensely and allowed us to cautiously invest back into the hostels with many capital projects and reserves for future projects. Please see the recent capital projects listed further on in this annual report. Looking to the future, we are finalizing the construction plan for a new Jasper property, which is our next major project. We hope to have this hostel open within the next two years.

As always, we are looking at expanding our network of hostels and are currently in discussions with several affiliate opportunities. In March 2016, we welcomed **HI Squamish** along the *Sea-to-Sky* route in BC.

We continue to be involved with our external partnerships. We are working with *Parks Canada* on the proposed trail system along the *Icefields Parkway* between Jasper and the campsite just south of

the Columbia Icefields Centre. With *Destination Canada* and the youth market programming. We also regularly meet with our local, provincial and national members of government to introduce them to hostelling and its mission in our region.

I would like to extend a big thank you to our volunteers across the region who have donated over 4,900 hours to the association this year. You have made the experience of our guests and your fellow members that much more memorable. You have made a difference and should be very proud of that. Special congratulations to Erik Graff in Vancouver who welcomed his 20,000<sup>th</sup> guest on his city tours during the summer of 2016.

I would also like to thank our board members for their time and dedication to the region as well as all the staff. 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



**LENORE NEUDORF**  
CHAIR

Lenore is passionate about hostelling and the connections and fellowship it provides. As a senior executive and lawyer, she has brought extensive experience to Hostelling International for over 15 years, both regionally and nationally. In her free time, Lenore loves to visit with family and friends and pursue her interest in fibre arts.



**MEGHAN TREPANIER**  
1<sup>ST</sup> VICE CHAIR

Raised 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 Pacific Mountain Region well, having been to all but one of its hostels.



**PETER NIETRESTA**  
2<sup>ND</sup> VICE CHAIR

Peter is passionate about the hostelling movement and HI's members. As an avid global hosteller, Peter is committed to enhancing opportunities for member engagement so that the Board can remain in tune with member expectations and improve the hostelling experience in Western Canada.

**ANDREW CROSSETT**  
DIRECTOR

Backpacking, road tripping and hiking adventures have taught Andrew how hostelling fosters friendships and camaraderie, which cross all walks of life and bridge borders. He has travelled to six continents and regularly visits *Banff* and *Jasper National Parks*. Andrew is a graduate of SAIT and runs his own photography business in Calgary.



**KIT KEENER**  
DIRECTOR

Lee (Kit) has visited more than 40 countries including Russia, China, India and Egypt. Over the years, he has been a ski patroller, a sailor, a mountaineer, a cellist, a tae kwon do state champion, a hosteller (since 1968) and Professor Emeritus of mathematics at the *University of Northern BC* in Prince George, where he lives with his family.



**KIE SHIROMA**  
DIRECTOR

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

**BETTY LAFAVE**  
DIRECTOR

Betty has stayed in hostels all over the world but her favourite is **HI Nordegg, Shunda Creek Hostel** in Alberta. She has been a CPA for over 30 years and has been the Board's financial expert for the past four years. Betty lives in Edmonton and enjoys cycling, hiking, camping, backpacking, downhill and cross-country skiing.



# Association Update

## Merger with Prairies

HI-C-PM Region got a little bit bigger this year after a merge with HI Canada’s Prairie Region, which includes Saskatchewan and Manitoba. Two new hostels joined HI-C-PM’s network: the Association-owned **HI Regina** and the affiliate-owned **HI Rossburn** near *Riding Mountain National Park* in Manitoba. The region welcomes about 3,200 overnights per year and serves over 900 individual and 525 life members.

**HI Regina** is a 30-bed hostel housed in a stately heritage home next to *Wascana Park* in one of the prettiest parts of town and has twice won the title of Canada’s most outstanding hostel.

+ + +

## Overnight Performance

The total number of overnights for the region was 417,232—the highest ever in the region’s history, representing a 3.6% increase over last year’s total of 402,765.

In British Columbia, all hostels hosted more travellers than the previous year, except for **HI Vancouver Jericho Beach** and **HI Penticton**, which saw overnight declines of 3.3% and 1% respectively. As was the case last year, **HI Victoria** and **HI Whistler** continued to see the largest increases in overnights, with growth of 10% and 18.3% respectively. **HI Vancouver Central**’s 9.7% increase was also significant and the Vancouver market, which provided 147,920 overnights through the three HI Vancouver hostels, remains critical to HI-C-PM Region’s financial success.

In Alberta, the story continued to be one of strong wilderness and resort markets and weak urban markets. **HI Calgary** overnights were down 15% and **HI Edmonton** were 24% lower. This is a result of the

**HI Rossburn**, 9 Finger Ranch, is a 27-bed hostel on a working cattle ranch, home to 60 head of cattle, 30 horses and four dogs on 1,100 acres of rolling hills overlooking *Riding Mountain National Park*.

HI-C-PM Region now comprises 34 hostels in British Columbia, Alberta, Saskatchewan and Manitoba and serves over 15,000 members in those provinces plus the Yukon, Northwest Territories and Nunavut.

continued slowdown in the oil and gas industry, meaning fewer people looking for work or taking breaks from their work. **HI Lake Louise Alpine Centre** overnights were also lower by 11.7%, but this was attributable to the *Lake Louise Ski Resort*’s decision to not use outside accommodation for its staff. On a brighter note, **HI Banff**’s overnights increased by 17.5% and, with 66,330 overnights, the hostel had the most overnights for an individual property.

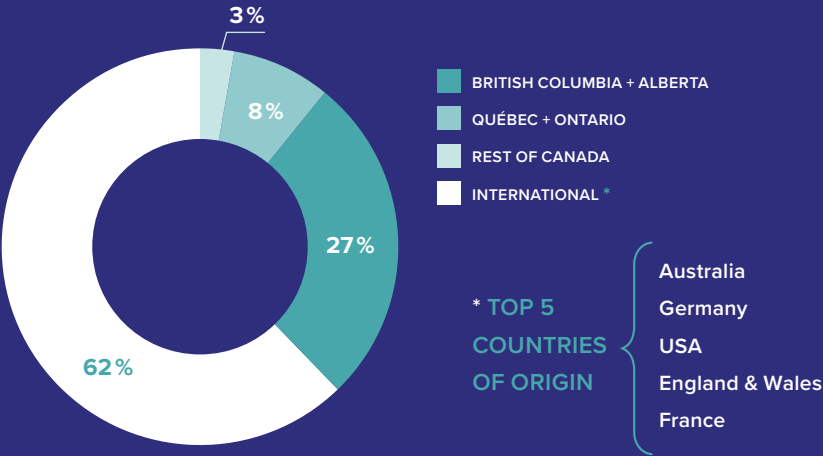
Overnights at the wilderness hostels, which operate in Banff, Jasper and Yoho National Parks and Kananaskis Country, were generally at the same level or higher.

With Saskatchewan and Manitoba now part of HI-C-PM Region, **HI Regina** is a new addition to this report. During the seven months that HI-C-PM Region operated the hostel this fiscal year, the overnights totaled 1,039.

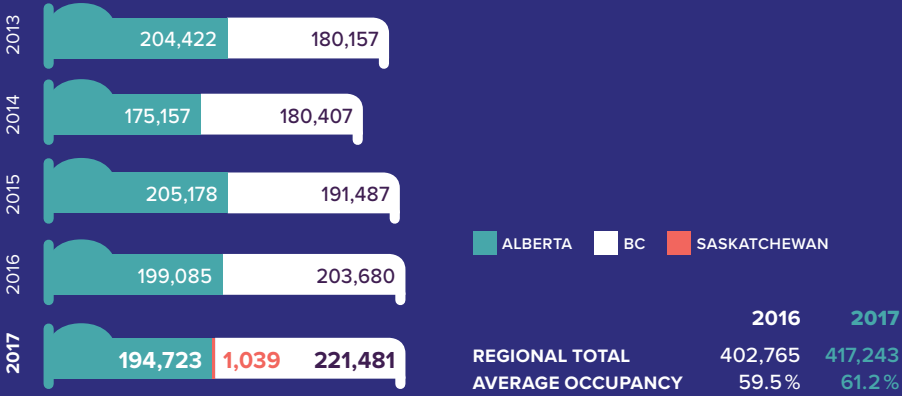
## Overnights Breakdown

### WHERE OUR GUESTS ARE COMING FROM

International visitors increased by 11% over last year, led by Australians, Americans and Brits, offsetting a 7% decrease in Canadian visits. The UK market has underperformed in the region for some time, but saw a 51% increase this year, while we saw 11% and 8% more Australians and Japanese, respectively.



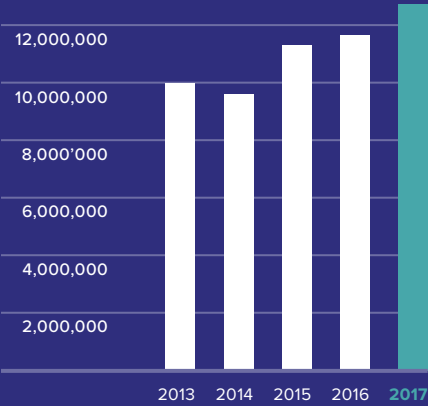
### OVERNIGHTS



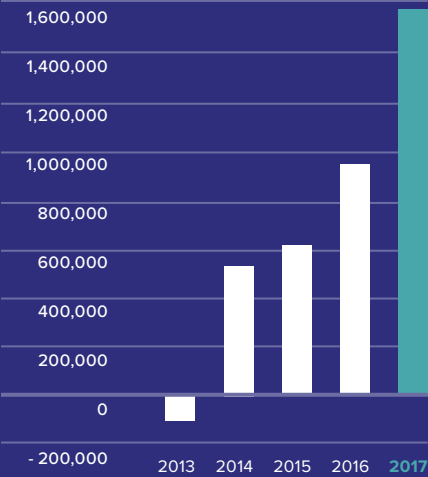


Net Surplus vs  
Total Revenue

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 Performance

FINANCIAL SUMMARY

From 2010 to 2014, the tourism and hospitality sector in Canada struggled. HI-C-PM Region was not spared and these were challenging times financially. However, with a weakening Canadian dollar and a strengthening international economy, the travel sector in Canada has seen a tremendous rebound from 2015 to 2017.

Benefitting from these favourable market conditions, HI-C-PM Region’s revenue increased by 8% to \$15,242,143, of which overnight revenue accounts for \$12,714,723. These two totals set a new high mark for the Association. As was highlighted last year, HI-C-PM Region has introduced more sophisticated pricing strategies and these continue to generate financial benefits. The regional average daily rate increased from \$29.79 to \$30.22 or 1.4%. Revenue per available pillow (RevPap), which is a metric that uses occupancy rates and the average daily rate (ADR) increased from \$16.95 to \$18.51, an increase of 9.2%.

Expenses increased by 4.2% to \$13,558,717, up from \$13,012,567. Increasing minimum wages in BC and Alberta continue to put inflationary pressures on salaries, which is the Association’s largest expense. Even so, the excess of revenue over expenses increased from \$958,530 to \$1,574,667, the highest level in the organization’s history.

Along with the organization’s operational performance, its balance sheet also improved. Net assets increased by \$1,615,390 to \$23,684,559. This was largely due to an increase in cash and investments. Helped by low interest rates, loans payable decreased from \$5,585,653 to \$4,991,619. This debt is associated with the development of HI Vancouver Central and HI Whistler.

Hostel Spotlight



HI Regina

HI-C-PM Region is pleased to welcome **HI Regina, Turgeon International Hostel**, to its network of owned and operated hostels. The 30-bed hostel is a designated municipal heritage property in one of the most attractive areas of Regina, among the stately homes of Regina’s first families. It is close to the beautiful *Wascana Centre*, an urban park with extensive multi-use pathways and attractions that include the *Royal Saskatchewan Museum* and *Saskatchewan Science*

*Centre*. The cafes, bars and restaurants of Regina’s downtown are all within walking distance.

Guests love **HI Regina**’s homey feel. There’s a large verandah and deck, perfect for relaxing, an organic garden with fresh vegetables, a BBQ and picnic area, a library and a range of year-round activities.

# Hostel Highlights



## HI Athabasca Falls Wilderness Hostel

Following Parks Canada’s decommissioning of the generator that was providing its power, **HI Athabasca Falls’** conversion to an off-the-grid hostel is complete. The project involved the installation of a large array of solar panels, an inverter to turn DC electricity into 120-volt AC power, a bank of batteries, LED lighting, low-draw appliances and a propane generator to provide backup electricity. During long, sunny summer days, the new solar installation generates sufficient electricity to power two fridges, a microwave, lighting and electrical outlets in all buildings. Individual exterior solar lights complement the system by lighting the outhouses and paths.



## HI Lake Louise Alpine Centre

Annual sales at *Bill Peyto’s Café* are closing in on \$1 million and the on-site restaurant is rated #4 of 28 restaurants in Lake Louise on *TripAdvisor*. To encourage its continued success, the kitchen and service areas were completely redesigned and renovated. The restaurant’s original cafeteria-style design was discontinued, as it has operated as a table-service restaurant for many years. This incongruity caused inefficiencies that slowed food preparation and customer service. Early results indicate the new layout is resulting in more satisfied guests and team members.



## HI Jasper

The design phase of the new **HI Jasper** reached a point where HI-C-PM Region was able put the project out to tender. Three construction bids have been received and are being reviewed. The Association has also secured conditional financing for the project and team members continue to work through the Parks Canada permitting process.

## Other improvements

**HI Victoria** received a new commercial fridge, kitchen countertops and photo-graphic art for the dining area. Two new hot water tanks were also installed.

**HI Nordegg, Shunda Creek Hostel** recently installed a new sauna after closing down its hot tub. An existing building on the property was moved closer to the hostel and repurposed as a sauna, resulting in cost savings and minimal environmental impact.

**HI Vancouver Downtown** purchased new chairs for the dining area and new beds and side tables for the private rooms. Many of the sinks in sleeping rooms have also been replaced.

**HI Banff Alpine Centre, HI Lake Louise Alpine Centre** and **HI Vancouver Downtown** have received new commercial laundry equipment. HI Banff also uses this equipment to provide clean laundry to the wilderness hostel chain.

**HI Regina’s** boiler has been replaced.

**HI Athabasca Falls, HI Rampart Creek** and **HI Mosquito Creek Wilderness Hostels** were selected as test sites for new electricity-generating turbines that Parks Canada is testing in partnership with a Canadian company. Read more about this project in the *Sustainability* section.



# Sustainability

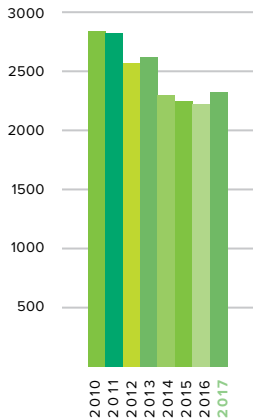
## Emissions and Energy Consumption

While energy consumption was up for the most part over the past year, we saw a marked decrease in **HI Whistler**’s natural gas consumption, owing to a full year of performance data flowing from the corrections made to the hostel’s heating systems last year.

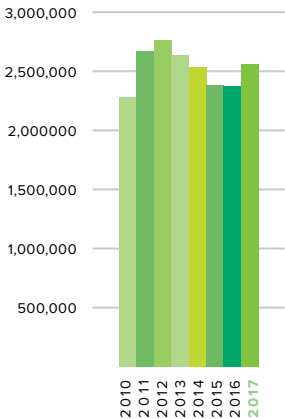
Overall, propane, electricity and natural gas consumption were on the rise, which could be attributed to an increase in overnights, the addition of **HI Regina** to our network of owned hostels and to the switch from a diesel to a propane generator at **HI Athabasca Falls**.

Fortunately, most of the consumption increases came from the British Columbia grid, which emits much less CO<sub>2</sub>e.

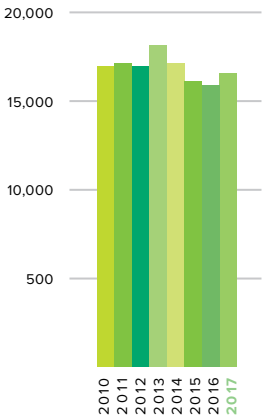
TOTAL GHG  
(tonnes)



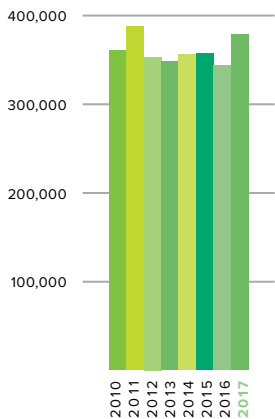
ELECTRICAL POWER  
CONSUMPTION (kWh)



NATURAL GAS  
CONSUMPTION (Gj)



PROPANE  
CONSUMPTION (litres)







# Sustainability Highlights

*Operating sustainably means we contribute to our community, act as a positive force in the economy and tread lightly on the Earth. Luckily, all of that comes naturally to us.*

For years, we’ve supported our communities across the region. In Edmonton, we provide venue space to local theatre companies during the *Edmonton Fringe Festival*. **HI Vancouver Jericho Beach** has a long-standing partnership with the *North Shore Culinary School* to promote local cuisine and culinary talent. **HI Banff Alpine Centre** continues to support the *Banff School Luncheon* fundraiser. Hostel teams across the region are regularly involved in community activities, like neighbourhood clean-up projects, and various fund-raising initiatives, like **HI Edmonton’s** efforts to raise funds for Fort McMurray wildfire evacuees.

We leave a positive impact on the economy in many ways, too. For example, **HI Victoria** continues to support *Pedal to Petal*, a local company that supports urban agriculture by collecting compostable waste from local businesses using bicycle-powered pick-up trailers. **HI Victoria’s** participation helps provide employment to dozens of people who share a commitment to sustainable living. **HI Lake Louise Alpine Centre** hosted a human resources community meeting for

*Bow Valley* employers to discuss solutions to common staffing issues around programming and transportation.

## ENVIRONMENTAL HIGHLIGHTS

### JASPER ENVIRONMENTAL STEWARDSHIP AWARD

In June 2016, **HI Jasper** was awarded the *Jasper Environmental Stewardship Award* for waste reduction, honoring a composting initiative spearheaded by the hostel’s assistant manager, Christa Laughlin. Composting is not permitted in the national parks outside of municipal boundaries, which is where **HI Jasper** is. Christa and her team devised their own composting system instead, using two large bins to collect organic waste in the hostel’s kitchen. Every two to three days, staff transport them to the composting centre in the town of Jasper and return the clean bins to the hostel. We estimate that 60 to 70 litres of compost material is being diverted from the garbage each week.

### HI ATHABASCA FALLS SOLAR PANEL INSTALLATION

**HI Athabasca Falls Wilderness Hostel** is now completely energy self-sufficient with the installation of fifteen solar panels last July. Solar power will provide 100% of the electricity required throughout the summer months and 50 % in the winter (supplemented by a small propane generator). Prior to the solar panel installation, power was provided by a diesel generator. The hostel’s total greenhouse gas emissions will be reduced by 88%.

### THE RIVER TURBINE INSTALLATION PARTNERSHIP

**HI Athabasca Falls, HI Mosquito Creek** and **HI Rampart Creek Wilderness Hostels** were three of five sites in the mountain parks selected to participate in a turbine energy project supported by the *Build in Canada Innovation Program*, led by *Parks Canada* and *Idénergie* (a renewable energy technology firm). Each hostel has a small turbine installed in the creek or river near the hostel, and the

water current activates a generator, converting energy into electricity that is stored in batteries, which can power electrical devices. We look forward to participating again this summer.

### HI SUSTAINABILITY AND THE HYBRID REFRIGERATOR

For the third time in as many years, we found ourselves in the *HI Sustainability Fund Competition* winners’ circle. This year featured **HI Rampart Creek Wilderness Hostel’s** hybrid fridge. The managers at **HI Banff** and **HI Rampart Creek** upcycled old chest freezers to harnesses the cold winter air to cool its contents once the outside temperature dips below 4 degrees.

The project was awarded about \$3,300 from IYHF’s *Sustainability Fund*, which will be used to replace existing propane refrigerators with hybrid fridges, which will run on solar-and-turbine-powered electricity in the summer months and cold, mountain air in the winters. This initiative will reduce propane consumption by an estimated 1,400 litres per year.



# Our People

## Transgender and Gender Variant Inclusion Process

The Human Resources department coordinated a review of six key areas of the organization to learn about and address the unique challenges and needs of trans and gender-variant hostellers.

These review areas included shared accommodation policies; washrooms and shower facilities; website, booking and check-in systems; gender data collection; and human resources training from a transgender inclusion perspective. The project was led by TransFocus Consulting and was driven by the desire to be proactive in addressing the needs of an increasing number of young travellers who do not identify along the gender binary.

The project also outlined policies and practices that may need to be updated or introduced and equipped staff with the tools, language and concepts to better serve and support trans and gender-variant guests. The process resulted in 33 recommendations.

To support the inclusion process the HR team conducted two training sessions with hostel managers and developed an education tool for front-line employees.

## Did You Know

- The *Leadership Development Program* was offered two different times to a total of 33 employees
- More than 4 managers/supervisors facilitated the modules as peer trainers

## You Kick Ass!

The *You Kick Ass!* Program publicly recognizes exceptional employee performance. Both guests and fellow staff can nominate an employee for recognition.

Total number of nominations this year:

1112



## Staff Spotlight: Suad Abdulle

Suad Abdulle, a front desk agent at **HI Vancouver Central**, was this year's *You Kick Ass!* grand prize winner. She was nominated by a guest who highlighted how helpful Suad was in providing excellent recommendations.

Suad studies hospitality management and wanted a fun way to get involved in the industry, so when she found out HI Vancouver Central was hiring, she knew she had to apply.

"Suad is a bright and cheerful, multi-skilled and cross-trained member of our team," says Andrew Buckler, assistant manager at HI Vancouver Central. "She can do it all, and always helps with a smile."

Suad says the best part about working at **HI Vancouver Central** is, well, everything: her co-workers, the guests, being able to work in a great environment and learning more about Vancouver.

Suad's favourite things to do in the summer include spending time in English Bay and hiking in the North Shore. In the winter, you might find her ice skating at Robson Square or checking out the city's amazing Christmas events.

If given the time and money, Suad would love her next vacation to be in Australia to see the Sydney Opera House. She would also love to visit HI Seoul YH and indulge in Korean culture.

Suad's final comments: "Thank you for recognizing the hard work done by the front desk staff and I wish that everyone keeps *Kicking Ass!*"



Length of Service Awards

30 years

Volker Schelhas › Wilderness Hostel Manager › HI Maligne Canyon

20 Years

Merima Cupina › Housekeeper › HI Vancouver Central

Keith Luciw › Hostel Manager › HI Vancouver Central

15 Years

Terry Firlotte › F&B Manager › HI Lake Louise Alpine Center

10 Years

Anthony Brook › Group Sales Coordinator › Regional Office

Nora Zelaya › Housekeeper › HI Vancouver Central

Greg Waskul › Hostel Manager › HI Edmonton

Jenny Huang › Accounting Clerk › Regional Office

Aaron Poirier › Director of HR › Regional Office

Lisa Rayman › Marketing Coordinator › Regional Office

5 Years

Sasha Viminitz › Assistant General Manager › HI Banff Alpine Centre

Mike Heeley › Housekeeper › HI Victoria

Ken Wood › Wilderness Hostel Manager › HI Rampart Creek

Jennifer Jimeno › Programming Coordinator › HI Vancouver Central



Staff Promotions

Sasha Viminitz › Assistant General Manager › HI Banff Alpine Centre

Christa Laughlin › Assistant General Manager › HI Jasper

Perrine Roine › Assistant General Manager ›

HI Vancouver Jericho Beach and Central Reservations

Dave Giammarco › Café Supervisor › HI Whistler

Andrew Buckler › Assistant Hostel Manager › HI Vancouver Central

Siobhan Laughlin › Reservations Coordinator › Central Reservations

Britta Schmidt › Travel Trade Reservations Coordinator › Central Reservations

Daran Whysall › Acting Hostel Manager › HI Victoria

Derek Mclay › Acting Assistant Hostel Manager › HI Victoria

Our Awards

At the recent North American Managers Meetings (NAMM) held this year in Victoria, HI-C-PM Region was presented with a number of Barclay Awards.

Friendliness Award

This award recognizes the highest staff ratings for a small and large hostel across the country

WINNER

HI RAMPART CREEK – Small Hostel

Environmental Award

This award recognizes the highest overall ECO-QAS environmental inspection ratings.

WINNER

HI WHISTLER – Large Hostel

Cleanliness Award

The award recognizes the highest cleanliness ratings for a small and large hostel across the country.

WINNERS

HI TOFINO – Large Hostel

HI PENTICTON – Small Hostel

Ratings Improvement Award

This award recognizes the small and large hostel that demonstrated the best overall rating improvement over the same period as last year.

WINNER

HI EDMONTON – Large Hostel

Best Innovative/ Initiative Award

This award recognizes the hostel that has implemented the best innovative initiatives at hostel to improve customer experience. This is calculated as part of the QAS rating system.

WINNER

HI BANFF ALPINE CENTRE – Large Hostel

Inspection Ratings Award

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

Hostel of the Year Award (Canada)

This hostel recognizes the best overall rating for a small and large hostel across the country.

WINNER

HI TOFINO – Large Hostel



NOTES: Ratings awards are calculated using [hostelz.com](#), an aggregate website that measures customer ratings scores across several key booking platforms.





# Our Members

In the last year, we have seen a 6.6% decline in the number of registered members. This is not a pattern unique to our region, as membership sales have been declining globally in the HI network. Despite this decrease in registered members, there has been an 8.4% increase in membership revenue.

A complete strategic review of membership is planned for the next year, with the end goal of a long-term vision for membership in HI Canada.

## Membership Operations

Since April 1<sup>st</sup> 2016, responsibility for national membership operations has been shared between **HI Pacific Mountain** and **HI Québec and Ontario Regions**.

The focus for the last year has been to improve and streamline national operations in several areas. In particular, **HI Pacific Mountain Region** now takes care of all membership online orders, inventory control and product development.

The most notable changes to membership have been through the development of a much-improved membership section on our new website. Improvements include:

- Personalized login area that allows members to update their membership details
- Automatically processing online membership purchases
- New database and membership management tool – [Joinit.co](#)
- Improved member discount promotion

## Member Discounts

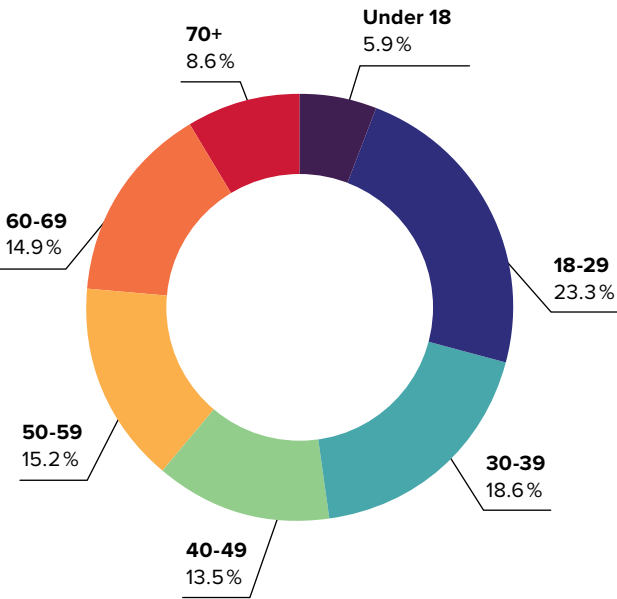
Over the last year our region has added several member discounts that will help our members save money as they travel. Some examples from around our region:

- **JASPER:** Jasper Skytram **20% off**
- **JASPER:** Ski Marmot **15% off**
- **ALBERTA:** Sun Dog Tours and Transportation **15% off**
- **CALGARY:** Buttermilk Waffles **10% off**
- **EDMONTON:** Edmonton Oil Kings **\$9 off**
- **VICTORIA:** Victoria Bug Zoo **15% off**
- **WHISTLER:** Whistler Athletic Club **10% off**

With an improved platform to promote local discounts, we expect to see the value of the HI membership card increase over the next year.

## Our Members in Numbers

	2015/16	2016/17	Variation	Change (%)
<b>Adult</b>	10,434	8,533	-1,901	18,0
<b>Junior</b>	906	906	0	0
<b>Lifetime</b>	6,875	7,605	730	10,6
<b>Group</b>	199	137	62	-31,2
<b>TOTAL</b>	<b>18,404</b>	<b>17,181</b>	<b>1223</b>	<b>-6,6%</b>



## Partner Spotlight – Tofino Bus

With daily scheduled bus service from Victoria and Vancouver to all major Vancouver Island locations between Victoria and Port Hardy, **Tofino Bus** plays a vital role in connecting our hostels in Victoria, Nanaimo, Cumberland and Tofino. The most recent addition to their network is a summer-only, daily service between Whistler and Tofino.

They offer HI members 10% off all trips and provide a car-free option for getting to and around Vancouver Island.

**Tofino Bus** has been an important and supportive partner of Hostelling International since 2006. Most recently they provided sponsorship of NAMM (North American Managers Meetings) in Victoria by providing transportation for attendees to a local winery for an evening out.

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



# Marketing

## Website Performance and Update

HI Canada’s premier marketing and booking platform, [hihostels.ca](#), recorded over 1 million user sessions during the 2017 fiscal year. This represented a 9% decrease in traffic over the same period last year.

While search engine optimization efforts continue for [hihostels.ca](#), the website, in its current form, faces an uphill battle in boosting traffic. The rapid change in user behaviour, with an increasing trend towards mobile devices to search and book travel, have contributed to declining search engine performance for the website. To better cater to the needs of our clientele, a new mobile-first website is being developed for launch in Fiscal 2018.

While website traffic declined last year, direct online bookings through [hihostels.ca](#) generated \$3.6 million in overnight revenue for the region, representing a three percent increase over the previous fiscal year. Online bookings now account for 70% of total overnights booked for the region with a growing percentage of bookings generated through third-party online travel agencies such as [Booking.com](#) and Hostelworld.

The launch of a new website, ongoing book direct communication efforts and smarter rate and channel management strategies are underway to help boost direct channel bookings and optimize online sales through third party websites.

## Campaign Spotlight: *Far & Wide*

In celebration of Canada’s 150<sup>th</sup> birthday, *Destination Canada*, in partnership with *Bell Media* (think MuchMusic) and many other travel and lifestyle partners, launched a new website called *Far & Wide*. The new site, [farandwide.much.com](#), was launched to bring attention to all of Canada’s amazing travel experiences. It’s written and designed with a young demographic in mind. From July 1, 2016, to June 30, 2017, fresh content (through blogs, webisodes, photos and more) was added to drive greater interest in travelling Canada.

Hostelling International participated in this campaign by offering a discounted 5 nights for \$150 overnight stay pack for hostels across Canada, available to all site visitors.

In our ongoing partnership with *MuchMusic / Bell Media* and *Destination Canada* on the *Millennial Campaign*, we worked with social influencer Alayna Fender to vlog about her hostel experience over the winter holidays. Alayna Fender also wrote an article “Top 5 Reasons to Stay in a Hostel” for the *Far & Wide* website. You can read her post and watch her video at [farandwide.much.com/missfenderr-best-reasons-hostel-banff-canada](#).







Groups

Groups bookings continue to represent an important market for HI-C-PM Region. In Fiscal 2017, group bookings accounted for 14% of total overnights and generated \$1.50 million in overnight revenue for the Association.

Groups fill an important role for the region, supplementing overnight performance during low demand periods. The region’s emphasis on school groups and other youth groups also helps to introduce hostelling and Western Canada to the next generation of travellers.

Here are three special groups hosted this fiscal year:

NORDEGG CENTRAL ALBERTA  
REFUGEE EFFORT

In February 2017, **HI Nordegg, Shunda Creek Hostel** partnered with the *Central Alberta Refugee Effort* (CARE) in *Red Deer* to host a group of about 30 new immigrants and refugees at the hostel for two-night stay. The new residents, mostly youth and young families, came from various countries including Syria and Suriname. CARE helps welcome and settle refugees and immigrants in central

Alberta, connecting them with local experiences, resources, programs and opportunities.

The group, some of whom had only been in Canada for as little as a week, got their first taste of hostelling in the Canadian winter wilderness. They participated in the communal aspects of hostel life, like cooking, cleaning and getting to know one another through outdoor adventures like snowshoeing and winter hikes.

“It is our hope that through trips like this, immigrant and refugee families and individuals will have more familiarity with the hostelling system and make use of hostels as they explore their new country,” said a representative from CARE after the trip. “Being comfortable exploring, participating in and engaging with Canadian activities is a vital step for newcomers in their settlement process into Canada.”

BANFF COMMUNITY HIGH SCHOOL  
INTERNATIONAL PROGRAM

The *Canadian Rockies Public Schools Division* runs an international students

program that brings students from around the globe to Banff and Canmore to study for a semester, with an emphasis on outdoor education. In January 2017, **HI Castle Mountain Wilderness Hostel** hosted a group of 30 international students for a day of snowshoeing, campfire cooking, shelter building, trip planning and team building.

JOY OF NATURE COMPETITION

A group of 25 students from *JA Williams High School* in Lac La Biche, Alberta, won this year’s *Joy of Nature* competition. This partnership between HI-C-PM, the *Alberta Council for Environmental Education* and the *Alberta Recreation and Parks Association* awards a deserving group of youth with an overnight trip to the mountains. The group spent one night at **HI Athabasca Falls Wilderness Hostel** and learned about hostelling and communal living. They spent a couple of days exploring the area with a rafting trip, a journey up the Jasper Tramway and educational hikes in the area. “It was awesome to talk to people I have never spoken to before and sit around a fire with my friends,” one of the students said afterwards. “Hostel life was pretty cool.”

PHOTO CREDIT : Paddy Pollin

Governance

*Our Governance Committee is responsible for guiding the board of directors through the process of leadership and oversight for the organization.*

Over the course of the past year the board of directors has embarked upon a couple of projects to improve the monitoring of operational performance as well as to improve hostelling experiences for our members and guests.

- i. The board reviewed, modified and approved, in principle, policies that will result in more streamlined and effective monitoring of operational performance.
- ii. With consultation with engaged members, the board has started to review the Association’s Ends Statements, or the high level goals that drive everything that the organization delivers for members and guests.

While we were engaged in these two special projects the Governance Committee also focused on monitoring policies to mitigate all potential risks to the association, and on dedicating time to education. The Committee also considered various national matters that arose over the year and made recommendations to the board.



# Ownership Linkage

Our owners are members who contribute their time and energy, through their interest and volunteer work, to hostelling in general and particularly within **Pacific Mountain Region**. The board of director’s *Ownership Linkage Committee* works to ensure that the board understands what the owners want, and that the owners understand how their desires contribute to board decisions.

In January, the committee conducted a survey of the entire membership, collecting information about attitudes, experiences

and demographics. The survey results have been shared with the more than 800 participants and are being used by the board in setting policy and establishing goals. The committee conducted three in-person member updates in the winter and spring of 2017 at hostels in Calgary, Edmonton and Regina. The committee also worked to create of a master list of owners and identified a method of director-member communication to replace *Outpost* magazine.

The committee has developed a new three-year plan for 2016 – 2019, which has been approved by the board of directors. The focus for 2017 has been data collection; for 2018 and 2019, the committee will focus on sustainability and the environment and on youth and families respectively. The committee is always eager to hear from our owners and encourages you to attend future events or speak with any of the directors at any time.





# Financials

## True North Hostelling Association O/A Hostelling International – Canada – Pacific Mountain Region

COMBINED FINANCIAL STATEMENTS — YEAR ENDED MARCH 31, 2017

JUNES, 2017 – **Independent Auditor’s Report**  
**To the Directors of True North Hostelling Association**  
**O/A Hostelling International – Canada – Pacific Mountain Region**

We have audited the accompanying combined financial statements of True North Hostelling Association

O/A Hostelling International- Canada- Pacific Mountain Region, which comprise the combined statement of financial position as at March 31, 2017 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 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, 2017 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

**PRICEWATERHOUSECOOPERS LLP**  
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, BC V6C 3S7  
T 604 606 7000 • F 604 606 7806

*“PwC” refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.*



COMBINED STATEMENT OF FINANCIAL POSITION

As at March 31, 2017

	2017	2016
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	3,347,531	3,922,295
Short-term investments	1,364,010	44,240
Accounts receivable	163,875	77,441
Inventory	77,639	88,637
Prepaid expenses	232,381	220,534
	5,185,436	4,353,147
Restricted cash	5,000	—
Notes receivable - HI Prairies	—	13,035
Long-term investments	55,591	55,491
Capital assets (note 4)	25,853,528	25,621,691
	31,099,555	30,043,364
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	1,222,377	1,154,069
Unearned revenue and deposits	344,177	235,856
Loans payable (note 5)	4,991,619	5,585,653
	6,558,173	6,975,578
Deferred contributions (note 6)	1,725	84,015
Deferred capital contributions (note 7)	855,098	914,602
	7,414,996	7,974,195
NET ASSETS	23,684,559	22,069,169
	31,099,555	30,043,364

Commitments and contingencies (note 9)

Approved by the Board of Directors

  
Betty LaFave – Director

  
Lenore Neudorf – Director

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31, 2016

	2017	2016
	\$	\$
Revenue		
Overnights	12,714,273	11,635,426
Memberships	414,354	382,342
Other, including food, beverage and merchandise	2,113,516	2,082,513
	15,242,143	14,100,281
Expenses		
Hostel	10,727,874	10,259,180
Administration and membership	1,465,959	1,429,150
Amortization of capital assets	1,364,884	1,324,237
	13,558,717	13,012,567
Excess of revenue over expenses from operations	1,683,426	1,087,714
Other expenses (income)		
Interest income	(40,766)	(56,105)
Interest expense	140,334	175,392
Loss on extra ordinary items	10,528	9,731
(Gain) loss on disposal of capital assets	(1,337)	166
	108,759	129,184
Excess of revenue over expenses for the year	1,574,667	958,530
Net assets - Beginning of year	22,069,169	21,110,639
Merger with Prairie Region Inc. (note 2)		40,723
Net assets - End of year	23,684,559	22,069,169



For the year ended March 31, 2017

	2017	2016
	\$	\$
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenses for the year	1,574,667	958,530
Contributions from Prairie Region Inc. <i>(note 2)</i>	40,723	—
Items not involving cash		
Amortization of capital assets	1,364,884	1,324,237
Amortization of deferred capital contributions	(59,504)	(60,625)
Deferred contributions used	(82,290)	(203,769)
(Gain) loss on disposal of capital assets	(1,336)	166
	2,837,144	2,018,539
Changes in non-cash working capital		
Accounts receivable	(86,434)	27,012
Inventory	10,998	14,493
Prepaid expenses	(11,847)	7,115
Accounts payable and accrued liabilities	68,308	65,595
Unearned revenue and deposits	108,321	(34,368)
	2,926,490	2,098,386
Financing activities		
Proceeds from loan issuance	13,035	(13,035)
Repayment of loans payable	(594,034)	(578,084)
Deferred contributions received	—	158,071
Deferred capital contributions received	—	12,489
	(580, 999}	(420,559)
Investing activities		
Change in investments	(1,319,870)	890,527
Decrease in restricted cash	(5,000)	5,000
Contributions from Prairie Region Inc. <i>(note 2)</i>	(121,176)	—
Purchase of capital assets	(1,483,709)	(1,910,829)
Proceeds on sale of capital assets	9,500	600
	(2,920,255)	(1,014,702)
Increase in cash and cash equivalents	(574,764)	663,125
Cash and cash equivalents - Beginning of year	3,922,295	3,259,170
Cash and cash equivalents - End of year	3,347,531	3,922,295
Supplementary information		

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 Centre 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 u)*.

On July 12, 2016, the Board approved the combination of Canadian Hostelling Association – Prairie Region Inc. with the Association, beginning September 1, 2016. As a result, the accounts of Canadian Hostelling Association – Prairie Region Inc. have been reflected in the combined statements for the seven months ended March 31, 2017.

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 which 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 combined 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 combined 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:

	2017 \$	2016 \$
Cash and cash equivalents	1,847,149	1,768,064
Short-term investments	—	—
Long-term investments	—	—
	1,847,149	1,768,064



4. Capital assets

	Cost	Accumulated amortization	2017 Net	2016 Net
	\$	\$	\$	\$
Land	5,811,031	—	5,811,031	5,713,574
Buildings and leasehold improvements	34,527,820	(15,563,675)	18,964,145	18,879,738
Automobiles	238,235	(208,288)	29,947	47,279
Computer equipment and software	1,275,820	(1,094,276)	181,544	188,538
Furniture and equipment	4,742,225	(3,897,778)	844,447	770,148
	46,595,131	(20,764,017)	25,831,114	25,599,277
Hostel development planning and assets under construction *	22,414	—	22,414	22,414
	46,617,545	20,764,017	25,853, 528	25,621,691

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

5. Loans payable

	2017	2016
	\$	\$
Line of credit <i>(a)</i>	—	—
Line of credit <i>(b)</i>	—	—
Whistler mortgage <i>(c)</i>	3,926,603	4,374,805
1025 Granville Street Trust loan <i>(d)</i>	1,065,016	1,210,848
	4,991,619	5,585,653

- 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) a general security agreement covering a first ranking security interest in all property of the Association;

- ii) a 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) a certificate of insurance on the 1025 Granville Street Hostel, New Whistler Hostel and Downtown Hostel showing the bank as a first mortgagee; and
- iv) a 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:

	\$
2018	619,852
2019	634,217
2020	648,907
2021	663,929
Thereafter	2,424,714
	4,991,619

6. Deferred contributions

	2017	2016
	\$	\$
Balance - Beginning of year	84,015	129,713
Contributions received during the year	—	158,071
Contributions utilized to offset expenses incurred during the year	(82,290)	(203,769)
Balance - End of year	1,725	84,015

7. Deferred capital contributions

	2017	2016
	\$	\$
Balance - Beginning of year	914,602	962,738
Addition	—	12,489
Amortization during the year	(59,504)	(60,625)
Balance - End of year	855,098	914,602



8. Government remittances

Government remittances consist of amounts (such as property taxes, sales taxes, payroll withholding taxes and workers' compensation premi-ums) required to be paid to government authorities and are recognized when the amounts become due. At March 31, 2017, \$102,640 (2016 – \$91,746) 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:

	\$
2018	98,521
2019	98,611
2020	98,611
2021	98,611
Thereafter	181,785

b) Nationallevy

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 2017 totalled \$369,217 (2016 – \$430,646) and is recorded in hostel expenses. Positive variance to the previous year's national levy is due to a \$6o,ooo credit back from Hostelling International Canada.

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, and accounts payable and accrued liabilities approximate fair values due to the relatively short periods to maturity of these items. The carrying values of 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:

	2017 \$	2016 \$
Assets		
Current assets	737,619	777,409
Capital assets	1,923,204	1,748,134
	2,660,823	2,525,543
Liabilities and Net Assets		
Accounts payable and other current liabilities	109,288	85,581
Deferred contributions	325,568	342,704
Net assets	2,225,967	2,097,258
	2,660,823	2,525,543
Revenue	1,640,593	1,569,582
Excess of revenue over expenses	192,665	245,058
Cash flows provided by operating	319,868	333,364
Cash flows used in financing	(69,565)	(104,348)
Cash flows used in investing	(638,985)	(38,292)

12. Subsequent event

The Association has been advised by Parks Canada that the licence of occupation for the Hostelling International Castle Mountain hostel will not be renewed after the current December 31, 2017 expiry due to this land being transferred to the Siksika First Nation as part of a recent federal land claim settlement. The Association does not anticipate a material financial impact from this event.



## OWNED HOSTELS

### *Alberta*

HI Athabasca Falls  
HI Banff Alpine Centre  
HI Calgary City Centre  
HI Castle Mountain  
HI Edmonton  
HI Hilda Creek  
HI Jasper  
HI Kananaskis  
HI Lake Louise Alpine Centre  
HI Maligne Canyon  
HI Mosquito Creek  
HI Mt. Edith Cavell  
HI Nordegg  
HI Rampart Creek

### *British Columbia*

HI Penticton  
HI Vancouver Central  
HI Vancouver Downtown  
HI Vancouver Jericho Beach  
HI Victoria  
HI Whistler  
HI Yoho National Park

### *Saskatchewan*

HI Regina

## AFFILIATE HOSTELS

### *Alberta*

HI Canmore

### *British Columbia*

HI Cumberland, Riding Fool Hostel  
HI Fernie, Raging Elk  
HI Nanaimo, Painted Turtle  
HI Nelson, Dancing Bear Inn  
HI Prince Rupert, Pioneer Backpackers Inn  
HI Shuswap Lake, Squilax General Store  
HI Squamish, Adventure Inn  
HI Tofino, Whalers on the Point

### *Manitoba*

HI Rossburn, 9 Finger Ranch

PHOTO CREDIT: Paddy Pollin

HOSTELLING INTERNATIONAL – CANADA

PACIFIC MOUNTAIN REGION

300–761 Cardero Street, Vancouver, BC V6G 2G3

604.684.7111 | [hihostels.ca](http://hihostels.ca)