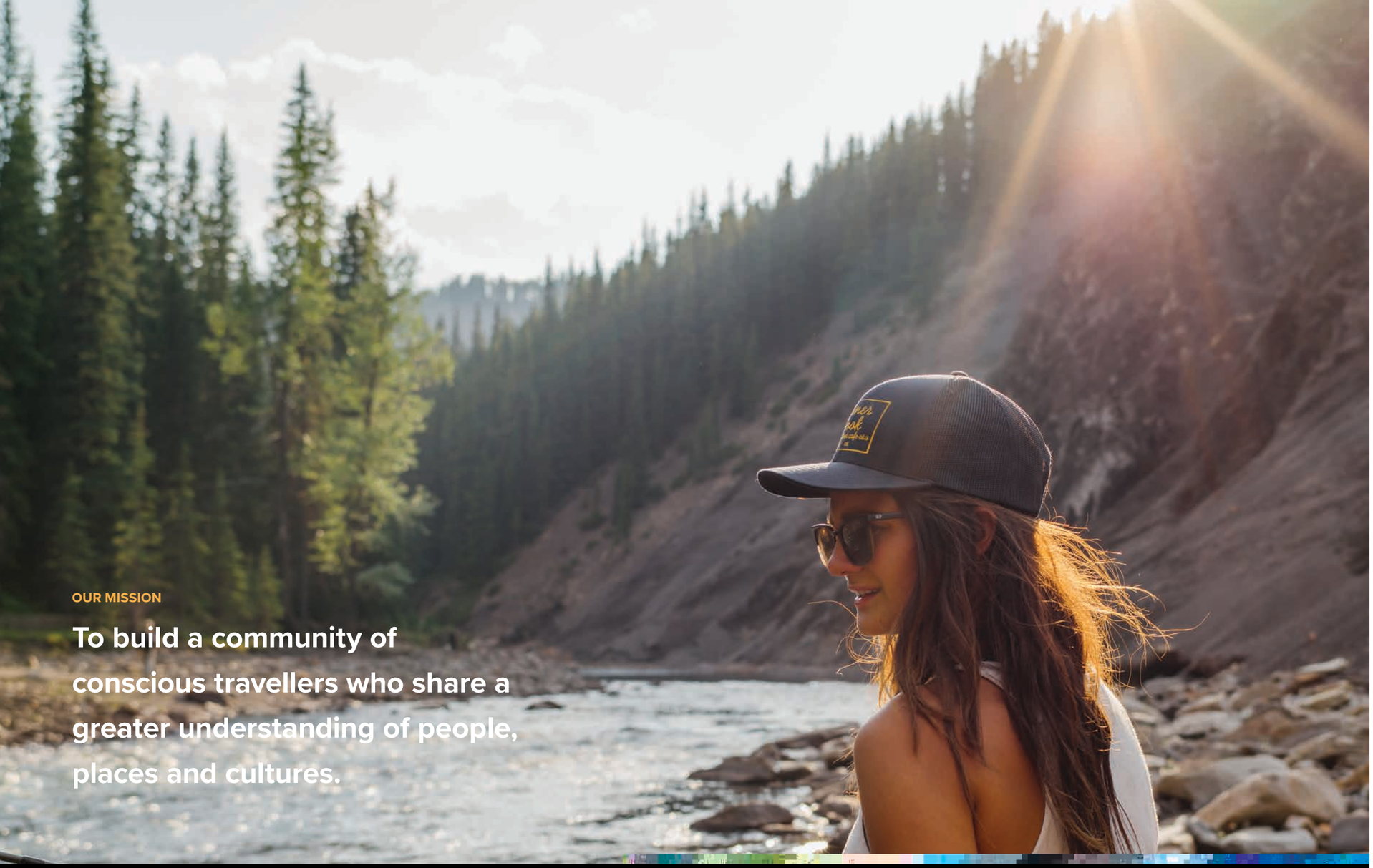
2018 Annual Report

HOSTELLING INTERNATIONAL CANADA

Pacific Mountain Region



OUR MISSION

To build a community of conscious travellers who share a greater understanding of people, places and cultures.

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Association Update

*Hostelling International Canada Pacific Mountain Region (HI C PM Region) spans British Columbia, Alberta, Saskatchewan, Manitoba, Yukon, the Northwest Territories and Nunavut. The Association has **15,456 members** and **33 hostels**. As one of HI Canada's three regional associations, HI C PM Region covers the largest geographic area and has the most members and hostels.*

Highlights

- As part of a Lands Claim Agreement between the Siksika First Nations and the Canadian government, the Parks Canada lease for **HI Castle Mountain Wilderness Hostel** was terminated on December 31, 2017, and the land and hostel were to be transferred to the Siksika First Nations. HI C PM Region currently operates the hostel, but the plan is for the Siksika First Nations to assume management of the hostel on January 1st, 2019. HI C PM Region has offered to affiliate the hostel but this arrangement has not been finalized.

- Red Mountain Resort, near Rossland, BC, is constructing a purpose-built 78-bed hostel that is scheduled to open in December 2018. In the past year, HI C PM Region staff have assisted the resort in the design and financial assessment of the project. HI C PM Region is excited to welcome the **Red Mountain hostel** to its affiliate program.

- HI C PM Region is delighted to announce that the new **HI Jasper** hostel is scheduled to begin welcoming guests in May 2019. Providing 157 beds a short walk from the town centre, the hostel will offer amenities that include a café, fully equipped guest kitchen, meeting room, secured bike and ski storage and a variety of common spaces that encourage social interaction.

  The building primarily consists of modular construction, meaning it will be manufactured in a plant and trucked to the site where it will be assembled. This form of construction provides greater cost and schedule certainty. HI C PM Region is pleased to be working with *Horizon North Logistics*, which has a long history in modular construction and innovative applications of the technology.

Overnight Performance

Overnights in Fiscal 2018 decreased slightly by 1.1% to 412,507, compared to last year's 417,243. Alberta and BC saw very different scenarios: **HI Vancouver Jericho Beach** was the only BC hostel that increased overnights, while overnights increased in all hostels in Alberta except for **HI Lake Louise Alpine Centre**. In Saskatchewan, **HI Regina**'s overnights increased by 6% to 2,844.

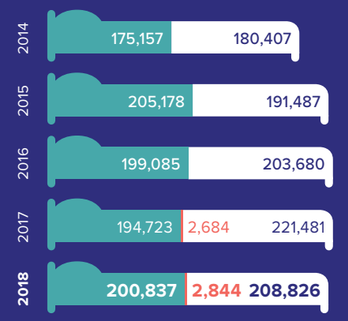
Wilderness hostels experienced the most significant year-over-year increases: **HI Rampart Creek** was up 11.5%, **HI Castle Mountain** up 16.8%, **HI Maligne Canyon** up 20.8% and **HI Mount Edith Cavell** was up 21.8%.

After three consecutive years of declining overnights, **HI Edmonton** saw an increase of 9%. **HI Calgary City Centre** was up 5.3%. This is attributable to the improving Alberta economy and more people once again heading to the province to look for work.

In BC, **HI Vancouver Central** had the highest number of overnights at 63,517. While in Alberta, **HI Banff Alpine Centre** topped the list at 66,330.

Overnights Breakdown

OVERNIGHTS



	2017	2018
REGIONAL TOTAL	417,243	412,507
AVERAGE OCCUPANCY	61.2%	60.0%

Financial Performance

FINANCIAL SUMMARY

The tourism and hospitality sector in Western Canada continued its strong performance that began in 2016, although Alberta performed modestly better than BC. Parks Canada's free park entry in honour of Canada's 150th birthday helped hostels in Banff, Jasper and Yoho National Parks. These tailwinds enabled the Association to achieve historical highs for revenue and net surplus in 2017.

Another continuing trend is that the average daily rates (ADR) have increased for all levels and types of accommodation and HI C PM Region has been a beneficiary. Total revenue increased by 11.6% to $17,005,583. The primary driver was overnight revenue, which increased from $12,714,273 to $14,268,151 or 12.2%. Revenue per available pillow (RevPap), which is a metric that uses the occupancy rate and the ADR, increased by 13% from $18.33 to $20.72. This was primarily due to strong growth in the average daily rate, which went from $30.10 to $34.55. On average this translates to an additional $4.45 in revenue per overnight.

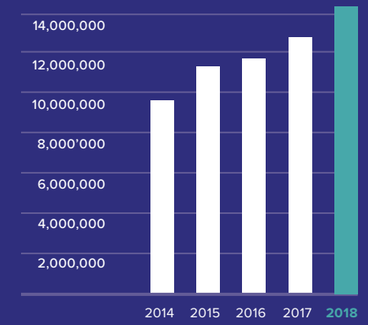
The positive operating environment combined with effective management resulted in some excellent individual results. **HI Banff Alpine Centre** is the first hostel in the HI C network to surpass a $1 million net surplus, finishing the year at $1.12 million. This level of performance enables HI C PM Region to reinvest in its facilities and expand its network, including the development of the new HI Jasper.

Expenses increased by 5.6% to $14,314,658, up from $13,558,717. The minimum wage increase in BC and Alberta is increasing salaries at a rate significantly above inflation. The impact of an increase in minimum wages is not limited to front line staff, as it also puts upward pressure on supervisory wages. For the year, salaries increased 7.6%. However, this increase was more than offset by the increase in ADR, resulting in an excess of revenue over expenses from operations of $2,662,877 compared to $1,683,426 last year.

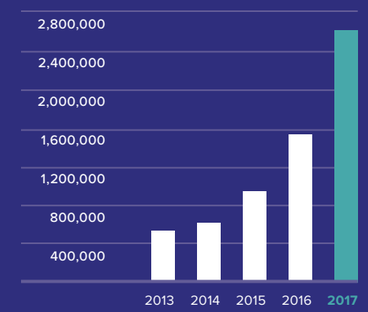
HI C PM Region's balance sheet continues to strengthen. Loans payable were reduced from $4,991,619 to $4,508,468, accounted for by the outstanding debt for **HI Whistler** ($3,582,340) and **HI Vancouver Central**. Current assets increased from $5,185,436 to $7,494,016, of which $6,943,351 is cash and cash equivalents. Total assets at the end of the fiscal year are $33,432,694.

Net Surplus vs. Total Revenue

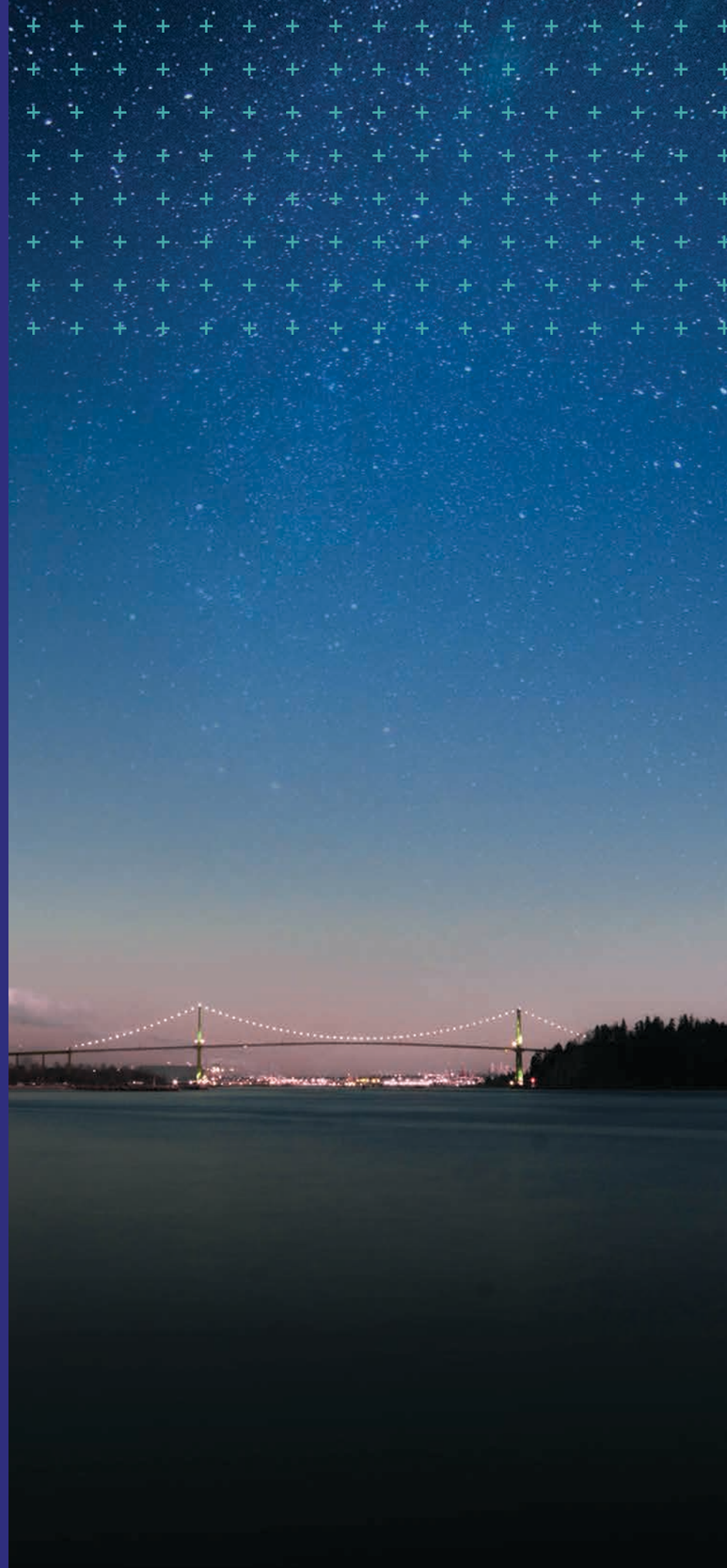
OVERNIGHT REVENUE



NET SURPLUS (Deficit)



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



Hostel Spotlight

HI Nelson, Dancing Bear Inn

HI Nelson, Dancing Bear Inn has long been a staple of downtown Nelson, BC, but it recently went through a change of ownership that threw newlyweds Jamie Renney and Tucker Braund into one of their biggest adventures yet.

The two had been living in Calgary and made frequent trips out to the mountains, including to Nelson where Jamie's mother was born and raised. These trips would often leave them feeling a bit blah when they would return to the city for the work week, and that set the wheels in motion for talks about their next move.

After honeymooning at a surf camp in Bali, meeting travellers and making friends from all over the world, they came home and set out for another weekend trip to Nelson. They stayed at **HI Nelson, Dancing Bear Inn**, which also happened to be for sale at the time. Though they had no previous experience running or even working in a hostel, one thing led to another and after some meetings with the bank, some luck and a leap of faith, they became the new owners of the hostel in 2015.

They didn't put their own mark on the place too quickly.

"*The hostel is such a staple in the community here in Nelson and we wanted to honour the legacy it holds in this town*," Jamie says. "*The previous owners and creators of the hostel were very well organized with their systems and operations, which made the transition enjoyable. We have staff that have been at the Dancing Bear longer than we have and they taught us our positions. They are still teaching us to this day and are so lucky to have the amazing team that we do.*"

One of HI C PM's nine affiliate hostels, **HI Nelson** is in a heritage building on Baker Street and offers a mix of private and shared rooms, plus one of the coziest lounges in the network and an updated backyard garden space. More recently the pair has rolled out a few updates, most notably in the hostel's updated branding and website, but the heart of their work still lies in what drew them to the business in the first place — meeting people and creating experiences, like the time they grabbed a bunch of Nelson Leafs junior hockey tickets and brought along hostel guests who had never seen a hockey game before, creating their very own Dancing Bear cheering section at the rink.

"*We both fell In love with Nelson on our first visits here*," Jamie says, "*and it's very cool to see other people's reaction to how awesome this place is.*"

Hostel Highlights

HI Edmonton

The hostel has been undergoing a multi-phase refurbishment that is now complete. The most noticeable upgrades include new flooring, paint, common room furniture, lighting and lockers. Less noticeable is the new heating system, which will reduce the hostel's heating costs and environmental impact while increasing guest comfort.

HI Lake Louise Alpine Centre

The first phase of a refurbishment was completed. New wall and floor coverings, common room furniture and art are among the upgrades to the sleeping and common rooms in the second building. In the main building, the two washrooms off the lounge area were renovated. A second phase of upgrading has been budgeted for Fiscal 2019.

HI Vancouver Jericho Beach

Several upgrades occurred at this hostel that has been in operation since 1971. New furniture was purchased for the common areas. Two rooms with a capacity of 36 beds received new flooring, paint, beds, mattresses, curtains and electrical system upgrades.

Other Improvements

HI CALGARY CITY CENTRE

Following up on the renovation of the hostel's exterior, a new heating system was installed. This will increase guest comfort and reduce the operating expense and environmental impact of the hostel.

HI VANCOUVER DOWNTOWN

The flooring on the two sets of stairs in the West building and basement was replaced. In the foyer, an obsolete reservation system was removed and the new HI Canada logo installed on the largest wall.

HI MOUNT EDITH CAVELL WILDERNESS HOSTEL

A new outhouse was constructed, replacing one that had developed a notable tilt over the years. The replacement included a new holding tank and a modern ventilating system that results in improved guest comfort.

Sustainability

Operating sustainably means we contribute to the community, act as a positive force in the economy and tread lightly on the earth. Fortunately, all of that comes pretty naturally to us.

Building Sustainable Communities

We are pleased to have several long-term community involvements. The team at **HI Jasper** are involved in regular trail clean-up and reclamation initiatives in partnership with *Parks Canada*. **HI Banff Alpine Centre** and the wilderness hostels regularly donate group stays to local youth and school groups.

At our Vancouver hostels, our managers and their teams are participating in the *Employment Works* program with *Pacific Autism Family Network*. The program provides people on the autism spectrum with exposure to different workplace settings as part of a familiarization toward finding potential employment for the participants. We are honoured to be able to contribute to the economy in our support of this training.

Community Highlights

HI WHISTLER'S COMMUNITY BLOCK PARTY

This year, **HI Whistler** embraced what we hope will be a recurring contribution to the community. The hostel helped organize, plan and execute the 1st Annual Cheakamus Community Block Party. With the hostel at the heart of the action, the HI Whistler team hosted a BBQ complete with locally made gelato, a live DJ, face painting and balloon creations. About 350 locals attended, and lots of great feedback was received in person and online. Making neighbourhoods great places to live is one of the best ways to make them wonderful places to visit, and that's a key contribution to sustainable tourism.

UN YEAR FOR SUSTAINABLE TOURISM

This year, we participated in Hostelling International's celebration of the UN's Year for Sustainable Tourism (2017). HI C PM Region's *Adaptive Wilderness Adventure* partnership activities were chosen to showcase the mobility opportunities in the global HI network. Working with Paralympic Sports Alberta and the *Rocky Mountain Adaptive Sport Centre*, we hosted a group at **HI Athabasca Falls Wilderness Hostel** in May to celebrate our involvement in this sustainable tourism initiative. More importantly, the participants were there to experience the wilderness and to try out a couple of activities in Jasper—road hand-cycling and kayaking.

The weather was grand and the weekend a great success. One of the participants sent us this note:

"Thanks again for the great weekend! It's still a fairly new world to me and I am ever-impressed by the accessibility in some places. **HI Athabasca Falls** is better laid out for accessibility than most hotels and city establishments."

ICEFIELDS PARKWAY HAND-CYCLING TRIP

Later in September, the Ultimate Wheelchair Sports Foundation organized a multi-day hand-cycling trip with stops at **HI Athabasca Falls**, **HI Rampart Creek** and **HI Lake Louise Alpine Centre**. Any cycling trip through the mountains is a remarkable achievement, but this one was just a little more so with its blend of bicycles and hand-cycles covering over 100 kilometres a day.

One of the group members said: "Wanted to provide a little update regarding our trip. It was a huge success! Very pleasantly surprised by the hostels, the hospitality of the hosts and the accessibility and willingness to help out if needed. We were all impressed. We will definitely plan to do this again next year. Thanks to you we were able to organize a wheelchair accessible, affordable outdoor experience our members won't forget anytime soon!"

Sustainability

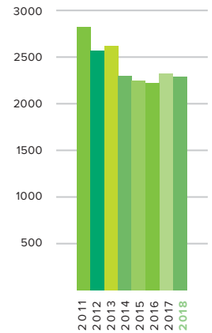
Emissions and Energy Consumption

Every day we strive to minimize our environmental impact at our hostels. While some projects are flashy and obvious—like solar panel installation—sometimes it's the unassuming ones that steal the show. Two "behind the scenes" projects that are delivering amazing results are:

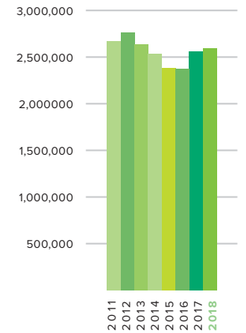
HI WHISTLER – Even though the work was done last year, it's worth mentioning that **HI Whistler** continues to operate on only 10% of the natural gas it once did. Capital investments of $120,000 into this hostel's heating and hot water systems have resulted in annual reductions of 90% in natural gas consumption. Over those first two years, we have avoided emitting 100 tonnes of CO_2e emissions. That is the equivalent of taking more than twenty passenger cars off the road.

HI EDMONTON – The heating and hot water systems at this gas-guzzling hostel were replaced with energy efficient models just before the winter weather struck. The capital investment of $180,000 is producing results. In the six months that the systems have been installed, natural gas consumption is showing a reduction of 23% in comparison to previous years. So far, the capital investments have helped us to avoid emitting another 36 tonnes of CO_2e. That's already the equivalent of seven more passenger cars off the road for a year.

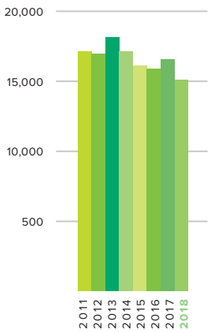
TOTAL GHG (tonnes)



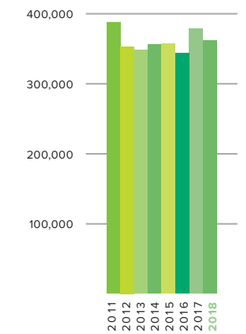
ELECTRICAL POWER CONSUMPTION (kWh)



NATURAL GAS CONSUMPTION (Gj)



PROPANE CONSUMPTION (litres)



Our People

Developments in HR

HI C PM Region's trans inclusion process, outlined in last year's report, was selected as a finalist for the 7th annual *Canadian HR Awards* in the *Excellence in Diversity & Inclusion* category, and was also featured in a panel discussion at the 2018 Diversity and Inclusion Masterclass in Toronto.

You Kick Ass!

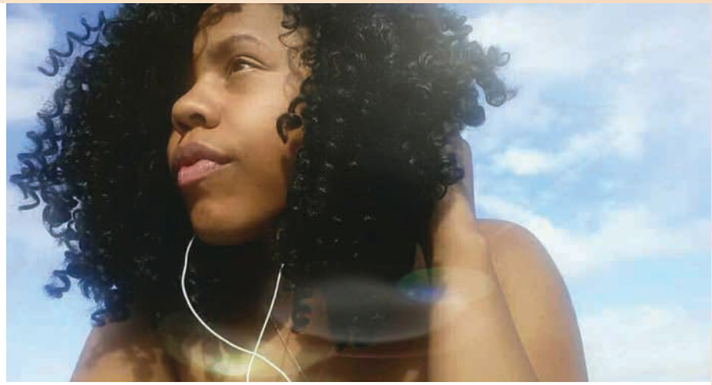
HI C PM Region's employee recognition program, aka *You Kick Ass*, publicly recognizes exceptional employee performance. Both guests and fellow staff can nominate an employee for recognition.

Total number of **NOMINATIONS** this year... 1124

Did You Know

- The Leadership Development Program was offered in Vancouver to 13 employees from six hostels.
- First Aid training was provided to 67 staff and volunteers from nine hostels.
- HR staff attended one career fair and conducted two outreach sessions to promote internships and jobs at hostels in the region.

Staff Spotlight: Joella Joseph



Joella is now the assistant manager at **HI Vancouver Central**, but she's been more than that at HI Canada over the past few years. She was also the region's *You Kick Ass* winner in February this year, after being nominated by manager Maicke Andresen for all her great work on group bookings while working at **HI Vancouver Downtown**.

Joella is originally from Alberta and started working at **HI Calgary City Centre**'s front desk in 2015. A couple years later she was looking for a change of scenery and relocated to Vancouver where she started working at the front desk at **HI Vancouver Downtown**. A few months later she was promoted to manager in training and most recently made the move into the assistant manager role at **HI Vancouver Central**.

Her favourite thing about the city is all the variety. "*You run into actors from your favourite shows*," she says. "*You can go to the beach and go snowboarding in the same day. Life is pretty exciting here. I've felt a lot like being adventurous and taking chances here.*"

She says the best part about working at **HI Vancouver Downtown** is her colleagues. "*Everyone is like family. I'm so happy to know them, and we've made lasting connections*," she says. "*It's a really easy-going environment.*"

Beyond Vancouver, her favourite place "*is really just on the road*," she says. "*I love driving the Coquihalla and listening to music. The mountains and water are so beautiful and it is the place I feel most proud to be Canadian. At some point, my dream is to drive across Canada and work at other HIs while seeing the other amazing things this country has to offer.*

Length of Service Awards

30 years

Volker Schelhas › *Wilderness Hostel Manager* › HI Maligne Canyon

20 Years

Shelbey Sy › *Director of Marketing* › HI Regional Office

15 Years

Snezana Djajic › *Housekeeping Supervisor* › HI Vancouver Central
Miki Sato › *Housekeeper* › HI Vancouver Central
Quilina Solis › *Housekeeper* › HI Vancouver Central

10 Years

Alicia Arata › *Assistant Housekeeping Supervisor* › HI Vancouver Central
Terri Grassick › *Night Auditor* › HI Vancouver Downtown
Sandra Hahn › *Housekeeper* › HI Vancouver Downtown
Jessica Cerato › *HR Manager* › HI Regional Office

5 Years

Daniel Moses › *Maintenance Staff* › HI Edmonton
Lori Mandziak › *Night Auditor* › HI Vancouver Central
Derek Mclay › *Assistant Hostel Manager* › HI Victoria
Daniel Hempen › *Assistant General Manager* › HI Lake Louise Alpine Centre

/ / /

Staff Promotions

Sasha Viminitz › *Assistant General Manager* › HI Banff Alpine Centre
Lewis Kelly › *Assistant General Manager* › HI Banff Alpine Centre
Meghan Goodwin › *Café Supervisor* › HI Whistler
Laura McDonald › *Rooms Division Supervisor* › HI Banff Alpine Centre
Lindsay Goodwin › *Housekeeping Supervisor* › HI Whistler
Amy Brindley › *Assistant General Manager* › HI Whistler
Joshua Govenlock › *Kitchen Supervisor* › HI Lake Louise Alpine Centre
Heather Parking › *Hostel Manager* › HI Regina

Our Awards

At the recent North American Managers Meetings (NAMM) held this year in Puerto Rico, HI C PM Region hostels were presented with a number of Barclay Awards.

Cleanliness Award

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

WINNERS
HI TOFINO – Large Hostel

Friendliness Award

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

WINNER
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 ratings improvement over the same period last year.

WINNER
HI MALIGNE CANYON – Small Hostel
HI TOFINO – Large Hostel

Membership Award, Best Increase

This award recognizes the hostel with the largest increase in membership revenue per overnight compared to the same period last year.

WINNER
HI VANCOUVER CENTRAL

Environmental Award

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

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

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 CANMORE – Small Hostel
HI CALGARY – Large Hostel

Best Innovative Initiative Award

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

WINNER
HI CUMBERLAND – Small Hostel

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

Our Members

Membership Update

Registered Canadian members dropped by 8.65% this year, a trend that was shared with other regions in Canada who had similar decreases. Membership revenue continued to rise, primarily due to strong sales of memberships to record international visitors to Canada.

Over the last six months, a strategic review of membership was undertaken with initial findings due to be presented in June at the NAGM in Kananaskis. Many other national associations are facing a similar decrease in membership and are also reviewing their membership model.

Online Performance

The new website and member database have proved successful in improving online performance. When comparing the last two years, we saw an increase of 32% in online memberships sold.

In addition to better performance, the streamlined and sortable member discount section has proved to be a much more effective way to promote member value in Canada and internationally. Our peers in the international network have been very positive in their feedback on this new platform.

Trade Shows

This year we participated in one consumer and two business trade shows.

The *Outdoor Adventure Show* in Vancouver was a consumer trade show that attracted many consumers who may be interested in using hostels on their travels. At our booth, we held a competition to "Guess the Weight" of a backpack to win it. We used a backpack from one of our key sales partners, MEC. Our booth was very busy and we were able to introduce hostelling to many new people.

The business trade shows were held in Calgary and Vancouver with Flight Centre. As one of their preferred partners, we were invited along with other global travel suppliers to promote our product. This was the first time we had participated in this show and it was a very effective way to educate agents on the benefits of the HI membership.

New Discounts

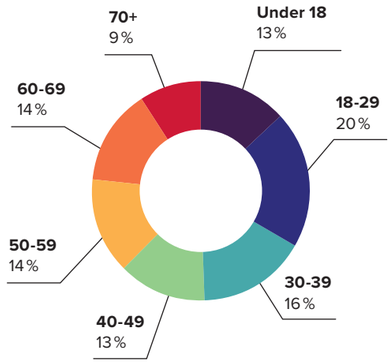
- **NATIONAL**: VIA Rail – *increased discount to* 15%
- **WHISTLER**: Coast Mountain Brewing 15% off *a tasting flight*
- **WHISTLER**: Ziptrek Ecotours 15% off *tours*
- **CALGARY**: TELUS Spark $8 off *on admission*
- **CALGARY**: Hear's My Soul Café 10% off
- **EDMONTON**: Willie's Bakery and Café 15% off
- **VICTORIA**: Exit Escape 20% off

Our Members in Numbers

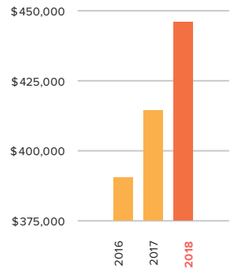
MEMBERS BY TYPE

	2015	*2016*	*2017*	***2018***
Adult	10,551	11,422	8,273	**6,548**
Lifetime	7,204	7,417	7,605	**7,773**
Junior	982	986	906	**966**
Group	304	194	137	**169**
TOTAL	19,041	20,019	19,921	**15,456**

AGE DEMOGRAPHICS



MEMBERSHIP REVENUE



Partner Spotlight – Moose Travel Network

Moose Travel Network was founded in 1997 by two Canadian entrepreneurs who wanted to show the Canada they know and love to travellers. Inspired by the backpacker busses of Australia and New Zealand, they now carry thousands of passengers across tens of thousands of kilometres throughout Canada.

Their special blend of group travel and hop-on, hop-off transportation has helped countless backpackers explore the vastness of Canada easily and on a budget. Moose is one of HI C PM's original discount partners, and HI hostels have always been regular stops on many of their routes in Pacific Mountain Region, including **HI Banff**, **HI Lake Louise**, **HI Jasper**, **HI Athabasca Falls**, **HI Whistler** and our **HI Vancouver** hostels.

HI members get a 10% discount on Moose trips (in addition to the discount their card gets them at HI hostels along the way). While this discount has traditionally been popular among international members visiting Canada, Moose is now in the process of expanding their services to include Seattle and Portland, which makes this discount partnership even more attractive to Canadian members.

Marketing

Rebranding Project

On April 20, 2017, HI Canada launched its totally overhauled website —**hihostels.ca**— fresh on the heels of a rebranding project that also resulted in revised brand guidelines and graphic design elements.

HI CANADA
Travel conscious

With the help of Montreal-based web development firm *Cloudraker* and brand consultant *Pierre Bernard Dow-Blanchett*, HI Canada's new brand brought about some big changes—like the new red and white logo and bright, colourful design featured in last year's annual report—and some less visible ones, like strengthened brand statements and guidelines that focus on community and our common values: open-mindedness, togetherness and mindfulness. That **co** element is incorporated in marketing and promotional materials across the country.

The new website was designed to represent this new brand look and feel, while also vastly improving the functionality of the site. Chief among those was mobile usability, and the new site adopted a mobile-first design, featuring large edge-to-edge images, clear and consistent page sections, a prominent booking engine and easy toggling between French and English versions of the site.

In November, the website was awarded the *Grand Prix* award in the consumer brand category at *Infopresse*'s annual **Boomerang Awards**. The **Boomerang Awards** showcase the best of Quebec's marketing and interactive design industry, with 200 entries in 27 categories this year.

Website Performance

The new website was designed with a few performance enhancements in mind, and its first year has shown some impressive improvements. Users and sessions were both up compared to Fiscal 2017 (24% and 50% increases respectively), and most notably, mobile use more than doubled, accounting for 52% of total website users this year.

Online bookings generated 79% of all overnight revenue this year. And while booking revenue generated on hihostels.ca increased this year to $3,720,920, it represented a smaller overall percentage of total online revenue (down 5% compared to the previous year). This is attributed to direct bookings losing market share to online travel agents (OTAs), especially Booking.com, which saw a 90% increase this year and accounted for 39% of all online booking revenue for the region.

Campaign Spotlight: Social Chain

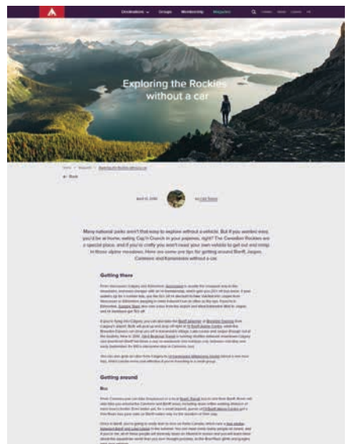
HI Canada formed the PacRim group along with HI USA, YHA Australia and YHA New Zealand in 2017 to better coordinate marketing efforts between these national associations as they share many international target markets. In 2017, the associations banded together with a UK-based marketing agency, *Social Chain*, to conduct market research on *Europe's Gen Z* market—a demographic that is becoming increasingly important for youth and budget travel.

This research revealed some of the attitudes held by *Gen Z Europeans* when it comes to hostelling as well as the PacRim Group's four countries. Based on this research, the group worked with *Social Chain* to develop a two-part social media campaign to promote hostels and overseas travel among this demographic.

Two contests were rolled out via Facebook and offered followers the chance to win one of two trips to Canada and the USA or to Australia and New Zealand, with flights, accommodation and activities covered. The North American contest reached **813,296 people** on Facebook and generated **6,310 new email contacts** for the associations, which allows us to continue to promote travel and hostels in Canada to European youth going forward.

HI Canada Magazine & Communications

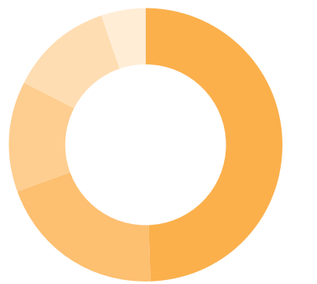
The new website also includes a revamped online magazine that features travel stories and tips from across Canada and around the world, as well as news from HI Canada. The magazine content feeds into HI Canada's e-newsletter, which also underwent a refresh last year, and which is produced and distributed once a month in English and French to members and non-members who opt to receive it.



The magazine's content serves two main purposes. Traffic-generating content is intended to draw visitors from search engines and encourage website users to spend a bit more time on the site. Hostel pages also feature relevant articles, and articles link back to the hostels where appropriate. Engagement-generating content ties more closely to the brand experience through personal travel stories and lists, which is intended to generate clicks and reactions on social media channels and through the monthly emails.

In fiscal 2018, after the website relaunch, the magazine generated 64,123 unique page views, and nearly 50% of that traffic originated from organic search.

WHERE MAGAZINE TRAFFIC COMES FROM



Groups

We love groups! Whether it's a school group, a sports team, a group of friends having a reunion or any other reason a bunch of people want to get together, we're happy to host. This year, group bookings accounted for 10% of all overnights and generated $589,380 in revenue in the region. Here are just a couple highlights from the year.

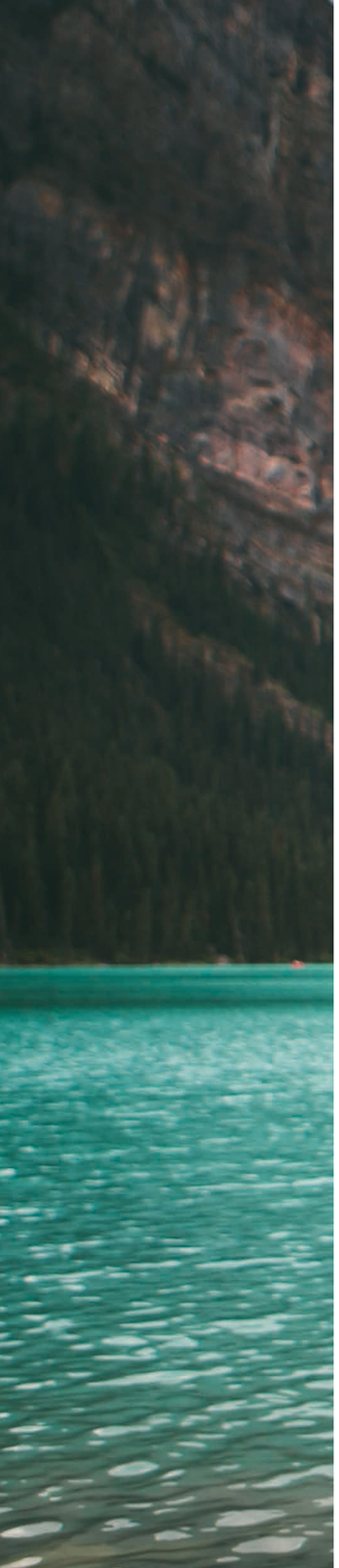
Destination Education

In April 2017, HI C PM Region worked with the *Vancouver Aquarium* and *Science World* as the accommodation provider in a grand prize for their *Destination Education Competition*. The winners, Brooks Secondary School from Powell River, won an all-expenses-paid trip to Vancouver to learn more about the science behind sustainable choices. The group of 25 students and chaperones spent two nights at **HI Vancouver Jericho Beach**, and in addition to activities at both the *Aquarium and Science World*, they also participated in shoreline cleanup efforts in Jericho Park.

Joy of Nature Competition

For the fifth year in a row, HI C PM Region participated in the *Joy of Nature Competition* in partnership with *Parks Canada*, the *Alberta Council for Environmental Education*, the *Alberta Recreation & Parks Association*, *Jasper Raft Tours* and *Jasper SkyTram*. The competition is open to youth groups in Alberta that are committed to outdoor education and physical activity. This year, the Calgary Islamic School won a trip for 12 girls that included an afternoon at the *Palisades Stewardship Education Centre* in *Jasper National Park*, a trip up the *Jasper SkyTram*, a rafting trip and a night at **HI Athabasca Falls Wilderness Hostel**.

A note from one of the teachers: "*The students had a BLAST, we really did not want to come home. The experience of driving to Jasper, sleeping in a hostel and taking part in outdoor education games outside, along with the snowboarding was the best thing that has ever happened to the group of girls that came. Sleeping in the hostel was an interesting adventure in and of itself. The students have NEVER done anything like this before. They couldn't sleep from the excitement! The girls spent the majority of the night playing board games and telling stories, another great way for the students to all bond. Till this day they talk about how cool it was to all be in one room together, and they still laugh about the morning prayer alarms that went off at 4 a.m.*"

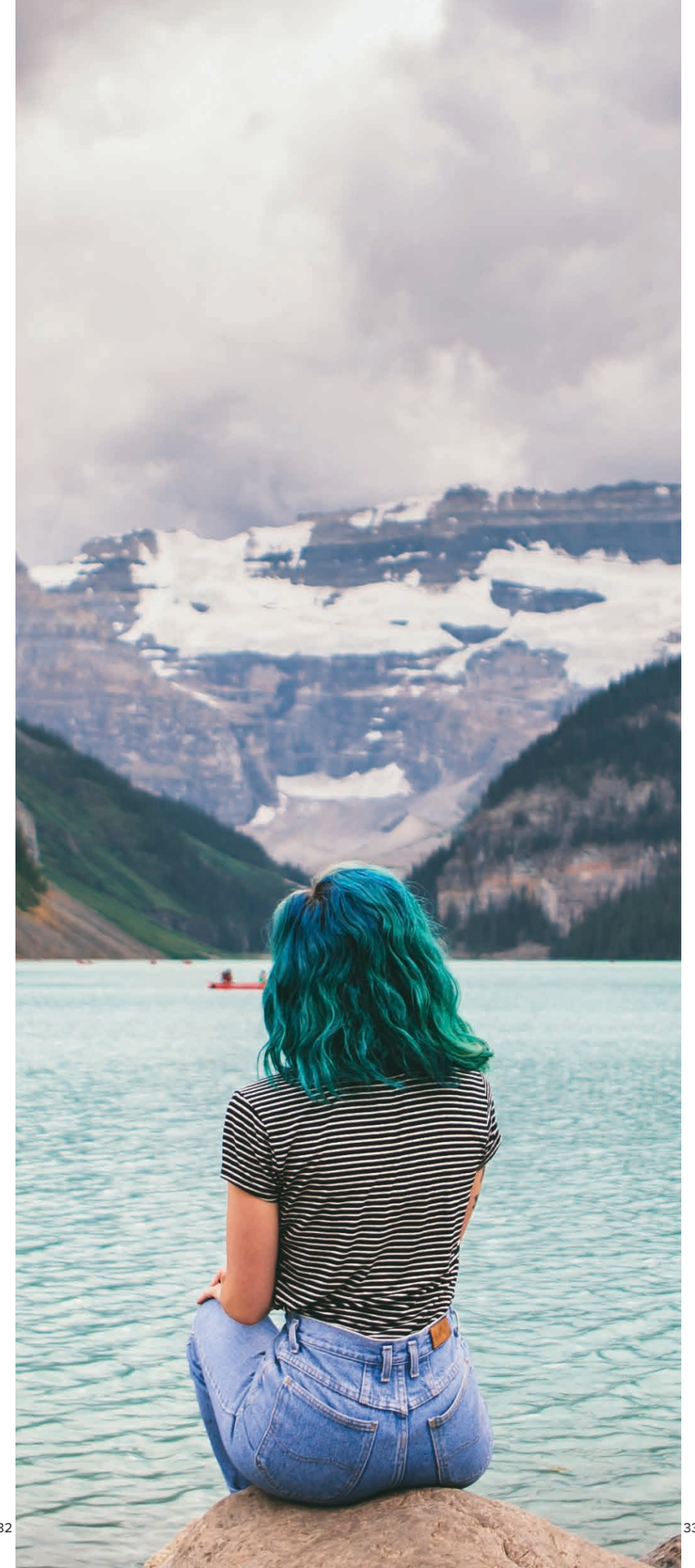


Governance

The Governance Committee was exceptionally busy this year undertaking its usual policy monitoring tasks as well as completing an extensive re-write of our executive limitations policies and a needed refresh of our Ends policies.

Executive limitations, which serve to establish a framework around the CEO's chosen means to deliver on the Association's Ends, need to adapt to the nature of the Association as it evolves and grows. By reviewing and streamlining these policies and adopting a new reporting framework, the Board will be able to ensure more effectively that the association is run in a manner consistent with our member's values while minimizing risks.

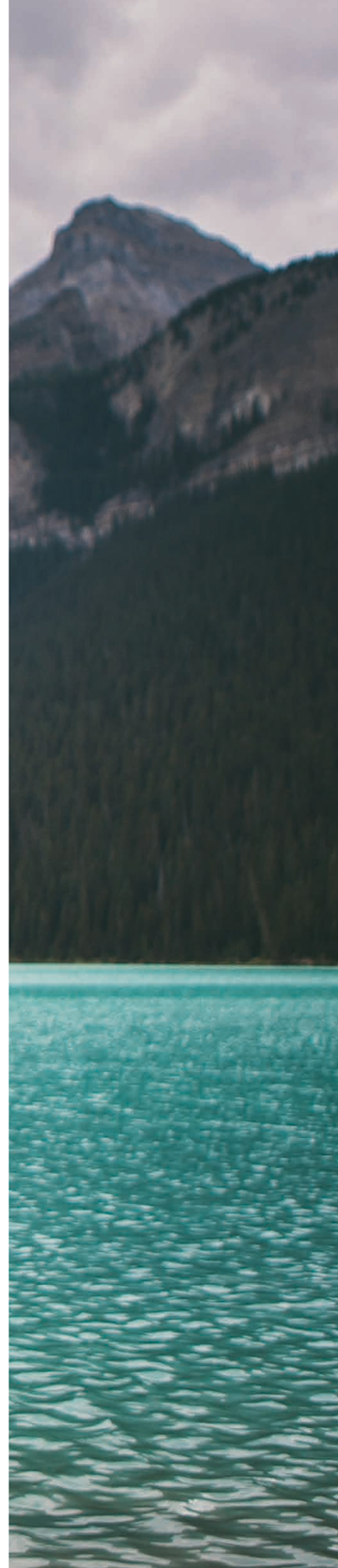
The most exciting work that we completed this year were changes to our Ends policies. These policies serve as the "guiding light" for hostelling in Western Canada and give broad direction to our CEO and his team on what is most important for the Association to achieve. The Board is grateful to our members for their valuable input, through a comprehensive survey and other means, as it was instrumental in the changes we have made. A couple of key concepts have been prioritized as a result of member feedback. A key focus going forward will be fostering an inclusive community-minded environment in our hostel network that all ages can enjoy. We will deliver on this by cultivating enriching experiences while providing consistently clean, secure and sustainable hostelling options in Western Canada. The Board keenly looks forward to the opening of the new **HI Jasper** in 2019 as a tangible demonstration of our commitment to these principles.



As Chair of the Governance Committee, I want to thank the Committee for the many conference calls they participated in and for all their valuable input over the year. With a committed core of governance volunteers, as well as passionate members stepping up to let us know what's important, we will ensure that the Association remains committed to our members' values and provides excellent hostelling options for all for many years to come!

Peter Nietresta

Chair – Governance Committee
Hostelling International Canada
Pacific Mountain Region



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 Directors' 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.

Over the past year, the Ownership Linkage Committee has hosted three member updates throughout the region in Victoria, Edmonton and Vancouver, with spectacular turnouts. We met over 100 of our members through these events, where we were able to not only share travel stories but also get valuable feedback on various board activities, priorities and major projects.

One such project, which you're probably already aware of, is the new hostel currently being built in Jasper. We have heard loud and clear from our members over the years that this project is a top priority, and we are very excited to finally see it underway. From the early reactions of our members, we can tell that many of you have been very excited by this news as well. 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.

Andrew Crossett

Chair – Ownership Linkage
Hostelling International Canada
Pacific Mountain Region

Financials

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

COMBINED FINANCIAL STATEMENTS — YEAR ENDED MARCH 31, 2018

JUNE 4TH, 2018 – **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, 2018 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, 2018 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 Bo6 7000 • **F** 604 Bo6 7806

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

COMBINED STATEMENT OF FINANCIAL POSITION

As at March 31, 2017

	2018 $	2017 $
ASSETS		
Current assets		
Cash and cash equivalents	5,048,867	3,347,531
Short-term investments	1,938,724	1,364,010
Accounts receivable	163,344	163,875
Inventory	80,955	77,639
Prepaid expenses	262,126	232, 381
	7,494,016	5,185,436
Restricted cash	5,000	5,000
Long-term investments	55,855	55,591
Capital assets *(note 4)*	25,877,823	25,853,528
	33,432,694	31, 099,555
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities *(note 8)*	1,379,372	1,222,377
Unearned revenue and deposits	394,543	344,177
Loans payable *(note 5)*	4,508,468	4, 991,619
	6,282,383	6,558,173
Deferred contributions *(note 6)*	5,559	1,725
Deferred capital contributions *(note 7)*	797,316	855,098
	7,085,258	7,414,996
NET ASSETS	26,347,436	23,684,559
	33,432,694	31,099,555

Commitments and contingencies *(note 9)*

Approved by the Board of Directors

Betty LaFave – Director

Lenore Neudorf – Director

For the year ended March 31, 2016

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

	2018 $	2017 $
Revenue		
Overnights	14,268,151	12,714,273
Memberships	445,924	414,354
Other, including food, beverage and merchandise	2,291,508	2,113,516
	17,005,583	15,242,143
Expenses		
Hostel	11,392,374	10,727,874
Administration and membership	1,545,873	1,465,959
Amortization of capital assets	1,376,411	1,364,884
	14,314,658	13,558,717
Excess of revenue over expenses from operations	2,690,925	1,683,426
Other expenses (income)		
Interest income	(90,398)	(40,766)
Interest expense	118,025	140,334
Loss on extra ordinary items	421	10,528
(Gain) loss on disposal of capital assets	–	(1,337)
	28,048	108,759
Excess of revenue over expenses for the year	2,662,877	1,574,667
Net assets - Beginning of year	23,684,559	22,069,169
Merger with Prairie Region Inc. *(note 2)*	–	40,723
Net assets - End of year	26,347,436	23,684, 559

For the year ended March 31, 2017

	2018 $	2017 $
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenses for the year	2,662,877	1,574,667
Contributions from Prairie Region Inc. *(note 2)*	–	40,723
Items not involving cash		
Amortization of capital assets	1,378,411	1,364,884
Amortization of deferred capital contributions	(57,782)	(59,504)
Deferred contributions used	(137,275)	(82,290)
(Gain) loss on disposal of capital assets	–	(1,336)
	3,844,231	2,837,144
Changes in non-cash working capital		
Accounts receivable	531	(86,434)
Inventory	(3,316)	10,998
Prepaid expenses	(29,745)	(11,847)
Accounts payable and accrued liabilities	156,993	68,308
Unearned revenue and deposits	50,367	108,321
	4,019,061	2,926,490
Financing activities		
Proceeds from loan issuance	–	13,035
Repayment of loans payable	(483,151)	(594,034)
Deferred contributions received	141,109	—
	()342,042	(580, 999)
Investing activities		
Change in investments	(574,978)	(1,319,870)
Decrease in restricted cash	–	(5,000)
Contributions from Prairie Region Inc. *(note 2)*	–	(121,176)
Purchase of capital assets	(1,400,705)	(1,483,709)
Proceeds on sale of capital assets	–	9,500
	(1,975,683)	(2,920,255)
Increase in cash and cash equivalents	1,701,336	(574,764)
Cash and cash equivalents - Beginning of year	3,347,531	3,922,295
Cash and cash equivalents - End of year	5,048,867	3,347,531
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, the Canadian Hostelling Association – Northern Alberta District and the Canadian Hostelling Association – Prairie Region. 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 11)*.

In the prior year, the Board approved the combination of the 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.

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.

Assets under construction are recorded at cost and include direct cost during development and construction included cost that are directly attributable to the construction to or development activity and other carrying cost. When construction is substantially complete or the asset is ready for use, it is subsequently amortized over its estimated useful life.

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 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. 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

he 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:

	2018 $	2017 $
Cash and cash equivalents	1,857,760	1,847,149

4. Capital assets

	Cost	Accumulated amortization	2018 Net	2017 Net
	$	$	$	$
Land	5,811,031	—	5,811,031	5,811,031
Buildings and leasehold improvements	35,345,492	(16,682,010)	18,663,482	18,964,145
Automobiles	264,418	(221,199)	43,219	29,947
Computer equipment and software	1,321,658	(1,158,077)	163,581	181,544
Furniture and equipment	4,866,976	(4,079,142)	787,834	844,447
	47,609,575	(22,140,428)	25,469,147	25,831,114
Hostel development planning and assets under construction *	408,676	—	408,676	22,414
	48,018,251	(22,140,428)	25,877,823	25,853, 528

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

5. Loans payable

	2018	2017
	$	$
Line of credit *(a)*	—	—
Line of credit *(b)*	—	—
Whistler mortgage *(c)*	3,582,340	3,926,603
1025 Granville Street Trust loan *(d)*	926,128	1,065,016
	4,508,468	4,991,619

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 that certain of the loans are repayable on demand and/or maturing in the next 12 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:

	$
2019	532,000
2020	551,843
2021	572,426
2022	593,777
Thereafter	2,258,422
	4,508,468

6. Deferred contributions

	2018	2017
	$	$
Balance - Beginning of year	1,725	84,015
Contributions received during the year	141,109	—
Contributions utilized to offset expenses incurred during the year	(137,275)	(82,290)
Balance - End of year	5,559	1,725

7. Deferred capital contributions

	2018	2017
	$	$
Balance - Beginning of year	855,098	914,602
Amortization during the year	(57,782)	(59,504)
Balance - End of year	793,316	855,098

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, 2018, $127,365 (2017 - $102,640) 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:

	$
2019	98,521
2020	98,521
2021	98,521
2022	98,521
Thereafter	86629

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 2018 totalled $444,113 (2017 - $369,217) and is recorded in hostel expenses. The variance in the previous year's national levy is due to a $60,000 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:

	2018 $	2017 $
Assets		
Current assets	936,398	737,619
Capital assets	2,004,022	1,923,204
	2,940,420	2,660,823
Liabilities and Net Assets		
Accounts payable and other current liabilities	135,483	109,288
Deferred contributions	309,290	325,568
Net assets	2,495,647	2,225,967
	2,940,420	2,660,823
Revenue	1,981,559	1,640,593
Excess of revenue over expenses	368,986	192,665
Cash flows provided by operating activities	500,789	319,868
Cash flows used in financing activities	(104,348)	(69,565)
Cash flows provided by (used in) investing activities	192,066	(638,985)

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, 2018 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 Beauty Creek
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 Mount 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 Pellin

HOSTELLING INTERNATIONAL CANADA
PACIFIC MOUNTAIN REGION
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Hostelling International-Canada hicanadahostels hicanadahostels