



2022 ANNUAL REPORT

HOSTELLING INTERNATIONAL CANADA

Pacific Mountain Region





Table of Contents

Letter from the CEO3

Letter from the Chair.....4

Meet the Board5

Association Update.....6

Our Hostels10

Our People13

Our Members.....17

Marketing Report.....20

Governance Report.....24

Ownership Linkage.....25

Financials26



Letter from the CEO

The 2022 fiscal year continued to be affected by the COVID-19 pandemic. HIC Pacific Mountain Region (HIC PMR) hostels opened and closed on short notice to align with the ever-changing government restrictions and guidance. Although the pandemic had a devastating effect on the travel industry in 2020 and most of 2021, travel activity increased towards the end of 2021. This allowed HIC PMR to host around 107,016 overnight travellers in 2022, which was 66,000 overnights more than in 2021. This resulted in an increase in revenue of 77.7% compared to 2021.

During the 2022 fiscal year, the Board of Directors and employees of the association continued to commit themselves to meeting the unprecedented safety and financial challenges brought on by the pandemic. Safety protocols were developed and implemented to ensure hostels would be safe for staff and guests. We engaged our guests with surveys requesting their feedback on the safety protocols and restrictions in the hostels. The survey results were overwhelmingly positive and it gave the association the confidence to continue to operate in a safe manner.

In the early days of the pandemic, HIC PM Region agreed to lease its city hostels to various social agencies in British Columbia and Alberta to help the more vulnerable populations in our communities. Some of these leases have ended and the hostels have returned to HIC PMR operations.

Throughout 2022, the Board of Directors for HIC PMR continued the search for a new Chief Executive Officer (CEO). I was appointed as CEO early in 2022 and started April 1, 2022, with this great association. I want to take this opportunity to thank Robb Cryder, in his role as Acting CEO, and the entire Senior Management team, hostel managers, and all the staff for the wonderful job they did under very difficult circumstances during the pandemic.

Our diverse membership includes people from all walks of life, and the past year may have been challenging for many of you. I wish you all my very best and can promise that our team looks forward to accommodating you and resuming a degree of normalcy, camaraderie, and adventure in your life.

With my experience and industry knowledge in both the commercial and not-for-profit sectors, and with over two decades working in the hospitality and accommodations industry in South Africa, the United Kingdom and here in Canada, I feel I am well equipped to lead the association into the future.

Leadership will be critical in how we emerge from the pandemic, rebuild, and continue to strengthen the association. Our commitment to offer affordable accommodation through a network of hostels to travellers remains strong, and we look forward to expanding our network throughout Canada.

Finally, thank you to the HIC PMR Board of Directors for giving me this opportunity, and for your leadership and guidance over the last couple of challenging years.

Julius van Wyk

Chief Executive Officer,

HI Canada – Pacific Mountain Region



Letter from the Chair

We started 2021-22 with hope that the pandemic was behind us and we ended the year hoping that the pandemic is behind us...

The reality is we end the year accepting we will have to live with Covid for some time. The good news is that the majority of our hostels are back open, with systems and procedures in place to ensure the health and safety of our guests and staff.

It has been a challenging two years to say the least and I would first like to extend a huge thank you to our staff, and in particular Robb Cryder, our acting CEO during this period. Robb and his team deftly managed our operations through ever-changing rules and regulations in multiple jurisdictions.

Second, I would like to thank our volunteer Board members for their hard work and diverse expertise governing our organization. In addition to the pandemic issues, we have assumed the operational and governance responsibility for the Atlantic Region.

Despite all of this, I am pleased to report that we remain on solid ground financially and are well-positioned to look forward again, to plan for an exciting future of travel and experiencing people, places and cultures.

Finally, while this report addresses the year ending March 31, 2022, I would like to welcome Julius van Wyk, who started as our new CEO a day later on April 1, 2022. Julius brings a wealth of experience in both the non-profit and private sectors in the hospitality, seniors care and food service industries.

Thank you for your ongoing support and I hope to see you in one of our hostels or one of the trails nearby.

John Harrop

Chair, Board of Directors

HI Canada – Pacific Mountain Region

Meet the Board



JOHN HARROP, Chair

John has been a hosteller for much of his life and appreciates the year-round, life-enriching experiences they provide to travellers of all ages. He has worked as an architect in Canada and abroad and focused on affordable housing and sustainable and barrier-free design. His first passion, however, is skiing, particularly in the backcountry where he enjoys telemarking.



VICTORIA OPPENLANDER, 2nd Vice Chair

One of Victoria’s favourite hostel experiences was meeting a fellow hosteller in Berlin, and then by sheer happenstance, running into them in a shop in Banff about five months later. It’s this sense of community among hostellers that she hopes to foster through her work on the board.



IVAN SOMLAI, Director

Ivan has been hostelling since the 60s. His work has taken him to about 35 countries for multisectoral consulting as well as various university programmes. He has also been engaged overseas to develop a mountaineering course and a mountain rescue centre, and has worked as a ski patroller in Quebec, Ontario and Alberta.



PETER NIETRESTA, Director

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.



DANNY MAILE, Director

After studying tourism management in the UK and working for the country’s largest train operator, Danny moved to Canada in early 2018 to start a new adventure in Vancouver. He brought his passion for hostelling with him, and you can normally find him in the mountains skiing, hiking, biking and exploring British Columbia.



KRYSTAL KEHOE, Director

Krystal currently works as a marketing manager in the BC tourism industry. She regularly cycles, mountain bikes and snowboards, and she loves to explore by bike, which has led to memorable hostelling experiences. Krystal believes hostelling is a great opportunity for people to travel affordably and sustainably, while meeting other like-minded individuals.



LENORE NEUDORF, Director

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.

Association Update

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HI Canada - Pacific Mountain Region (HIC PM Region) spans BC, Alberta, Saskatchewan, Manitoba, Yukon, Northwest Territories , Nunavut, Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland & Labrador. The Association has 9,927 registered members and 36 hostels. HIC PM Region operates or affiliates HIC hostels in all areas of Canada except in the provinces of Ontario and Quebec.

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Overnight Performance

Fiscal Year 2022 was still overshadowed by the COVID-19 pandemic, but occupancy levels significantly improved over Fiscal Year 2021. Total overnights for the year were 111,843 compared with 43,056 the previous year, an increase of 160%.

There were several reasons for the improved performance. Compared to the previous year, fewer hostels were closed. The well-established protocols that had been implemented early in the crisis enabled the Association to operate while keeping staff and guests safe.

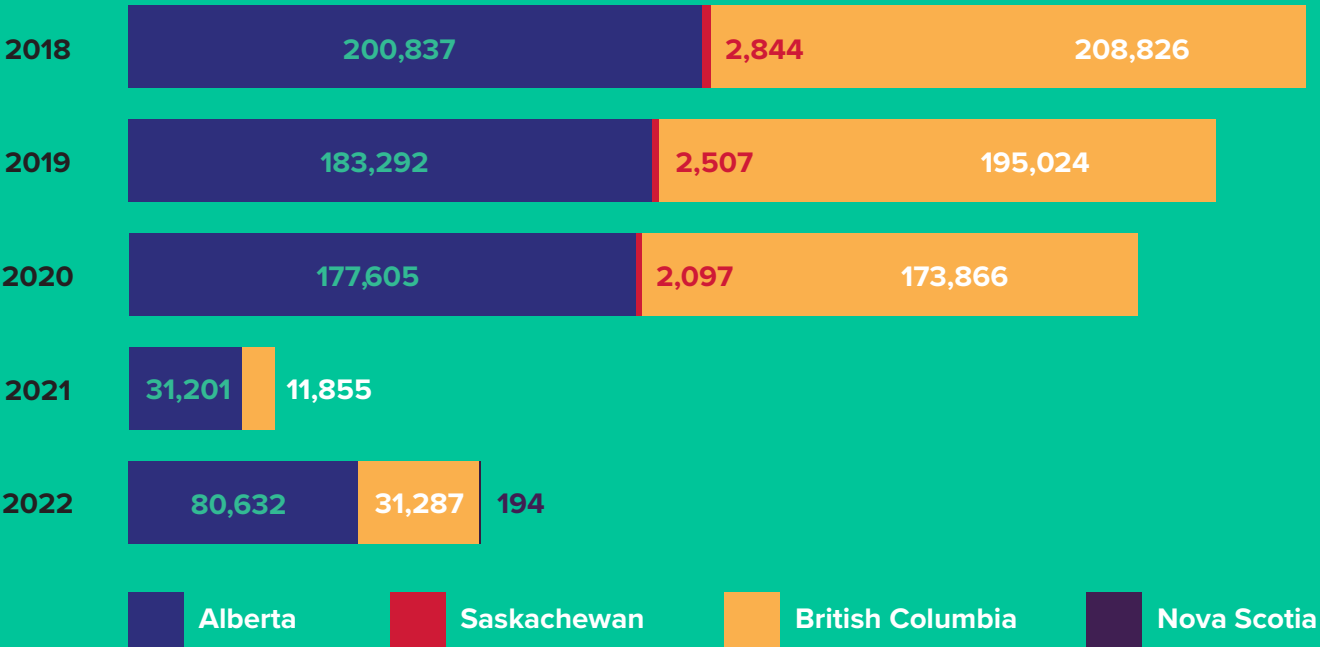
- Compared to the previous year, there were fewer hostel closures. Both HI Whistler and HI Penticton closed briefly in the spring and HI Lake Louise operated on a four day per week schedule until mid-June.
- Shared accommodation was re-introduced, although at reduced occupancy per room.

- Domestic travel continued to be strong and international travel to Canada resumed in December 2021. This increased the occupancy levels at the resort hostels, in particular, at HI Whistler and HI Banff.

While Fiscal Year 2022 was a dramatic improvement over the previous year, the annual overnights were well below the last pre-pandemic Fiscal Year in 2019, which totalled 353,568. This is due to improved but still much reduced travel activity, the sale of HI Vancouver Central, and the leasing of HI Halifax, HI Victoria, HI Vancouver Downtown, HI Calgary, and HI Edmonton. The leases have made a significant and necessary financial contribution to the Association, but the occupancy of the tenants is not included in the annual overnight tabulation.



Overnights Breakdown



| | 2021 | 2022 |
|-------------------|--------|---------|
| REGIONAL TOTAL | 43,056 | 111,843 |
| AVERAGE OCCUPANCY | 5.9% | 16.1% |



Who stayed with us?

Canadian travellers continued to represent the vast majority of guests at our hostels – accounting for over 75% of total overnights in Fiscal Year 2022. This figure, 85,833 overnights, is double the number of Canadian overnights generated in 2020-2021. Canadian couples, small family units and friend groups accounted for the majority of Canadian travellers this past fiscal year.

Alberta residents continued to represent the largest regional group, accounting for 46% of total Canadian overnights in the fiscal year. This was followed by British Columbia at 19%, Ontario at 15% and Quebec also at 15%. The proportion of Alberta visitors is not surprising given the higher number of regional hostels that reopened in the province relative to British Columbia. The tendency to travel closer to home and the Alberta hostels’ desirable locations in the national parks also created greater demand for hostels in Jasper, Banff, Lake Louise and our network of wilderness hostels along the Icefields Parkway.

While ongoing COVID-19 travel advisories and restrictions in Canada and around the world encouraged Canadians to travel domestically, this was also true for international travellers who opted to travel closer to home. International travel overnights was over 26,000, led the way by England, Germany, the USA and France. This was nearly a fourfold increase from Fiscal Year 2021 yet only 10% of pre-pandemic levels. Travellers from Japan, Korea, Australia and New Zealand, traditionally top 10 markets for HIC PM Region, were almost non-existent in Fiscal Year 2022.

| | 2020-2021 | 2021-2022 |
|-----------------|-----------|-----------|
| Alberta | 49% | 46% |
| BC | 24% | 19% |
| Ontario | 12% | 15% |
| Quebec | 11% | 15% |
| Atlantic Region | 1% | 2% |
| Saskatchewan | 2% | 1% |
| Manitoba | 1% | 0% |



Financial Summary

The increased occupancy levels that are highlighted in the section on [Overnight Performance](#) flowed through to improved financial performance in Fiscal Year 2022.

As seen in the [Combined Statement of Operations](#), Overnight Revenue for the year was \$4,498,190 versus \$1,729,808 the previous year, an increase of 160%. The Revenue Per Available Bed, which is a combination of rate and occupancy, increased to \$6.77 compared to \$2.62 the previous year.

Increased domestic travel, resumption of international travel, expanded hostel operating schedules, and additional sales of shared accommodation contributed to the increase in Overnight Revenue.

Other Operating Revenue remained a key contributor to maintaining the financial health of the Association. This includes revenue from leased properties, merchandise, and food and beverage operations. Year over year it increased to \$4,448,247 from \$3,310,70.

HI Edmonton, which was not leased the previous fiscal year, was leased for all Fiscal Year 2022 and HI Calgary was leased through September 2021. HI Vancouver Downtown, HI Victoria, HI Halifax continued to be leased to accommodate vulnerable populations in their respective locations.

Food & Beverage and Merchandise revenue increased by 111%. The bulk of this revenue is generated by the Food & Beverage operations at HI Jasper, HI Banff, HI Whistler, and HI Lake Louise, with the last operating unit’s revenue increasing to \$850,907 from \$507,000 compared to the prior year.

The increase in domestic and international travel and the expanded operating schedules of hostels had a positive impact on Membership Sales and Revenue. It more than doubled, increasing to \$57,116 from \$24,712. While this increase in revenue is welcome, it is a far cry from the \$388,926 in Membership Sales and Revenue in Fiscal Year 2019. This decline is consistent with an international trend and the Association is planning changes that aim to lower barriers to membership and grow the region’s member community and engagement.

The pandemic hit Canada hard in March 2020 and shortly after the federal government introduced two key subsidies to mitigate the negative impact on organizations. The most important for the Association was the federal Canadian Emergency Wage Subsidy (CEWS) as it helped offset the cost of employing staff and enabled hostels to operate. For Fiscal Year 2022 \$1,452,965 was received through the CEWS program. The second federal program accessed was the Canadian Emergency Rent Subsidy (CERS), which was expanded to include subsidization of utilities and property taxes for properties that were owned or leased. For Fiscal Year 2022 \$342,620 was received through the CERS program.

In Fiscal Year 2021, HI Lake Louise, which is a joint venture with the Alpine Club of Canada, received a \$40,000 loan through the federal Canadian Emergency Business Account (CEBA) program. In Fiscal Year 2022, HI Lake Louise was eligible to apply for an additional \$20,000 and did so successfully. Of the \$60,000 total, \$20,000 is forgivable if repaid by December 31, 2023. To date \$30,000 of the loan has been repaid and the Association plans to have it fully paid by the deadline.

The Government of Alberta’s Small and Medium Size Relaunch Grant was accessed and \$183,147 was received. The grant has been used to offset utility expenses and \$136,789 was recorded in Fiscal Year 2022. The balance of the grant will be used to offset utility expenses in Fiscal Year 2023.

As the impacts of the pandemic eased through the fiscal year, operational activity picked up and staffing levels increased while government subsidies through CEWS were reduced. This combination increased Hostel Expenses to \$5,733,780 (\$3,134,229 in 2021) and Administration Expenses to \$1,253,139 (\$1,018,239 in 2021). Overall, annual Expenses including depreciation increased to \$8,814,160 compared to \$6,217,499 the prior year. Expenses for the fiscal year are still significantly below pre-pandemic Fiscal Year 2020, when the annual total was \$15,962,299.

Excess of Revenue over Expenses from operations was \$189,393 compared to a deficit of \$1,152,272 last year. This turnaround illustrates the degree to which travel and tourism activity rebounded during the fiscal year.

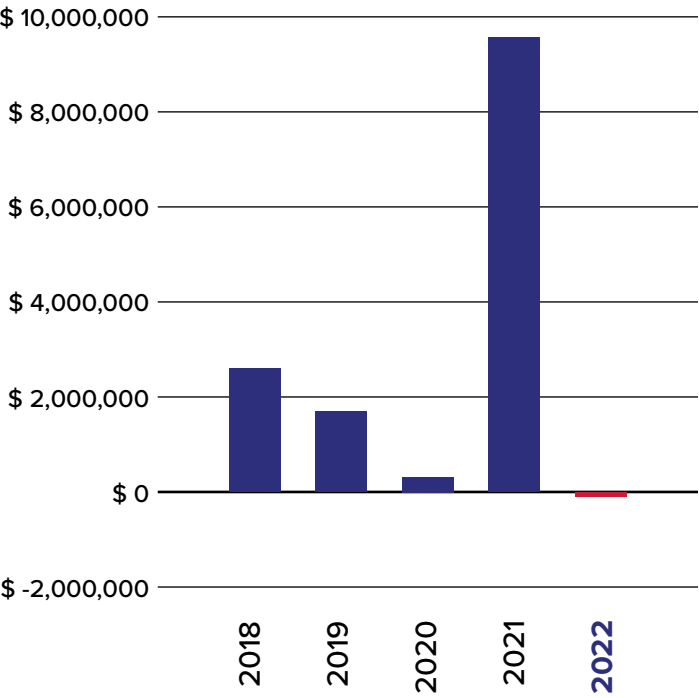
As recorded in the **Combined Statement of Cash Flows**, the Cash and Cash Equivalents at the end of the fiscal year were \$6,409,562. This is significantly lower than the \$16,600,920 recorded last year due to \$10,530,726 in investments, which are not recognized as Cash or Cash Equivalents and are described in Note 3 of the audited financial statements. The sum of the value of the investments and Cash and Cash Equivalents on March 31, 2022 is \$16,940,288. These assets ensure that the Association will remain viable and provides capital to develop a large, modern hostel in Vancouver. All Excess of Revenue over Expenses is re-invested into the operations and development of the Association.

Turning to the **Combined Statement of Financial Position**, or Balance Sheet, Net Assets increased to \$38,494,153 from \$37,912,461 last year. On the asset side, the sale of HI Vancouver Central reduced the Capital Assets by the property’s book value, but this is more than offset by the increase in Cash and Cash Equivalents due to the Disposal of Fixed Asset Gain which increased the Assets. On the liability side, the Accounts Payable and Accrued liabilities decreased by \$586,417.

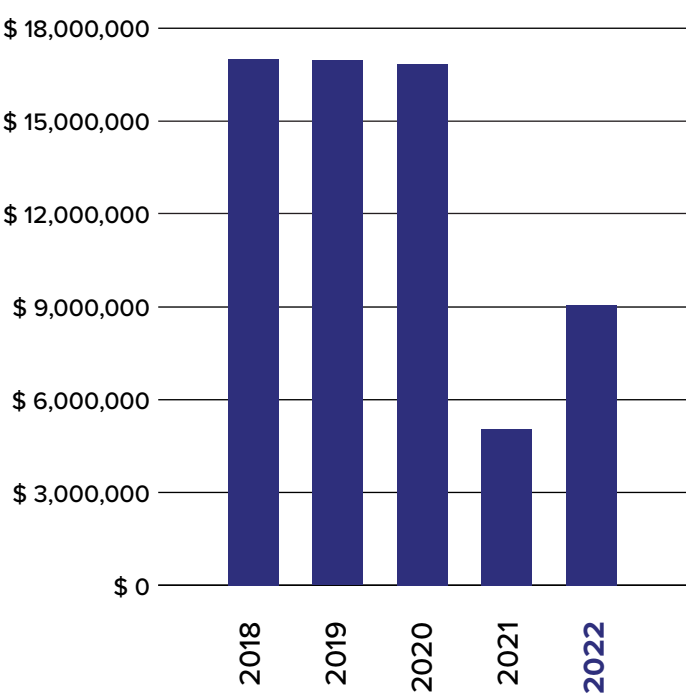
At the end of the fiscal year, the Loans Payable including current portion totalled \$8,724,905 compared to \$9,678,787 last year, which is reduction of \$953,882. The financing for the development of HI Jasper in 2019 continues to represent the largest loan with an outstanding mortgage of \$6,167,000 on March 31, 2022.

Net Surplus and Total Operating Revenue

NET SURPLUS/NET DEFICIT



TOTAL OPERATING REVENUE



Financial Highlights

Despite the challenges presented by the ongoing pandemic, the financial performance of most hostels improved materially. This was especially true for the resort hostels and in Vancouver. As measured by the Net Surplus/Net Deficit results significantly improved year over year despite much reduced wage subsidies through CEWS.

HI Whistler + \$279,655

HI Banff + \$262,175

HI Jasper + \$204,738

HI Vancouver Jericho Beach + \$120,359

HI Lake Louise +106,833

HI LAKE LOUISE ALPINE CENTRE

As was the case during the first year of the pandemic, Bill Peyto’s Café operating at HI Lake Louise continued to be a standout performer in Fiscal Year 2022. The food and beverage operation had gross sales of \$850,957 (68% increase) and a Net Surplus of \$177,994. These impressive totals were achieved despite receiving minimal subsidies through CEWS and government mandated reduced seating capacity for parts of the year.

Hostel Highlights

The need to conserve cash in the unpredictable operating environment created by COVID-19 continued through Fiscal Year 2022. Significant capital expenses were deferred, most planned improvements to hostels were deferred. However, there were two that we would like to highlight.



HI CALGARY CITY CENTRE

The hostel was leased to the Government of Alberta to house vulnerable populations from November 2020 through September 2021. At the end of the lease term, it was decided to take advantage of the building being empty during the off-season and undertaking an extensive refurbishment. Upgrades included new flooring, paint, fridges, stoves, and mattresses. The Government of Alberta offset some of the cost.



HI MOUNT EDITH CAVELL, WILDERNESS HOSTEL

The solar photovoltaic system was upgraded to provide more stable power. This allows the hostel to increase the use of LED lights rather than propane lighting, reducing the environmental footprint and improving guest safety. This power also enables management to access a cloud-based property management system, giving guests more flexibility to make bookings and staff the ability to manage them onsite.

Other Hostel Updates



HI NORDEGG, SHUNDA CREEK HOSTEL

The hostel is on a well and septic system, both of which received extensive upgrades. These expenditures ensure the safety and comfort of guests and protects the environment of the site. Other improvements include the addition of locally made wooden tables for the lounge, new stove, and new washer and dryer.

HI YOHO, WHISKEY JACK HOSTEL

The hostel, which is leased from Parks Canada, is a seasonal operation. It is open from the end of June to the end of September, after which it is left unattended for eight months due to the road closure. The snow and hydrology of the site during the winter and spring thaw has created structural issues over time. A structural engineering services firm was commissioned to provide an assessment and options for repair. Unfortunately, the situation requires the hostel to remain closed during the 2022 season as the Association determines the best path forward.



Affiliate Update

Privately operated hostels that affiliate with HIC PM Region are an important part of the network. Often operating in smaller markets, affiliate hostels enable the Association to provide accommodation to members in areas that may otherwise not be served. The hostels offer an excellent experience in a diverse range of settings and buildings that meet HIC Standards.

Prior to the COVID-19 pandemic in the winter of 2020, HI C PM Region management initiated an outreach program to increase the number of affiliate hostels. Unfortunately, months later the pandemic struck and all activity in this area was suspended.

With the world emerging from the COVID-19 crisis and travel rebounding strongly, management will resume its effort to attract affiliate accommodations. Expanding the network of hostels is a top priority of the Board of Directors and the affiliate hostel program will play an important role in achieving this goal.



Affiliate Spotlight: Atlantic Canada

With HIC PM Region assuming responsibility for HIC Atlantic Region in Fiscal Year 2022, it welcomed three affiliate hostels that operate in the region. We look forward to helping these hostels succeed and deliver an excellent experience to our members.

HI CHARLOTTETOWN

A popular hostel that was developed in a fire engine red heritage house, HI Charlottetown is centrally located across from a park and within walking distance of many attractions. It is a perfect place to stay while visiting Prince Edward Island. The hostel is seasonally operated and hosts travellers during the summer high season.

hihostels.ca/charlottetown

HI ST JOHN'S

At the centre of North America's oldest city, HI St. John's operates in a colourful Victorian building on one of the city's famous Jelly Bean Rows. It offers both shared and private accommodation and the team are a terrific source of travel information for travelling around Newfoundland.

hihostels.ca/stjohns

HI BONAVIDA

Located in a quaint fishing village on the north of St. John's, HI Bonavista is a great base from which to explore this beautiful part of Newfoundland. Highlights include the dramatic cliffs that line the Atlantic coast and one of the world's largest colonies of nesting Puffins. The hostel is seasonally operated and hosts travellers during the summer high season.

hihostels.ca/bonavista



Hostel Spotlight: HI Vancouver Jericho Beach

CELEBRATING 50 YEARS

The stretch of land on Vancouver's Burrard Inlet has been valued by locals for more than a century. From the Salish First Nations People to the Canadian military to protesting hippies, several generations have recognized the value of this gorgeous stretch of land and have called it home. Today, the area is home to the HI Vancouver Jericho Beach hostel, a historic building that was once the largest hostel in Canada and in North America and in 2021, celebrated 50 years of operating as a hostel.

The Coast Salish First Nations lived in the lands east of Jericho Beach in the area that is now known as Jericho Park. Four years before Canada's birth in 1867, the Canadian military set up a bare-bones naval reserve at Jericho Beach to ward off the threat of an American invasion. By the turn of the century, Canada had new military concerns. Air forces were a growing priority during the early part of the 20th century, so in 1920, the Jericho Beach base focused on seaplanes. In 1925, the Royal Canadian Air Force used Jericho Beach as a training base.

In 1934, the RCAF constructed military barracks

where pilots and others slept. Seaplane hangars spanned the fields east of the building, where now lie a baseball diamond and grass fields. After World War II, the federal government decommissioned the base, and leased the land to Vancouver for use as park lands.

The old military barracks returned to the limelight with the rise of the 60s counterculture. The nearby area of Kitsilano emerged into something of a hippie haven, Canada's answer to San Francisco's Haight-Ashbury district. In 1970, many young hippies began living in Jericho Beach's empty barracks and renamed it "Cool-Aid." Despite the fact that there was only one shower and six toilets, as many as 400 people stayed at Cool-Aid every night.

To Vancouver Mayor Tom Campbell, the denizens of Cool-Aid were a public menace. Mayor Campbell pushed to get the hippies out of Jericho Beach and even talked about invoking the War Measures Act to clamp down on "the hippies, drug pushers and draft dodgers," as he described them. On October 2nd, 1970, the police ordered Cool-Aid to be evacuated. By October 15th some remained and the "Battle of Jericho," as the Vancouver Sun called it, erupted. For three-and-a-half hours, 250

police officers and an army unit battled with the remaining squatters, pushing them out of the building.

That same year, the federal government began a program to help young travellers looking for affordable places to stay. Vancouver City Council formed a subcommittee on the issue and offered to lease the Jericho property to the CYHA for \$1 per year. After several major upgrades, HI Vancouver Jericho Beach opened on April 30th, 1971. With 300 beds, it was the largest hostel in North America and cost \$1.50 per night.

Today, the hostel remains a permanent part of the Jericho Beach landscape, hosting countless groups, families, and independent travellers each year. In a fitting tribute for a former hippie enclave, the building serves as a home for many during the annual Vancouver Folk Festival.

The building also hosts countless overseas travellers. One German tourist books time at the hostel every year just so she can view nearby eagles as they fly over Jericho Beach. After more than a century of being cherished by locals, HI Vancouver Jericho Beach has allowed the Burrard Inlet to be shared with the rest of the world.





Our People

Easing out of the Pandemic

HEALTH, SAFETY, AND SECURITY

The COVID-19 Safety Plan Policies and Procedures created at the beginning of the Pandemic were monitored in anticipation of the Summer 2021 reopening in accordance with Provincial Health Guidelines and our Safety Plan has transitioned to a Communicable Disease Prevention Plan. Policies have been updated to reflect current public health guidance and the practices in our hostels continue to be monitored on an ongoing basis.

RECRUITMENT

The Canadian Human Resources Tourism Council reported that the 2021 the average vacancy rate for tourism occupations was 5.9 per cent, more than 1.5 times the pre-pandemic level. Despite higher vacancies being experienced across many segments of the economy, the 2021 rate in tourism was nearly 2 percentage points higher than the economy-wide average vacancy rate.

Recruiting sufficient candidates to fill open positions was becoming more difficult before the Pandemic, and we have experienced similar hiring and retention challenges as other operators in the industry throughout the Pandemic. In August of 2021 we implemented weekly Recruitment Strategy Calls, the regular strategy calls resulted in significant outcomes:

A selection process was launched, and we implemented an applicant tracking system as part of our payroll system to:

- Reduce recruiting administrative time.
- Provide better and faster resume screening.
- Facilitate collaborative hiring among management teams.
- Speed up the recruitment cycle and enhance candidate experience.
- Provide association level data through reporting.
- Advance planning of recruitment needs and earlier advertisement of opportunities.
- Updated Job ads and coordination with the Marketing Department to leverage Google Adwords.

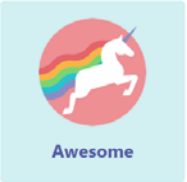
Recruitment and retention are core areas of focus for the next fiscal year, regular Recruitment Strategy Calls will continue, and we anticipate more enhancements to our recruitment program in the coming year.

EMPLOYEE RECOGNITION

YouKickAss! Our employee recognition program was relaunched with the summer 2021 reopening and was integrated into Microsoft Teams using the Praise App. All employees can now recognize a colleague publicly or privately for a job well done and all nominations are entered into a monthly draw for a \$100 dollar prize.

Greg Waskul sent praise to

Mawardi Abdi



Mawardi did an awesome job on a super busy checkout day - thanks!

SUPERVISORY DEVELOPMENT

The Summer reopening also gave us the opportunity to conduct our Supervisory Development. We provided training on 11 different management and leadership topics over 3 days on-line via Teams. A total of 14 supervisors participated. Sessions were recorded and they are available to reference and are accessible to new supervisors.

| | Active staff | Staff on leave |
|-----------------------------|--------------|----------------|
| Pre-pandemic | 327 | 2 |
| At lowest point in pandemic | 35 | 210 |
| As of March 31, 2021 | 94 | 35 |
| As of March 31, 2021 | 107 | 3 |

Length of Service Recognition

20 YEARS

TERRY FIRLOTTE
Restaurant Manager, HI Lake Louise - Bill Peyto’s Cafe

15 YEARS

ANTHONY BROOK
Business Development Manager, Regional Office

GREG WASKUL
Hostel Manager, HI Edmonton

JENNY HUANG
Accounting Assistant, Regional Office

AARON POIRIER
Director of Human Resources, Regional Office

10 YEARS

KEN WOOD
Hostel Manager, HI Rampart Creek Wilderness Hostel

RICHARD BOURNEUF
Assistant General Manager, HI Lake Louise

New Employees & People on the Move

JULIUS VAN WYK • Chief Executive Officer HI C PM Region

MADELEINE THOMAS • General Manager, HI Jasper

CECILE LEVASSEUR • Assistant General Manager, HI Jasper

SHAE-LYNN EASTGAARD • Hostel Manager, HI Nordegg

YOSHIAKI KANEDA • Housekeeping Supervisor, HI Whistler

DAPHNEE ALLIETTE LAUZON • Café Supervisor, HI Whistler



Staff Spotlight: Tejasvi Arneja

MANAGER IN TRAINING HI WHISTLER

Tejasvi Arneja started working with HI Whistler last year. His past experiences include working at hotels in India, USA and Canada. He has developed and grown in his career at HI Canada and looks forward to keep meeting new people from across the world and absorbing all the knowledge.



Employee Life at HI Vancouver Jericho Beach

BY TEJASVI ARNEJA

This year, as I was planning to move to Vancouver from Ontario, I found an open position at the HI Vancouver Jericho Beach hostel. The website endorsed that they could provide housing for employees with all the amenities, and that is perfect for anyone who is moving into a new city. I applied online for the Night Auditor position, and after a couple of interviews, I was selected for the same. I packed my bags and arrived at the hostel, to experience one of the most enjoyable moments of my life. Here, in this article, I share with you, my experience as an employee living on site at HI Vancouver Jericho Beach.

HI Vancouver Jericho Beach is a part of Hostelling International, the world’s largest hostelling network. The hostel is set up in a historical building dating back to the World War II. The entire Jericho Beach Park area has a rich history and the hostel is itself a memoir from the past.

After WWI, the colonial government saw potential in the land around the Jericho Beach. They built a small airstrip in 1920 and established the Jericho Beach Air Station. The sailing club, youth hostel, and arts center currently onsite are housed in the old buildings from the military base. The army barracks were converted into the Jericho Youth Hostel, a military gym is now the home of the Jericho Arts Centre, and the base became the Jericho Sailing Centre. Today, the hostel has the capacity to provide warm hospitality to over 200 guests each night.

Each employee is given a private pod with four bunk beds, a

study table, chair, 4 lockers and a closet. These bunk beds are the reminder of the past. The fact that the building is cemented, it keeps it nice and cold, during the summer time. With plenty of space and natural light in each pod, it is perfect to spend the day reading books or a lazy afternoon scrolling through Instagram reels by connecting to the free high speed internet.

The kitchen in the hostel is a place for friends and family, a place where memories are homemade and seasoned with love. A fully equipped kitchen with over 20 cooktop burners, coffee maker, microwave, oven, toaster, griller, blender and every imaginable kitchenware is perfect to cook any meal. Some employees borrow recipe books from the mini library at the hostel and are often seen experimenting.

Employees are often seen cooking meals together and learning ethnic food recipes from each other. Another amenity provided to the employees is the complimentary use of the laundry machines. The staff, living in-house, can get fresh towels, linen, iron and hairdryer for free, from the front desk anytime.

Located west of Kitsilano and almost adjacent to Locarno Beach, Jericho is without a doubt one of Vancouver’s most beautiful seaside locations. The beach at Jericho is always busy in the summer, but especially in mid-July when it’s the venue for Vancouver’s very popular Folk Music Festival. Jericho Beach is one of a number of beautiful sandy beaches lining the southern shores of English Bay in Vancouver. The sand seems to extend

forever, especially at low tide, making the surroundings of the hostel perfect to enjoy after shifts or during off days.

The hostel offers free bike rentals to its employees. The biking trail follows along the water, from Spanish Banks to the west, to Kitsilano and beyond to the east, are excellent and highly recommended. It's flat the whole way, so it's great for all ages year-round. In the summer there are lots of places to cool off in the water, plus the odd refreshment stand selling ice creams and drinks.

The best thing about living in a hostel, is the fact that one meets several travellers from all across the world. Making friends in a new city is never a problem for anyone working at the hostel. On rainy days the staff is seen enjoying a game of table soccer at the entertainment zone in the hostel. One can never get bored with hundreds of films to choose from and watch in the cinema room. There are several games to play with friends at the hostel, employees often invite their buddies on Sunday afternoons after a hearty meal at the attached café, and enjoy these amenities.

Working at HI Vancouver Jericho Beach, I enjoyed the peace and solace at a beautiful location in the city. It is indeed an experience that I highly recommend for anyone who wants to visit Vancouver, or move here for good!





Our Members

Membership Update

As we neared the end of Fiscal 2022, and travel started to show signs of recovery, our membership revenue showed a moderate improvement compared to the previous year. This can be attributed directly to more people starting to plan travel and staying in the hostels that were open. An additional \$32,404 in membership revenue was generated compared to the previous fiscal year.

We have continued to keep in touch with our local and national member discount partners, to ensure that when travel fully resumes, our members will be able to benefit from the discounts that are still on offer. In 2023, we look ahead to adding more value to membership as businesses start to reopen and are open to offering deals for our members once again.

Ongoing support was offered to our membership with regular updates on our hostel network. This included an extension of the promotion where we gave new and renewing members an extra six months on their membership expiry.

There is much optimism **as we look ahead in 2023** for members. With travel recovery, a new digital membership, and a platform for members to manage their membership, we see a much more positive outlook for membership moving forward.



Member Discounts

As part of the [Bed and Bike campaign](#), we wanted to strengthen the offering our members had for bike rental and tour discounts throughout the Banff and Jasper National parks.

This was achieved through working with current partners and connecting with new ones. As a result, we now have bike partners in the following locations.

BANFF, Banff Cycle and Snowtips Bactrax

CANMORE, Gear Up Mountain Sports and Rentals

KANANASKIS, Kananaskis Outfitters

LAKE LOUISE, Wilson Mountain Sports

JASPER, Vicious Cycle

We see these partnerships as a critical piece in both attracting new members and encouraging cyclists to use our hostels as part of their trip.

A full list of the partners and descriptions can be found on the [Bed and Bike](#) landing page.

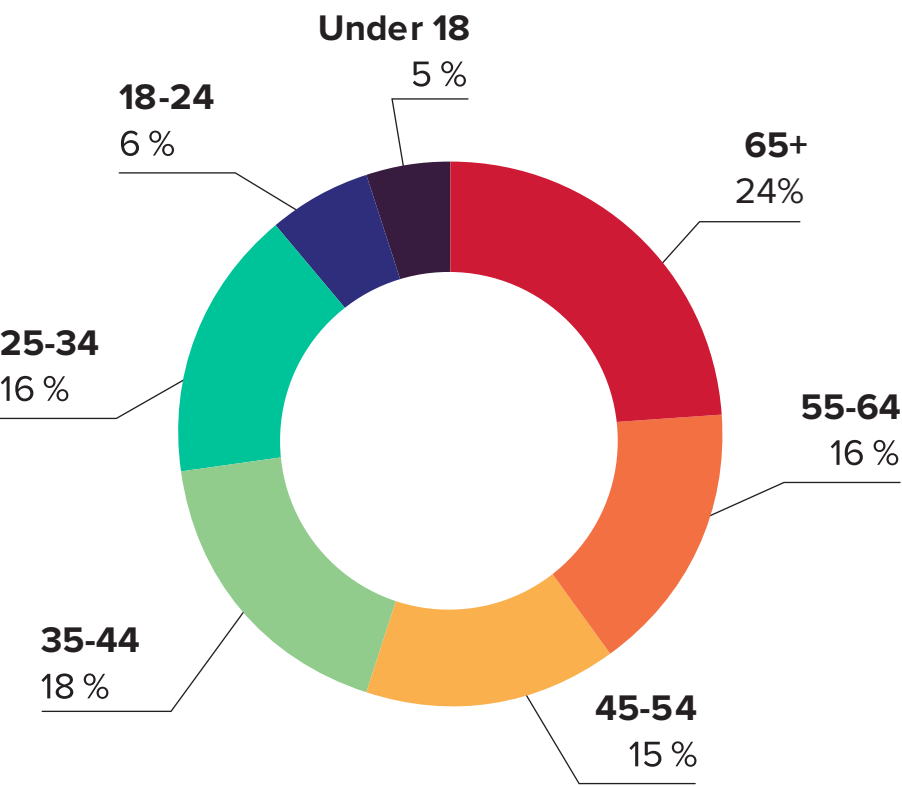
hihostels.ca/bedandbike

Our Members in Numbers

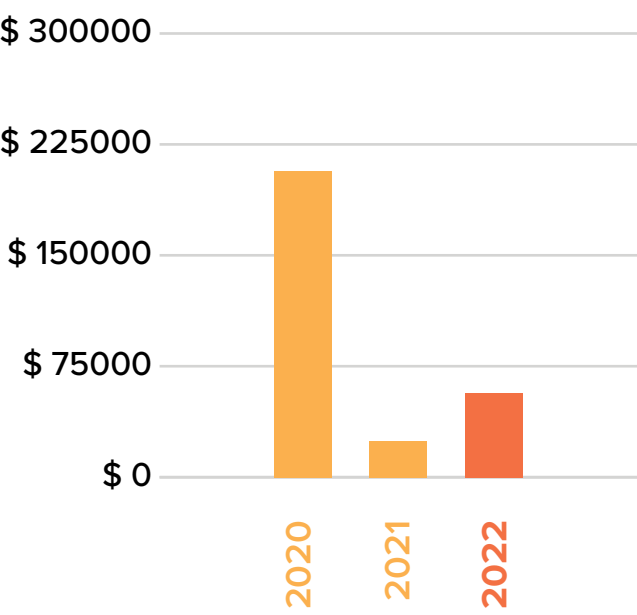
MEMBERS BY TYPE

| | 2020 | 2021 | 2022 |
|----------|--------|--------|-------|
| Adult | 4,346 | 1,542 | 1,129 |
| Lifetime | 8,059 | 8,131 | 8,171 |
| Group | 107 | 66 | 55 |
| Junior | 769 | 647 | 572 |
| TOTAL | 13,281 | 10,386 | 9927 |

AGE DEMOGRAPHICS



MEMBERSHIP REVENUE





Partner Spotlight

International Experience Canada (IEC) is a Government of Canada initiative that provides young Canadians the opportunity to travel and work abroad. IEC is available in countries that have a bilateral youth mobility agreement with Canada.

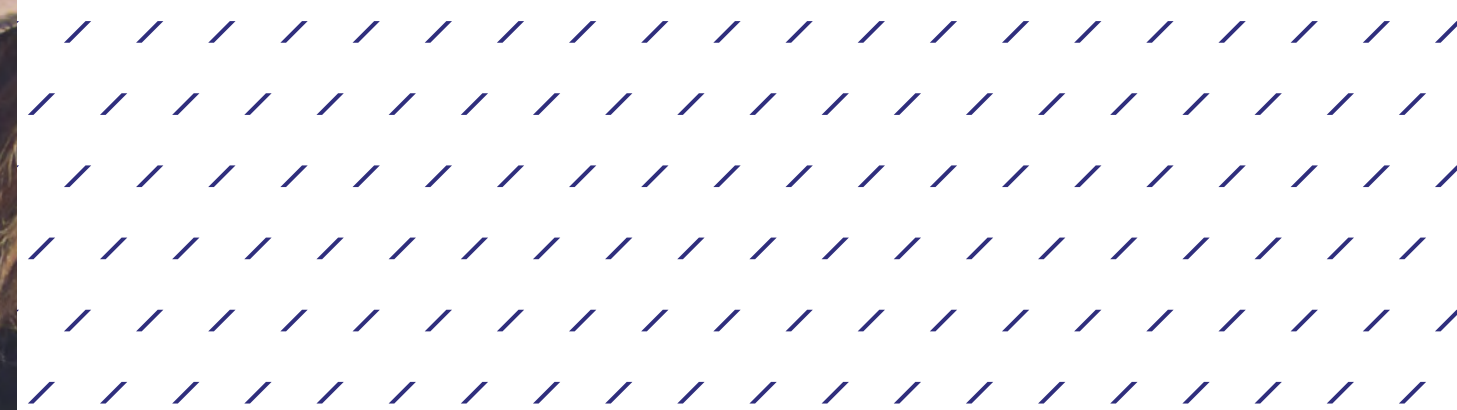
IEC is a reciprocal program and also provides young individuals the opportunity to travel and work in Canada.

With a mutual interest in encouraging youth to travel, HI Canada has, over the years developed a strong relationship with IEC.

HI Canada positions itself as an expert in hostelling and provides an important service for young people planning a working holiday in Canada or in other parts of the world where there are HI / YHA hostels. As a provider of safe and affordable accommodation, our hostels are recognized as an excellent base from which travellers can start their working holiday adventure.

The pandemic led to most Working Holiday programs to either being massively scaled back, or in most cases cancelled. During this time, we continued to nurture this relationship and support IEC where possible, particularly with sharing their news through our social networks and newsletter.

We know that youth travel has a tradition of rebounding from adversity relatively quickly and we plan to work with IEC in partnership activities that support and accentuate this recovery.



Marketing Report

Marketing Recovery

As we all know, the COVID-19 pandemic has been the most significant disruption to global travel and tourism in the history of the industry. The prolonged and pronounced impacts of COVID-19 has changed travel patterns and preferences and some of these changes could be permanent.

With close to two years of COVID-19 behind us, a number of factors have defined our marketing focus:

- Travellers continue to seek out opportunities to explore closer to home in Fiscal Year 2021 - 2022. HIC PM Region marketing efforts remained very focused on the regional and domestic market. This is highlighted by its [Bed & Bike campaign](#), influencer partnerships, hostel package promotions and Rent-A-Hostel programs.
- With more domestic travellers, HI Canada emphasized small groups and family units travelling



Website and Online Performance

After the devastating effects of the pandemic that began March 2020, page views and users dropped 66% and 64% respectively between April 2020 – March 31, 2021. Fiscal Year 2022 demonstrated a marked improvement over the previous year’s declines. Between the period of April 1, 2021 to March 31, 2022, page views rose to 1.5 million, a 48% increase over the previous period and approximately half of Fiscal Year 2020, prior to the pandemic.

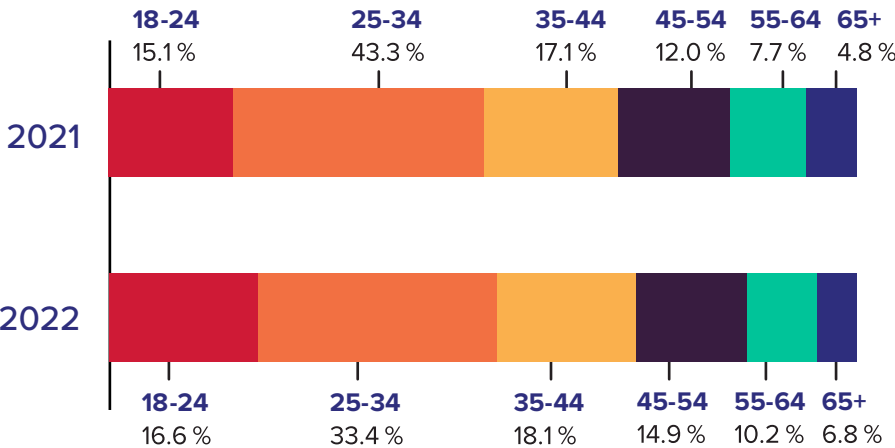
Similarly, website unique users rose 53% to 575,101 from the previous year. However, it still only represents just over half of the unique visitors to the website during an average pre-pandemic year.

SEARCH

The top 5 landing pages and search terms for hihostels.ca are represented by 5 key destinations in Canada. Jasper, Vancouver and Banff top the list, followed closely by Lake Louise and Toronto.

AGE

While still the largest age cohort in terms of unique website users at 32%, the 25 to 34 age group showed the smallest rebound this Fiscal Year compared to other cohorts. This slower than desired return is not surprising in light of Canada’s closed border until September 2021. The 25 to 34 age cohort are most often young, international backpackers and working holidaymakers from Europe, the UK and Australia. In addition, COVID introduced working holiday visa requirements made entry into Canada more challenging, thereby limiting new IEC candidates into the country.



Magazine & E-newsletter

HI Canada’s magazine features up to five new original articles each month that promote destinations across Canada as well as the thoughts, stories and viewpoints of hostellers. Each month, new content is shared via our e-newsletter and on social media.

As we moved out of the pandemic, stories and articles were focused on the return to travel, specifically within Canada.

SUBSCRIBER PURGE

This year, 14,132 subscribers were removed from our travel stories e-newsletter who initially subscribed at least a year ago but who have not opened any of the past 20 campaigns they’ve been sent. Purging inactive subscribers resulted in a 50% drop in total subscribers, however the open rate increased as a result of a higher quality subscriber base.

HI CANADA MAGAZINE AT A GLANCE

Page views: 177,875 **(+50%)**

Traffic from Facebook: 7,405 **(-57%)**

Traffic from newsletter: 14,253 **(+11%)**

Newsletter subscribers: 19,187 **(-37%)**

TOP 5 COUNTRIES

- Canada
- France
- United States



Campaign Spotlight: Bed & Bike

HI Canada applied and received \$30,000 from Travel Alberta in funding for an HI Canada Bed and Bike promotional campaign. HI partnered with [six bike rental operators](#) in the Rockies to promote cycling as an affordable, sustainable, and efficient way to explore the Rockies. HIC PM Region’s goal with this campaign was to raise the profile of road and mountain biking while reducing the crowds and stresses on the roads and parking areas throughout the parks, and to choose accommodations that have a minimal environmental impact.

The Bed & Bike campaign enhanced existing and new partnerships between HI Canada and bike rental companies in popular destinations. We planned an integrated marketing campaign using social media, print and digital advertising, influencer marketing, production of short videos and sponsored content. The Bed & Bike campaign directed potential travellers to a dedicated landing page hosted on [HI Canada’s website](#). The landing page directed traffic either to our booking engine or to the bike shops for rentals.

HIC PM Region spent a total of \$29,565 on these initiatives.

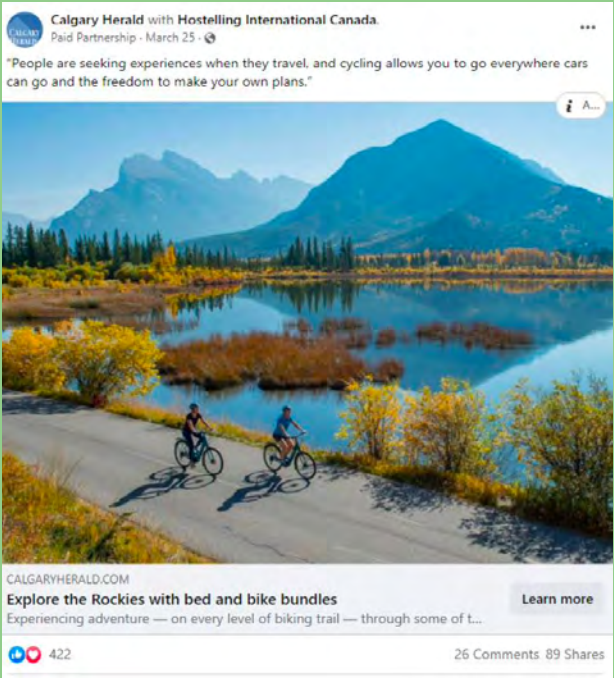
The Bed & Bike campaign generated nearly 4,000 direct page views on our website, including 814 page views of bike route articles written specifically for the campaign.

We had strong results through sponsored content on third party sites – specifically

Narcity (2500 views) and Calgary Herald (591,509 impressions, 13,380 views). Sponsored content on sites like these allow us to directly reach new markets and promote the HI network.

The campaign generated nearly \$60,000 in direct reservations as of March 31, 2022. We expect many more guests to use our hostels on future cycling trips, especially in the next year or two, as a result of this campaign.

HIC PM Region’s Bed and Bike campaign aimed to create stronger and long-term partnerships with local businesses in the Rockies and generate assets that will support future growth of this important market in Alberta.



This article is by [HI Canada](#)

[Eat Play Stay Alberta](#)

Sponsored: Get off the beaten path and discover the Canadian Rockies by bike

Choose your own adventure with HI Canada’s bed and bike bundles this spring

Barb Livingstone • Postmedia Content Works
Mar 23, 2022 • March 28, 2022 • 2 minute read



HI Banff Alpine Centre. SUPPLIED BY HI CANADA

Experiencing adventure — on every level of biking trail — through some of the most spectacular scenery in the world. Bedding down comfortably and affordably amidst nature. Being active, getting exercise and meeting fellow travellers, all on your own timetable while avoiding stressful road traffic.

[Read more](#)



Social Media

As the world slowly eased back into travel, HI Canada’s social media platforms shifted back into curating inspiring and relatable content for our followers, with a strong focus on domestic travel. In the April 2021 to March 2022 period, we have seen a slow but steady growth in both followers and engagement on HI Canada’s social channels.



Hostelling International Canada
Published by Jamie Sterling · July 8, 2021 ·

Biased? Never! 😊

BEST COUNTRIES TO TRAVEL TO:


- 10. You can't
- 9. label
- 8. any country
- 7. as the "best"
- 6. because
- 5. they are
- 4. all wonderful
- 3. in their
- 2. own way
- 1. Canada

87,396
People reached

4,832
Engagements

↑ +62.3x higher
Distribution score

Boost post

 1.1K

31 Comments 243 Shares

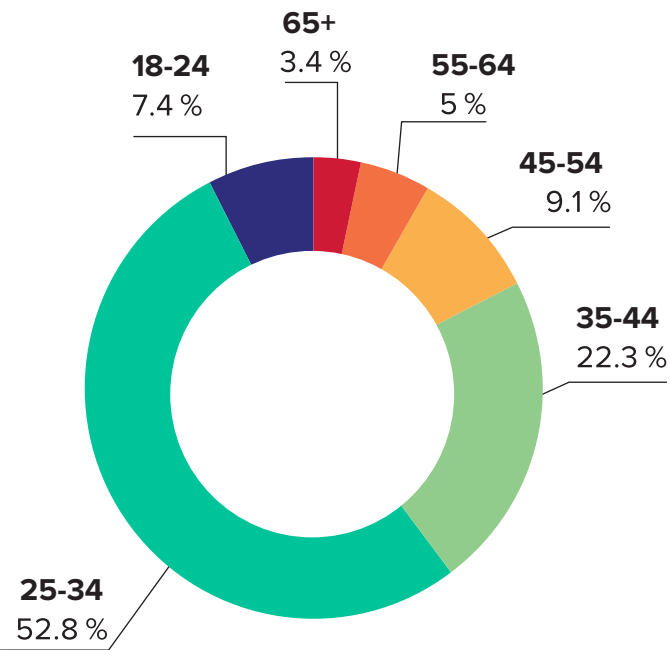
TOP 5 COUNTRIES

- Canada
- United States
- Mexico
- France
- United Kingdom

FACEBOOK PERFORMANCE AT A GLANCE

Average new followers per month: 122 **(+61%)**
Average interactions per month: 7,799 **(+22%)**
Average reach per month: 171,186 **(+62%)**

FACEBOOK FOLLOWERS AT A GLANCE



Governance Report

This past year has continued to be challenging for the HIC PM Region because of the COVID-19 pandemic. For 2022, the Board has continued to monitor operational performance in accordance with the approved monitoring schedule, but we have had to remain flexible while the pandemic continues to have an impact on achievement of the ends in the Region. This year, HIC PM Region remained focused on maintaining the financial integrity of the Association by balancing long-term lease agreements in urban hostels with (limited) openings of resort hostels for regional travellers. This shift made meeting our Ends, as outlined in our policy handbook, difficult but kept the organization in good financial standing.

In October, the Board of Directors was able to have its first in-person meeting since 2020. The return to in-person meetings allowed for more in-depth board education sessions that were previously limited due to the virtual setting. At our first in-person meeting, the Board of Directors had the opportunity to tour the HI Vancouver Jericho Beach hostel and become more familiar with that property. The Board continues to tour properties as part of in-person meetings.

As we look ahead, the governance committee will review our Ends to incorporate the expansion of our operating region and work to ensure opportunities for members to connect with us.

Krystal Kehoe

Chair, Governance Committee





Ownership Linkage

Our association operates under a model of governance where it is important for the Board to engage with our members to seek feedback on major changes to the foundational elements of what we seek to deliver as an association. Members who take the time to engage with the Board in such activities are called Owners. While Owners do not, in a legal sense, “own” a share in the association, they are moral owners on the basis upon which the association is built.

During the pandemic, we have not been able to host in-person events and this was again the case in 2021-2022. The Board was fully engaged in the extensive process of hiring a new CEO following the retirement of our previous CEO at the start of the pandemic. We were guided in this important work by previous feedback from Owners and our Ends statements. With our new CEO starting in this role on April 1, 2022, we feel we will be well positioned for recovery as we emerge from the pandemic.

We were able to host a successful 2021 Annual General Meeting virtually and appreciate everyone who attended this event for their engagement. We look forward to holding a member meet up virtually at the start of the 2022 summer and look forward to what we expect will be an in-person Annual General meeting in Calgary on September 11. Further engagement through surveys and other methods is anticipated as we move into 2023.



Financials

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

INDEPENDENT AUDITOR'S REPORT

To the Directors of True North Hostelling Association (Operating as Hostelling International - Canada - Pacific Mountain Region).

OUR OPINION

We have audited the accompanying combined financial statements of True North Hostelling Association (Operating as Hostelling International – Canada – Pacific Mountain Region) (the “Entity”), which comprise:

- the combined statement of financial position as at March 31, 2022
- the combined statement of operations for the year then ended
- the combined statement of changes net assets for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial

position of the Entity as at March 31, 2022 and its combined results of operations and its combined cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “*Auditors’ Responsibilities for the Audit of the Financial Statements*” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the

audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants
VANCOUVER, CANADA, JULY 12, 2022




COMBINED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | \$ | \$ |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 6,409,562 | 16,600,920 |
| Investments at fair value (note 3) | 10,530,726 | — |
| Accounts and other receivables | 812,161 | 413,387 |
| Inventory | 70,059 | 86,168 |
| Prepaid expenses | 260,077 | 216,175 |
| | 18,082,585 | 17,316,650 |
| Capital assets (note 4) | 31,084,290 | 32,039,632 |
| | 49,166,875 | 49,356,282 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (note 5) | 917,626 | 761,399 |
| Unearned revenue and deposits | 366,972 | 288,328 |
| Loans payable (notes 6) | 1,007,160 | 970,883 |
| | 2,291,758 | 2,020,610 |
| Deferred contributions (note 7) | 75,395 | 75,455 |
| Deferred capital contributions (note 8) | 587,824 | 639,852 |
| Loans payable (note 6) | 7,717,745 | 8,707,904 |
| | 10,672,722 | 11,443,821 |
| NET ASSETS | 38,494,153 | 37,912,461 |
| Commitments and contingencies (note 9) | — | — |
| Subsequent event (note 14) | — | — |
| | 49,166,875 | 49,356,282 |

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

Approved by the Board of Directors


John Harrop – Director


Victoria Oppenlander – Director

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022, WITH COMPARATIVE INFORMATION FOR 2021

| | 2022 | 2021 |
|--|-------------------|---------------------|
| | \$ | \$ |
| Revenue | | |
| Overnights | 4,498,190 | 1,729,808 |
| Membership | 57,116 | 24,712 |
| Other, including food, beverage and merchandise | 4,448,247 | 3,310,707 |
| | 9,003,553 | 5,065,227 |
| Expenses | | |
| Hostels | 5,733,780 | 3,134,229 |
| Administration | 1,253,139 | 1,018,239 |
| Amortization of capital assets | 1,827,241 | 2,065,031 |
| | 8,814,160 | 6,217,499 |
| Excess (deficiency) before the undernoted | (189,393) | (1,152,272) |
| Other (income) expenses: | | |
| Interest income | (61,079) | (5,700) |
| Interest expenses | 333,505 | 334,175 |
| Loss on non-recurring items | 16,040 | 44,802 |
| (Gain) loss on disposal capital assets | (5,105) | (11,087,056) |
| | 283,361 | (10,713,779) |
| Excess of revenue over expenses | (93,968) | 9,561,507 |
| Net assets - Beginning of year | 37,912,461 | 28,350,954 |
| HI Canada - Atlantic Region (note 1) | 675,660 | — |
| Net assets - End of year | 38,494,153 | 37,912,461 |

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

| | 2022 | 2021 |
|--|---------------------|-------------------|
| | \$ | \$ |
| CASH PROVIDED BY (USED IN) | | |
| Operations | | |
| Excess of revenue over expenses | (93,968) | 9,561,507 |
| Items not involving cash: | | |
| • Amortization of capital assets | 1,827,241 | 2,065,031 |
| • Amortization of deferred capital contributions | (52,028) | (53,448) |
| • Deferred contributions used | (60) | (25,906) |
| • (Gain) loss on sale of capital assets | (5,105) | (11,087,056) |
| • Forgiveness of loan (note 5) | (16,957) | (6,957) |
| • Loss on fair value adjustment on investments held at fair value (note 1 (b)(i) and note 3) | 5,338 | — |
| | 1,664,461 | 453,171 |
| Changes in non-cash operating working capital | | |
| Accounts receivable | (366,854) | 32,255 |
| Inventory | 16,109 | 13,018 |
| Prepaid expenses | (40,742) | 116,346 |
| Accounts payable and accrued liabilities | 125,486 | (586,417) |
| Unearned revenue and deposits | 71,907 | (135,074) |
| | 1,470,367 | (106,701) |
| Financing | | |
| Proceeds from loan issuance | 13,913 | 27,826 |
| Deferred contributions received | — | 56,318 |
| Repayment of loans payable | (990,838) | (559,111) |
| | (976,925) | (474,967) |
| Investments | | |
| Cash and cash equivalents - HIC Atlantic Region (note 1) | 106,326 | — |
| Change in investments | — | 1,157,987 |
| Decrease in restricted cash | — | 5,000 |
| Purchase of capital assets | (315,174) | (254,000) |
| Proceeds on sale of capital assets | 5,608 | 14,501,176 |
| Proceeds on redemption of investments at fair value (note 1 (b)(i) and note 3) | 4,046,164 | — |
| Purchase of investments | (14,527,724) | — |
| | (10,684,800) | 15,410,163 |
| Increase (decrease) in cash and cash equivalents | (10,191,358) | 14,828,495 |
| Cash and cash equivalents - Beginning of year | 16,600,920 | 1,772,425 |
| Cash and cash equivalents - End of year | 6,409,562 | 16,600,920 |

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

1. OPERATIONS

The True North Hostelling Association (Operating as 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, to 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 had an investment in the 1025 Granville Street Trust (the “Trust”), which is not a tax-exempt entity. However, its beneficiary, the Canadian Hostelling Association - British Columbia Region, to which the Trust allocates its income, is a tax-exempt entity. The Trust was dissolved in December 2021. On July 14, 2021, there was a merger the operations of Hostelling International - Canada - Atlantic Region with the True North Hostelling Association (Operating as Hostelling International - Canada - Pacific Mountain Region). As a result, the Hostelling International - Canada - Atlantic Region will be reported as a part of the Association’s combined financial statement from the date of the merger of the operations. The capital assets of Hostelling International – Canada - Atlantic Region continue to be owned by this entity. The following table summarizes the assets and liabilities of Hostelling International - Canada - Atlantic Region as at July 14, 2021 that have been combined as a part of Association’s combined financial statement:

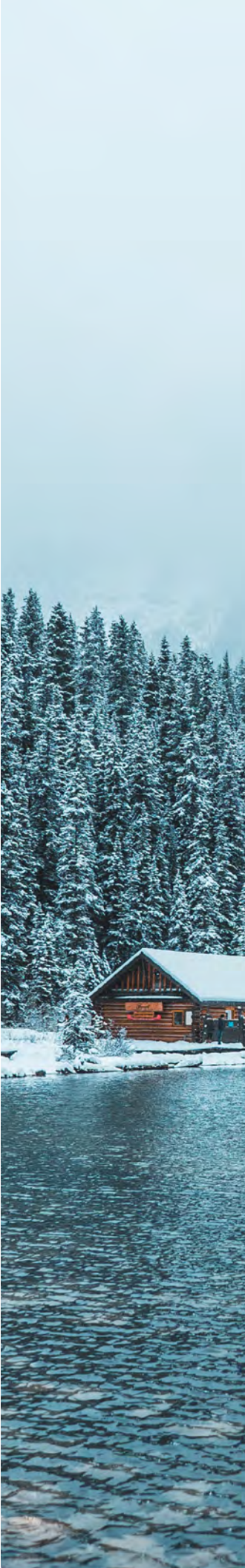
| | |
|---|----------------|
| Cash and cash equivalents | 106,326 |
| Accounts receivables | 31,920 |
| Short-term Investments at fair value (b(i) and b(ii)) | 54,504 |
| Prepaid expenses | 3,160 |
| Capital assets | 557,228 |
| | 753,138 |
| Less: liability assumed: | |
| • Accounts payable and accrued liabilities (a) | 30,741 |
| • Loans payable (c) | 40,000 |
| • Unearned revenue and deposit (a) | 6,737 |
| | 675,660 |

Summary for cash flow purposes:

(a) The above working capital balances arise as a result of merger of Hostelling International - Canada - Atlantic Region with the Association as at July 14, 2021. These opening balances are considered to be non-cash and accordingly adjusted in the cash flow statement under “changes in non-cash operating working capital” under the respective financial statement caption.

(b) Short-term investments:

(i) This balance is comprised of term deposits of \$25,000. These term deposits have matured during the year.





(ii) The balance is comprised of \$29,504 invested in Canadian equities fund. Included in non-recurring expenses is \$5,338 in unrealized loss (2021 - nil) related to the fair value adjustment. This has been adjusted under “items not involving cash” under cash flow statement.

(c) This balance pertains to an amount received in \$40,000 from the Government of Canada in relation to the Canadian Emergency Business Account (“CEBA”), which was intended to provide capital to organizations to assist during COVID-19 during the year ended March 31, 2021. An amount of \$30,000 has been repaid in full during the year and forgivable portion of the loan of \$10,000 (2021 - nil) is recognized under other, including food, beverage and merchandise revenue.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These combined financial statements of the Association are prepared by management 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, the Canadian Hostelling Association - Prairie Region Inc. and the Hostelling International - Canada - Atlantic Region (from July 14, 2021 to March 31, 2022). 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 (“LLAC” or “CAC joint venture”), 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 these combined financial statements (note 13).

These combined financial statements are prepared for the Board of Directors of Hostelling International - Canada solely for their information purposes. As a result, the combined financial statements may not be suitable for another purpose. The businesses included in these combined financial statements have not operated as a single entity. These combined financial statements are; therefore, not necessarily indicative of results that would have occurred if the businesses had operated as a single business during the year presented or of future results of the combined businesses. Transactions between the entities, balances and unrealized gains/losses on transactions between the entities are eliminated in these combined financial statements.

(b) Investments

Short-term investments consist of guaranteed investment certificates, term deposits, and mutual funds that 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.

(c) Inventory

Inventory consist of food, beverages and other supplies and is measured at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method and includes the price of purchase and related taxes. Inventory are written down to its net realizable value when the cost of inventory is not estimated to be recoverable due to obsolescence, damage or declining selling prices.

(d) Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long-term service potential to the Association. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost. Capital assets are amortized on a declining balance basis over their estimated useful lives as follows:

| ASSET | RATE |
|---|-----------|
| • Buildings and building lease improvements | 5% |
| • Automobiles | 30% |
| • Computer equipment and software | 30% - 50% |
| • Furniture and equipment | 20% |

Buildings consist of the hostel located on federal lands whereby the Association has license of occupancy for a term ending in 2028 and does not expect any renewal issue. Therefore, the Association amortizes the building over the estimated useful life instead of the underlying land license. The Association reviews its property annually, and if the remaining useful life is determined to be shorter, will adjust the amortization prospectively.

Leasehold improvements are amortized on a declining balance basis over the shorter of their useful lives or the term of the lease. The building under construction is amortized once it is available for use.

(f) Revenue recognition

The Association follows the deferral method of accounting for contributions. Unrestricted contributions, including government grants, are recorded as revenue when received or receivable if the amounts can be estimated and collection is reasonably assured. Other unrestricted revenue, including revenue from hostel operations, is reported as revenue at the time the services are provided or the products are delivered. Investment income is recognized as revenue when it is earned. Externally restricted contributions are reported as revenue when the restrictions imposed by the contributors on the use of the monies are satisfied as follows:

(i) Non-capital contributions for specific purposes are recognized as revenue in the year in which the related expense is incurred.

- (ii) Contributions of or for the purchase of capital assets having a limited life are recognized as revenue on the same basis as the amortization expense related to the capital asset purchased. Where the capital asset involved is land to be held for use by the Association, the contribution is reported as a direct increase in net assets rather than as revenue.
- (iii) Some of the contributions received by the Association are restricted for certain activities without the contributor specifying which portion is to be used to acquire capital assets. These contributions are recognized as revenue when spent for the particular purpose covered by the restriction, regardless of the fact that some of the expenses may relate to the purchase of capital assets.

Volunteers contribute a significant amount of time each year to assist the Association in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these combined financial statements.

(g) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Measurement uncertainty

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 combined financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

3. INVESTMENTS AT FAIR VALUE

| | MATURITY | INTEREST RATE | 2022 | 2021 |
|--|-------------------------|---------------|---------------------|------|
| RBC: | | | \$ | \$ |
| Term deposit (note 6) | April 2022 | Prime - 2% | \$10,506,560 | — |
| Aligned Capital Partners Inc
Canadian equities fund | Cashable upon
demand | — | \$24,166 | — |
| | | | \$10,530,726 | — |

Included in non-recurring expenses is \$5,338 in unrealized loss (2021 - nil) related to the fair value adjustment.

4. CAPITAL ASSETS

| | COST | ACCUMULATED
AMORTIZATION | NET BOOK
VALUE | NET BOOK
VALUE |
|--|---------------------|-----------------------------|---------------------|---------------------|
| | | | 2021 | 2022 |
| | \$ | \$ | \$ | \$ |
| Land | 4,549,987 | — | 4,549,987 | 4,311,031 |
| Buildings and leasehold
improvements | 45,834,064 | 20,216,113 | 25,617,951 | 26,703,838 |
| Automobiles | 138,413 | 134,875 | 3,538 | — |
| Computer equipment and
software | 1,464,527 | 1,301,232 | 163,295 | 184,879 |
| Furniture and equipment | 57,069,575 | 4,342,796 | 739,788 | 830,153 |
| | \$57,069,575 | \$25,995,016 | \$31,074,559 | \$32,029,901 |
| Hostel development planning
and assets under construction | 9,731 | — | 9,731 | 9,731 |
| | \$57,079,306 | \$25,995,016 | \$31,084,290 | \$32,039,362 |

5. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are government remittances payable of \$73,292 (2021 - \$32,329) relating to goods and services tax, tourism levies and Workers' Compensation Board.

6. LOANS PAYABLE AND CREDIT FACILITIES

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Whistler mortgage (c) | 2,167,037 | 2,585,172 |
| BC Region term loan (d) | 363,042 | 527,746 |
| Jasper mortgagee (e) | 6,167,000 | 6,545,000 |
| LLAC Canadian Emergency Business Account (f) | 27,826 | 20,869 |
| Balance - End of year | 8,724,905 | 9,678,787 |
| Less: current portion | 1,007,160 | 970,883 |
| | 7,717,745 | 8,707,904 |

(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. As at March 31, 2022, the Association has not utilized this facility.

(b) The Association's joint venture with the CAC has a revolving line of credit of \$100,000, bearing interest at prime rate plus 1.00% per annum. As at March 31, 2022, the joint venture has not utilized this facility.

(c) This mortgage includes two term loans that were obtained to finance the acquisition of the Whistler property. These loans with blended monthly payments of \$42,174 bear interest at 3.58% and 3.76%, respectively, maturing in January 1, 2027 and November 1, 2025.

(d) The term loan for BC Region (formerly 1025 Granville Street Trust) bears interest at 3.76% per annum, with blended monthly payments of \$15,153, maturing in November 1, 2023.

(e) The swap loan for New Jasper bears swap rate of 2.12% for 15 years plus stamping fee of 1.41%, maturing on December 29, 2034.

(f) LLAC applied for and received \$60,000 from the Government of Canada in relation to the Canadian Emergency Business Account ("CEBA"), which was intended to provide capital to organizations to assist during COVID-19. LLAC received an amount in \$40,000 during the year ended March 31, 2021 and the balance \$20,000 has been received during the year ended March 31, 2022. The loan is unsecured and bears no interest to December 31, 2023. If the loan is repaid by December 31, 2023, \$20,000 of

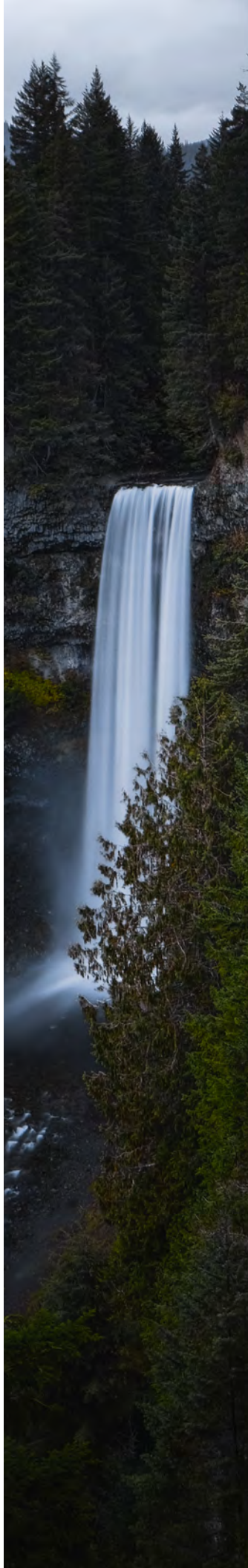
the loan will be forgiven. If the loan is not repaid by December 31, 2023, the loan will bear interest at 5% per annum, with interest payments being payable until the full principal is repaid, with the loan maturing on December 31, 2025. The forgivable portion of the loan of \$10,000 (2021 - \$10,000) is recognized against hostel expenses in the standalone statements of LLAC. The Association accounts for 69.57% of the values for the purpose of its combined statements. Hence the forgivable portion recognized against the hostel expenses in the Association's combined statements is \$6,957 (2021 - \$6,597) and the loan outstanding as at March 31, 2022 is \$27,826 (2021 - \$20,869).

The above three loans noted in (c), (d) and (e) 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 Whistler Hostel and Downtown Hostel showing the bank as a first mortgagee;
- (iv) a collateral mortgage in full amount constituting a first fixed charge on the lands and improvements on the above three hostels and cash collateral assigning term deposits of \$5,000,000.

The above three loans noted in (c), (d) and (e) are subject to certain restrictive financial and non-financial covenants. As at March 31, 2022, the Association was in compliance with these covenants. 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:

| | \$ |
|-------------------|------------------|
| 2023 | 1,007,160 |
| 2024 | 1,067,007 |
| 2025 | 907,848 |
| 2026 | 933,127 |
| 2027 | 744,763 |
| Thereafter | 4,065,000 |
| | 8,724,905 |



7. DEFERRED CONTRIBUTIONS

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$ | \$ |
| Balance - Beginning of year | 75,455 | 45,043 |
| Contributions received during the year | – | 56,318 |
| Contributions utilized for capital projects during the year) | (60) | (25,906) |
| Balance - End of year | 75,395 | 75,455 |

8. DEFERRED CAPITAL CONTRIBUTIONS

| | 2022 | 2021 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Balance - Beginning of year | 639,852 | 693,300 |
| Amortization during the year | (52,028) | (53,448) |
| Balance - End of year | 587,824 | 639,852 |

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:

| | \$ |
|-------------------|----------------|
| 2023 | 70,893 |
| 2024 | 6,552 |
| 2025 | 6,552 |
| 2026 | 6,552 |
| Thereafter | 10,854 |
| | 101,403 |

(b) National levy

The Association pays a levy to Hostelling International Canada based on membership sales and overnights recorded for the last completed fiscal year. The Association paid \$273,838 (2021 - \$137,172) in respect of the levy and is recorded in hostel expenses.

(c) Litigation

From time to time, in connection with its operations, the Association is named as the 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. RELATED PARTY TRANSACTION

During the year, the Association provided management services for \$78,750 (2021 - \$78,750) to the CAC joint venture. These transactions have been measured at the exchange amount as agreed to by the related parties and are in the normal course of operations. The Association's proportionate share of the management services fee provided to the CAC joint venture has been eliminated in the preparation of these combined financial statements.

11. GOVERNMENT ASSISTANCE

(a) The Association recorded Canada Emergency Wage Subsidy ("CEWS") in the amount of \$1,452,965 (2021 - \$2,338,018) during the year ended March 31, 2022. This subsidy is recorded as a reduction to salaries and benefit expenses in the statement of operations and changes in net assets. Of the above \$194,935, (2021 - \$243,007) remains outstanding as at March 31, 2022 as a part of accounts receivable. These amounts have been received subsequently.

(b) The Association also recognized government contributions related to Canada Emergency Rent Subsidy ("CERS") of \$342,620 (2021 - \$292,287), which are included under revenue in the statement of operations and changes in net assets. Of the above \$117,824, (2021 - \$59,228) remains outstanding as at March 31, 2022 as a part of accounts receivable. These amounts have been received subsequently.

12. FINANCIAL RISKS

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to its accounts receivable. The Association continuously reviews the financial situation of its members. The Association establishes allowances for doubtful accounts while keeping in mind the specific credit risk of clients, their historic tendencies and economic situation.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed

to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Association to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The Association does not use derivative financial instruments to alter the effects of this risk.

(c) Currency risk:

The Association realizes some of its revenues and purchases in foreign currencies. Consequently, it is exposed to fluctuations of these currencies. As at March 31, 2022, assets include a cash balance of \$141,886 (2021 - \$142,390) in US dollars. There has been no change to the risk exposures from the prior year.

13. 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:

| | 2022 | 2021 |
|---|----------------------------|----------------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | 874,956 | 732,649 |
| Capital assets | 1,897,117 | 1,981,621 |
| | 2,772,073 | 2,714,270 |
| Liabilities and Net Assets | | |
| Accounts payable and other current liabilities | 145,260 | 100,848 |
| Loans payable | 27,826 | 20,869 |
| Deferred contributions | 251,919 | 265,178 |
| Net assets | 2,347,068 | 2,327,375 |
| | 2,772,073 | 2,714,270 |
| Revenue | 1,263,039 | 634,222 |
| Excess (deficiency) of revenue over expenses | 12,737 | (53,780) |
| Cash flows provided by operating | 169,374 | 50,161 |
| Cash flows used in financing | 13,913 | (354,807) |
| Cash flows used in investing | (27,772) | (107,444) |

14. SUBSEQUENT EVENT

Subsequent to year-end, the Association listed its Regina hostel for sale for a value in excess of its carrying value. The Association has not reclassified the asset as held for sale as a formal plan of sale did not exist at March 31, 2022.



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

Hostelling International Canada

Pacific Mountain Region

300-761 Cardero Street, Vancouver, BC V6G 2G3
604.684.7111 | hihostels.ca



British Columbia

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

Nova Scotia

- HI Halifax
- HI Wentworth



Affiliate Hostels

Alberta

- HI Canmore

British Columbia

- HI Cumberland, Riding Fool Hostel
- HI Fernie, Raging Elk Adventure Lodging
- HI Nanaimo, Painted Turtle Guesthouse
- HI Nelson, Dancing Bear Inn
- HI RED Mountain, Nowhere Special
- HI Shuswap Lake, Squilax General Store
- HI Squamish, Adventure Inn
- HI Tofino, Whalers on the Point Guesthouse

Manitoba

- HI Rossburn, 9 Finger Ranch

Québec

- HI La Malbaie, Auberge de jeunesse La Malbaie
- HI Québec, Auberge internationale de Québec
- HI Rivière-du-Loup, Auberge internationale de Rivière-du-Loup

Newfoundland and Labrador

- HI Bonavista
- HI St John's

Prince Edward Island

- HI Charlottetown, Backpackers Inn

