



2023 ANNUAL REPORT

HOSTELLING INTERNATIONAL CANADA

Pacific Mountain Region





Table of Contents

Letter from the CEO	3
Letter from the Chair.....	4
Meet the Board	5
Association Update.....	6
Our People	12
Our Members.....	15
Marketing Report.....	18
Governance Report.....	22
Ownership Linkage.....	23
Financials	24



Letter from the CEO

After navigating two and a half challenging years marked by the disruptions of the COVID-19 pandemic, I am proud to announce that HI Canada Pacific Mountain Region (HIC PM Region) has not only weathered the storm but has emerged strong. The past years demanded unwavering resilience, adaptability, and innovation, and I am inspired by the collective efforts that have brought us to this point. After seeing overnights drop to a mere tenth of normal levels during the first year of the pandemic, it is rewarding to report that our overnight revenue has experienced a sooner than expected rebound, reaching 81% of pre-pandemic levels. This achievement underscores the dedication and commitment of our entire team, and I am excited about the promising path that lies ahead for us.

The 2023 Fiscal Year marked a return to more normal operations. Most of the hostels that were leased out to health authorities or social service organisations during the pandemic started to come back under the operations of HIC PM Region. HI Vancouver Downtown Vancouver's lease to BC Housing expired March 31st, 2022. Since taking the hostel back, the hostel has undergone substantial renovations; all in an effort to improve upon the guest experience and renew the hostel's important role of introducing travellers to Canada and to our network of hostels.

The lease between HI Halifax and the Northern Health Community ended December 31, 2022 and the HI Victoria's lease with BC Housing continues until December 31st, 2023. Both HI Halifax and HI Victoria will undergo renovations. The Association looks forward to reopening both of these hostels in 2024.

In March 2023, the Membership was presented with the proposed amalgamation of HI Canada and HIC PM Region. The successful vote approved the amalgamation, and this amalgamation came into effect on April 1st, 2023. Given the long-standing collaboration between HI Canada and HIC PM Region,

this amalgamation represents a formal step to unify our efforts within a single organization. By amalgamating, we aim to enhance efficiency and construct a budget-friendly hostel network, underscoring our commitment to affordability and growth.

As I conclude my inaugural year as CEO of HIC PM Region, I extend my gratitude to the Board of Directors and our dedicated staff who shape the essence of this Association. Throughout this year, my emphasis has been on guiding the organization in the aftermath of the pandemic, working towards operational excellence, and revitalizing overnight stay numbers that were impacted during the pandemic. As an integral part of the Youth Hostelling Federation, our core objectives encompass expanding our network, directing capital towards existing hostels to address deferred maintenance, elevating the guest experience while upholding affordability, and fostering partnerships within our operating communities.

This year, I witnessed the Association's incredible adaptability and determination to overcome obstacles, setting a foundation for greater growth and stability. The future looks bright.

Julius van Wyk

*Chief Executive Officer,
HI Canada – Pacific Mountain Region*



Letter from the Chair

Fiscal 2023 was a year of significant activity for HIC PM Region. On the operational front, we stepped beyond the challenges of the pandemic, allowing us to focus on the road ahead. It was gratifying to see our hostels reopen and welcome members and travellers excited to explore what Canada and its people have to offer. A sincere thanks go to our staff and management for their steadfast commitment over these past years and their dedication to ensuring guest safety during the COVID-19 pandemic.

The HIC PM Region Board of Directors also had a busy 12 months. Our main effort was collaborating with the HI Canada board to transition from separate regional entities to a single national organization. Although this report covers the year ending on March 31, 2023, I'm pleased to note that the amalgamation took effect on April 1, 2023.

In our newly merged association, your membership and our commitment to operating a great network of hostels remains unchanged. However, the new structure brings efficiency, a broader Canadian perspective, and promising opportunities. I extend my sincere appreciation to both boards for their hard work over the past year. This community is made up of dedicated volunteers who went above and beyond for the goal of fulfilling HI Canada's mission.

Finally, I'd like to recognize our new CEO, Julius van Wyk, whose first year coincided with these transformative changes. Our financial foundation remains solid, and we eagerly anticipate hosting many travellers in 2023 and 2024. We hope these guests will enjoy their experience of discovering Canada's people, culture, and many beautiful destinations.

A handwritten signature in black ink, appearing to read 'John Harrop'.

John Harrop

*Chair, Board of Directors
HI Canada – Pacific Mountain Region*

Meet the Board



VICTORIA OPPENLANDER, 1st 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.



KRYSTAL KEHOE, 2nd Vice Chair

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.



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.



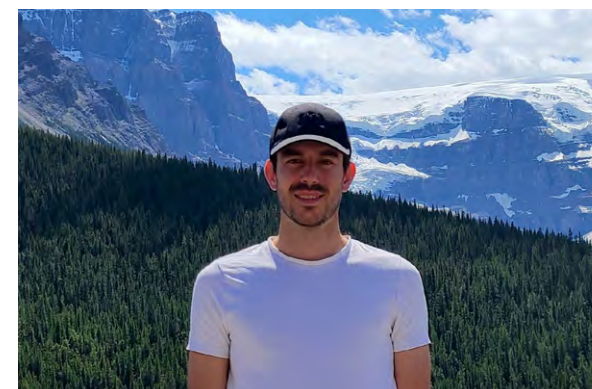
JOHN HARROP, Chair

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.



SHANE KERPAN, Director

Shane's first experience with HI began in 1998 when he took on the role of Hostel Manager at the Kamloops Old Courthouse Hostel. The experience of meeting new people, learning about different cultures and embarking on hostelling himself is one the Shane has always treasured.



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.



LENORE NEUDORF, Director

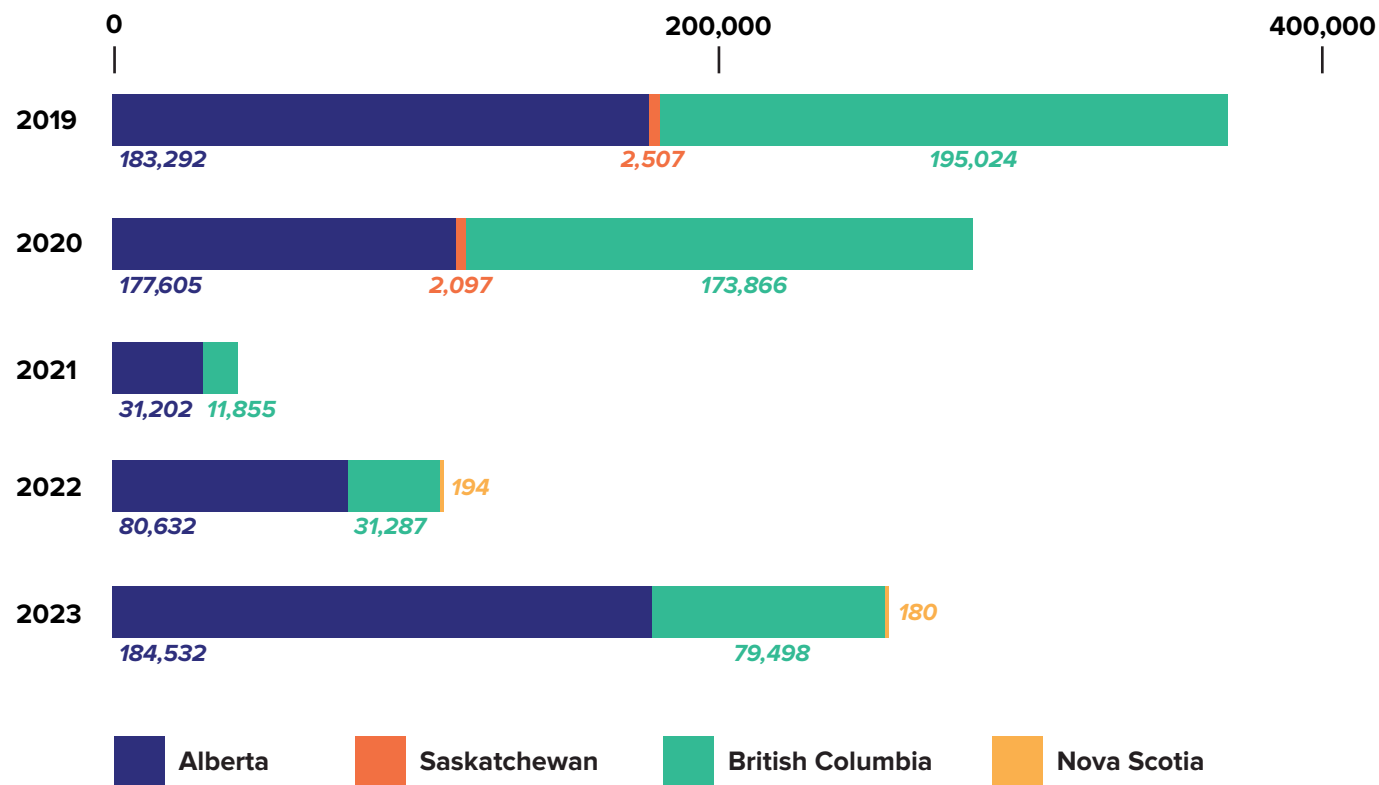
Lenore is passionate about hostelling and the connections and fellowship it provides. As a senior executive and lawyer, she has brought extensive experience to Hostelling International for over 15 years, both regionally and nationally. In her free time, Lenore loves to visit with family and friends and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

Association Update



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.

Overnights Breakdown



	2022	2023
REGIONAL TOTAL	111,843	263,875
AVERAGE OCCUPANCY	16.1%	45.31%



Overnight Performance

Fiscal 2023 marked a strong step towards normalcy in our operational performance after the pandemic challenges of 2020 to 2022. Our collective efforts have paid off, as we've managed to regain momentum and approach levels seen before the pandemic.

HIC PM Region saw a very welcome boost in its overnight performance, experiencing a remarkable 140% increase in overnight stays compared to the previous fiscal year. The number of overnights more than doubled from 107,016 to 263,875. Despite a sluggish start due to the emergence of the Omicron variant in the spring of 2022, the summer surge led the way to growth in overnights.

There were several reasons for the improved performance, with the return

of international travel being the key driver. As the last of travel restrictions eased around the world, international travellers, especially from Europe and the United States were keen to catch up to deferred travel during the pandemic. Many were eager to make up for lost time due to the pandemic, resulting in pent-up demand for vacations and exploration.

Although the overall yearly overnight figures still fall short of pre-pandemic levels, it's important to note that the sale of HI Vancouver Central and the continued closure of HI Vancouver Downtown and HI Victoria, which collectively averaged over 95,000 overnights, conceals the positive growth achieved by the operational hostels when compared to the pre-Covid-19 era.



Who stayed with us?

HI Canada hostels once again welcomed a diverse range of guests from all around the world in fiscal year 2023, showcasing a positive shift in guest demographics compared to the previous year. While Canadians constituted the majority of guests during the pandemic, with 75% of overnights by Canadians in fiscal year 2022, this figure dropped to 47% between April 1, 2022 to March 31, 2023. This indicates that 53% of HI Canada guests came from outside the country, signifying a much needed return of inbound international travellers to Canada.

Among the top international guests, Germany led the way, with visitors from England, the United States, Australia, and France rounding out the top five. Australian guests, in particular, demonstrated a hopeful resurgence. Prior to the pandemic, Australian accounted for 25,000 overnights to HIC PM Region. However, in 2020/2021, this number dwindled to just 1,200. In a promising turn, HI Canada hostels saw the return of Australian backpackers, hosting over 12,000 of them in the fiscal year.

However, some traditionally strong markets like Japan and Korea, as well as China, remained notably absent from HI Canada hostels, reflecting a broader industry trend. Despite this, the increase in international guests and the return of Australian travelers indicate a positive shift in HI Canada’s guest composition, contributing to the organization’s continued recovery and global appeal.

	2020-21	2021-22	2022-23
Alberta	49%	46%	46%
BC	24%	19%	19%
Ontario	12%	15%	15%
Quebec	11%	15%	15%
Atlantic Region	1%	2%	2%
Saskatchewan	2%	1%	1%
Manitoba	1%	0%	0%



Financial Summary

The much-needed and anticipated rebound in tourism and hospitality after the devastating impacts of the pandemic translated into an exceptional financial performance for HIC PM Region in fiscal year 2023.

After a net operating loss of \$93,968 in fiscal year 2022, the financial turnaround one year later demonstrates the region's success in seizing opportunities, continuing resilience and adaptability. In fiscal year 2023, HIC PM Region saw an impressive 96.77% increase in revenue to \$17,716,437 – up from \$9,003,553 in 2022. This robust revenue growth translated into a net operating surplus of \$2,660,280, a historic high for the association and a remarkable achievement after several challenging years. Factoring in interest revenue and capital gains, HIC PM Region's excess revenue over expenses totals \$3,004,506 for fiscal year 2023.

The resurgence in travel demand, particularly evident in the Canadian Rockies, was a key driver to HIC PM Region's success. This growth was most notable at HI Banff Alpine Centre. This flagship hostel generated an impressive revenue stream of over \$2.8 million, resulting in a net surplus of \$1.25 million, surpassing its last record performance in fiscal year 2017. This level of performance by HI Banff Alpine Centre and several other hostels enables HIC PM Region to reinvest in its facilities and expand its network.

The region's ADR climbed to \$44.79, a substantial 6.5% increase from \$42.03 in the previous fiscal year and a remarkable 29% surge from \$34.55 merely five years earlier. The upward trend in ADR as well as RevPau or revenue per available unit are all markers of strong market demand. Only time will tell if this level of appetite for travel can continue despite rising costs and signs of a global slowdown.

HIC PM Region's Food & Beverage operations are another financial highlight for the Association. F&B and Merchandise revenue increased by 130% in fiscal year 2023. The bulk of this revenue is generated by the Food & Beverage operations at HI Jasper, HI Banff, HI Whistler, and HI

Lake Louise. Most notably, HI Lake Louise's Bill Peyto's Café is the true standout for the region, with an operating revenue of \$1.75 million, from \$850,957 compared to the prior year.

The successful financial performance of the Association, driven by strong overnight performance and F&B operations is especially noteworthy due to the significant decline in Other Operating Revenue - primarily attributed to a 69% decrease in lease revenue compared to the previous fiscal year. This drop in lease revenue, from \$2,651,500 in fiscal year 2022 to \$827,176 in 2023, can be attributed to the termination of several lease agreements during the pandemic. Both HI Calgary and HI Edmonton resumed normal hostel operations this fiscal year, welcoming guests once again after the pandemic. HI Vancouver Downtown's lease agreement with BC Housing also ended this year and is undergoing exciting renovations for a reopening in the summer of 2023.

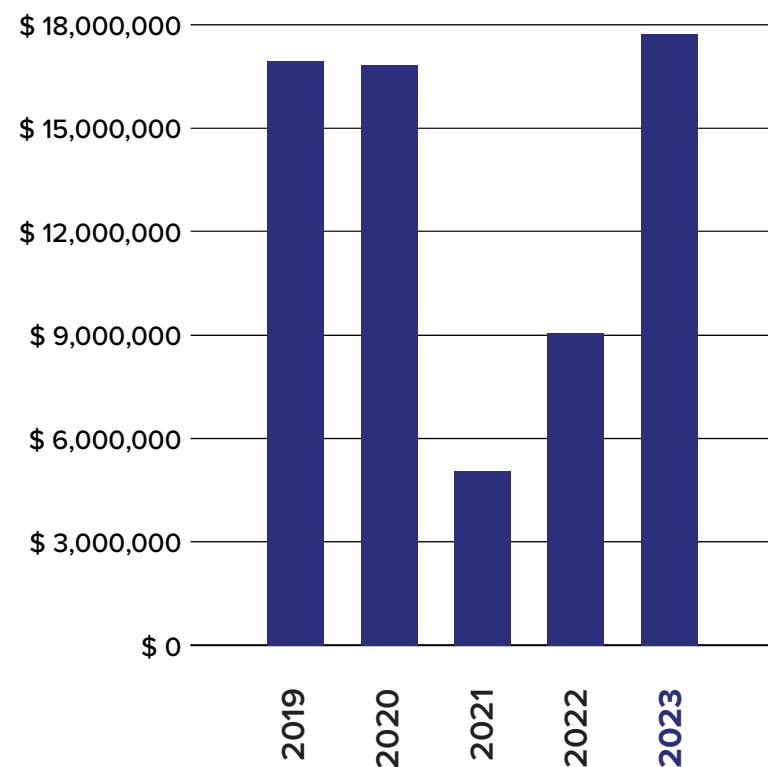
As recorded in the [Combined Statement of Cash Flows](#), the Cash and Cash Equivalents at the end of the fiscal year were \$3,290,882. This is lower than the \$6,409,562 recorded last year due to \$16,000,000 in investments, which are not recognized as Cash or Cash Equivalents and are described in Note 3 of the audited financial statements. The sum of the value of the investments and Cash and Cash Equivalents on March 31, 2023 is \$19,312,325. These assets ensure that the Association will remain viable and provides capital to further expand our network of hostels in top destinations in Canada. All Excess of Revenue over Expenses is re-invested into the operations and development of the Association.

At the end of the fiscal year, the Loans Payable including current portion totaled \$7,608,905 compared to \$8,724,905 last year, which is reduction of \$1,116,000. The financing for the development of HI Jasper in 2019 continues to represent the largest loan with an outstanding mortgage of \$5,775,000 as of March 31, 2023. \$5,775,000 as of March 31, 2023.

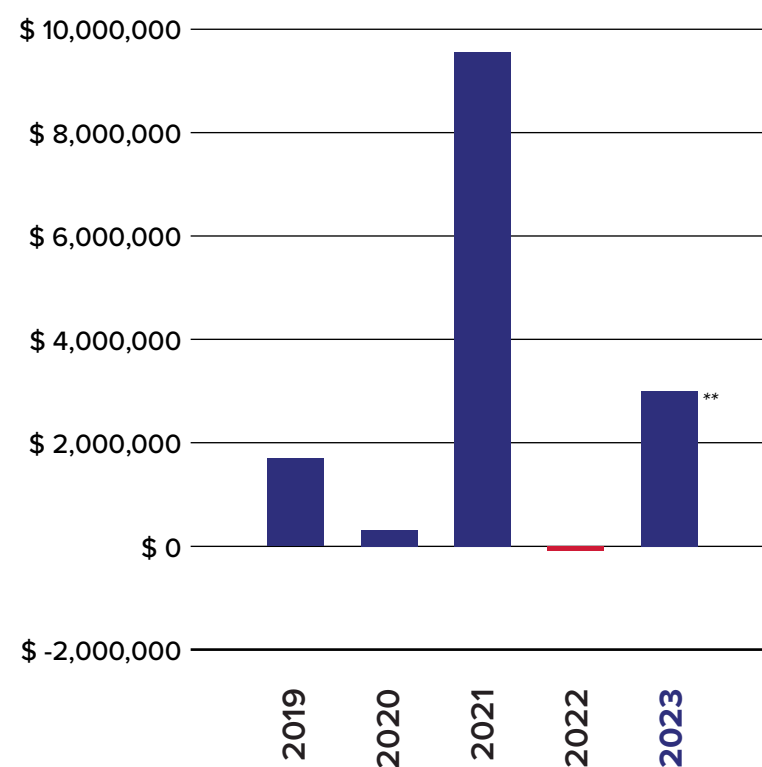


Total Operating Revenue and Net Surplus/Deficit

TOTAL OPERATING REVENUE



NET SURPLUS/NET DEFICIT



**Figure due to sale of HI Regina and HI Vancouver Central

Financial Highlights

Strong overnight performance was the key driver to HIC PM Region's success this fiscal year. This was especially true for the resort hostels and in Vancouver. Year over year improvements in net surplus / net deficit results are as follows:

HI Banff Alpine Centre + \$984,720

HI Jasper + \$251,555

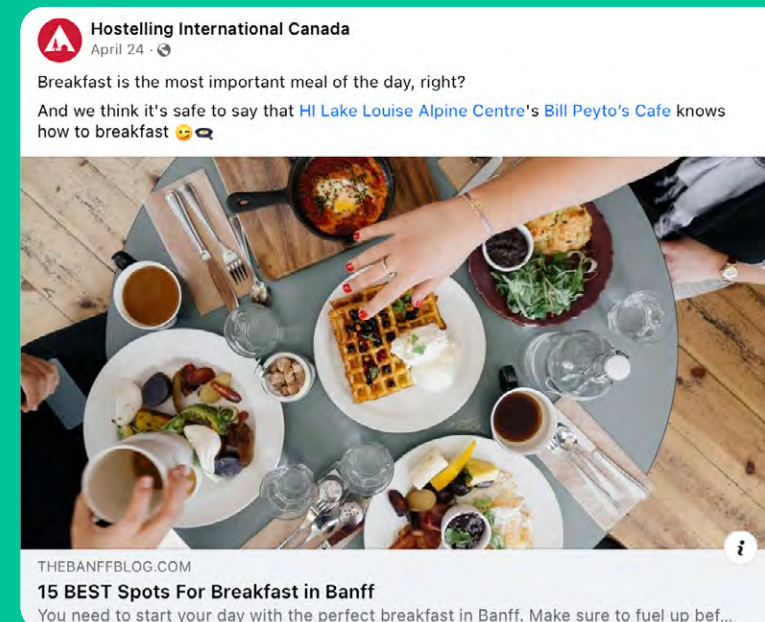
HI Lake Louise + \$407,184

HI Vancouver Jericho Beach + \$783,231

HI Whistler + \$527,224

BILL PEYTO'S CAFE

Bill Peyto's Cafe deserves a special highlight for its standout performance this fiscal year. Generating over \$1.75 million in operating revenue and a net surplus of \$488,392, Bill Peyto's Cafe is a key driver to HIC PM Region's operating success this year. Congratulations to the hardworking team members at Bill Peyto's.





Hostel Spotlight: HI Athabasca Falls Wilderness Hostel

When it comes to the Canadian Rockies, Jasper National Park has it all: scenic drives, picturesque landscapes, and an abundance of wildlife – just to name a few. Tucked away amidst the towering mountains is HI Athabasca Falls Wilderness Hostel, sitting just a few minutes away from the waterfall it was named after.

We sat down with Manager Jeff Sasseville, who has called HI Athabasca Falls his home for a decade. Read on for insider tips on Jasper, hiking recommendations, stories from the wilderness, and an explanation of why this lodge is like heaven on earth.

YOU'RE LIVING AND WORKING BESIDE ATHABASCA FALLS IN JASPER NATIONAL PARK. THAT'S A PRETTY BIG BUCKET LIST DESTINATION.

JEFF: Yeah! I've had people tell me these are the prettiest mountains they've ever seen. I've had people come here who have visited Patagonia and told me Jasper was just as pretty. I myself had always overlooked the Rockies but it's pretty authentic I have to say. I've been here at the hostel for 10 years now. It's so wild. Jasper National Park is more than 11,000 square kilometres and really once you get off the road, there's nothing but hiking trails. It's really pretty pristine which is cool.

WHO STAYS THERE? WHERE ARE THE VISITORS COMING FROM?

JEFF: In the summertime, it's really international so I have people from Europe, North America, South America, and Asia. The interesting thing about here is that the summer is quite busy. This place is 50 years old and it's got some hidden memories of people coming through here down through the years. The travellers who come through here are so nice. One of the trends right now is female travellers. I'll get a group of travellers from Europe coming through and I know it's a dream for them to come over here. They put a lot into this! It's so neat to see people stay and everything is fine, relaxed, and you know special memories are being created. The memorable thing about the guests who come in here is how much they want to be here. It's really special to them—and serious too. A lot of effort goes into this!

[Read the full interview](#)



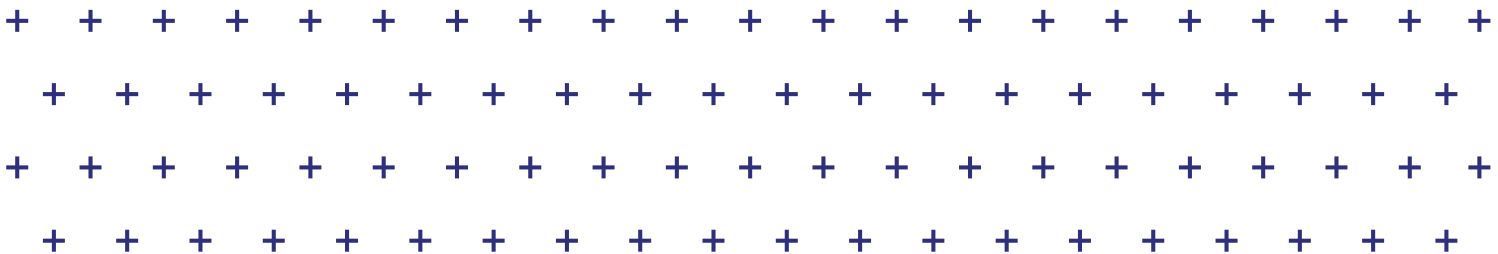
Hostel Highlights

HI CANADA WILDERNESS HOSTELS

Ten charming wilderness hostels are nestled amidst the majestic Rocky Mountains, spanning across Banff, Jasper, and Yoho National Parks, along with the picturesque Kananaskis Country.

HI Castle Mountain, HI Kananaskis, and HI Yoho National Park offer a balance of modern comforts and natural surroundings for those new to the experience.

For a more rugged experience, HI Athabasca Falls, HI Maligne Canyon, HI Mosquito Creek, and HI Rampart Creek provide an off-grid adventure with alternative energy, and no running water, but offer well-equipped kitchens and cozy sleeping quarters.





Affiliate Highlight

HI QUÉBEC, AUBERGE INTERNATIONALE DE QUÉBEC

HI Québec, Auberge internationale de Québec is nestled within the historic walls and fortifications of Old Québec. Located within walking distance of iconic landmarks such as the Château Frontenac, museums, shopping areas, and vibrant nightlife, the hostel is a gateway for travellers seeking an authentic experience in the heart of this culturally rich city.

With an impressive 266 beds, HI Québec proudly holds the title of the largest hostel in Canada. Their commitment to inclusivity is reflected in the large range of affordable accommodation and shared spaces available. They offer a wide selection of shared and private rooms, a self-service kitchen equipped with modern amenities, and an on-site meeting room.

The hostel boasts a café-bistro, as well as a private terrace offering a tranquil retreat within the bustling heart of Old Québec. The historic building also ensures that each room is unique, allowing guests to discover the distinct character within the walls of the hostel.

WELCOMING TRAVELLERS FROM ACROSS THE GLOBE

Over the past decade, HI Québec has proudly welcomed 250,000+ travellers from 130+ different countries, fostering a global community within the walls of the hostel.

CULTURAL EXPLORATION AND COMMUNITY ENGAGEMENT

The hostel location is a perfect stepping off point to explore and learn about the vibrant history of Old Québec. The hostel facilitates daily free activities, including pub crawls, walking tours, and day trips to Montmorency Falls.



Our People

RECRUITMENT

The weekly recruitment strategy calls implemented in August 2021 have continued. New strategies implemented this year included:

- Reports have been generated and distributed around historic turnover and as a result properties have been more adequately staffed
- Planning for mid-season vacancies
- The Employee Referral Program was updated and relaunched
- Newly created position, called Recruitment MIT, was piloted at select properties to test a focused attention to recruitment
- Team from HI Whistler attended in-person recruitment fairs
- We strengthened our partnership with Indeed, launching a hashtag sponsored campaign that resulted in an increase in applications and yielded a significant improvement as all candidates applied directly through our career site simplifying recruitment efforts for hostel teams.

A MODERN ONBOARDING PROCESS

We partnered with ClearCompany to improve and automate our onboarding processes simplifying compliance. We now quickly generate and send digital onboarding packets and forms that can

be completed electronically. E-signature approvals are enabled, and task completion is tracked virtually. We can easily customize onboarding packages for new hires with appropriate forms, documentation, and tax withholding information based on their location and role. Internal task assignments to keep onboarding on track are automated.

WE PROVIDE A WARM WELCOME

We provide our new team members with a user-friendly virtual experience. We build new hire trust and maximize their excitement about joining our Association with an easy paperless onboarding experience. We include an overview of their managers and video welcome messages from leaders and our CEO. New employees can complete onboarding virtually within minutes of signing their electronic letter of offer.

WE STREAMLINED ONBOARDING FOR EVERYONE

We created a smooth onboarding experience for our new employees and made it easy for hiring managers, HR, and IT to ensure compliance and complete all internal new hire setup tasks. Our standardized onboarding process facilitated by software ensures that all new employees go through the same set of procedures, ensuring consistent information dissemination, training, and compliance. This helps in maintaining Association culture and conveying crucial information uniformly.

Length of Service Recognition

35 YEARS

VOLKER SCHELHAS

Wilderness Hostel Manager, HI Maligne Canyon

25 YEARS

SHELBEY SY

Director of Marketing, Regional Office

15 YEARS

JAMES UGRAY

Front Desk, HI Banff Alpine Centre

New Employees & People on the Move

CECILE LEVASSEUR • General Manager, HI Jasper

NATHAN JENKINS • Assistant General Manager, HI Jasper

ALFIE MCKENZIE • General Manager, HI Whistler

SAM STEPHENSON • Assistant General Manager, HI Whistler

REMI LAMBEAU • General Manager, HI Banff Alpine Centre

JOSH BUCKINGHAM • Assistant General Manager, HI Banff

Staffing Spotlight

	Active staff	Staff on leave
As of April 1, 2022	107	3
As of March 31, 2023	105	4

SUPERVISORY DEVELOPMENT

In-person supervisory development training returned, with HR Director traveling to HI Banff Alpine Centre and HI Whistler in March to conduct training for 30 managers, assistant managers, supervisors, and managers in training. Topics included Revenue Management, Situational Leadership, Recruitment, Guest Policies and Procedures, Health and Safety, Recruitment, True Colors, Performance Planning, and Discipline.

EMPLOYEE RECOGNITION

YouKickAss! Our employee recognition program continues to be a success running in Microsoft Teams using the Praise App. All employees 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. We receive an average of 5-7 nominations per day from a variety of locations.



Shauna Morey Awesome

Congratulation Shauna for being mentioned in a survey! Our guests really appreciated your hospitality. Thank you!

"Shauna, the house-parent/hostess at Castle was superb in every way. What a blessing she is to all hostlers."

From Remi Lambeau



Zinzan Hancox Leadership

Thankyou, Zinny for making the pathway down to the bus safe for our guests this morning! You're not supposed to be working this morning and you were instantly the first one to jump onto it when I asked someone to do it! You are a strong leader and you're an AWESOME MIT! Thankyou, Zinny!

From Terina Wehi



Employee Spotlight: HI Edmonton Staff

POST-PANDEMIC REOPENING

After being forced to close on March 20, 2020 for more than two years due to the pandemic, we were very happy to welcome back guests to the hostel as of May 19, 2022.

A lot of hard work and effort was needed in bringing the hostel back up to standard after one year from taking back the property from the leasing tenant. Thankfully there were dedicated and loyal staff, who were invaluable in helping to reopen the doors to guests only seven weeks after regaining access to the property on April 1, 2022.

Amazingly we had six previous staff members returning to the HI Edmonton team – Feliam, Amanda, Zeytuna, Fatima; and with a special shout out going to Assistant Manager Freddy Joyal and Maintenance person Daniel Moses, who we couldn't have done it without!

With the uncertainty of occupancy coming off the heels of the “end” of the pandemic, we are pleased to report fiscal 2023 revenue exceeded budget expectations with this continuing and trending into the new months of fiscal 2024.

Greg Waskul

Hostel Manager, HI Edmonton





Our Members

Fiscal 2023 was a significant year for membership in Canada.

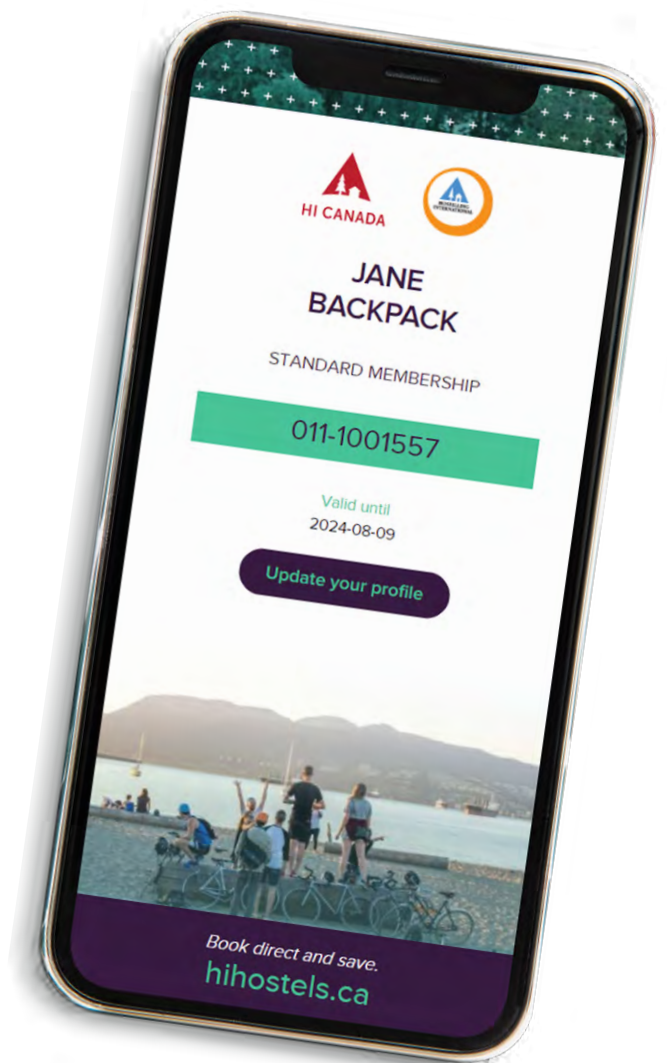
As well as starting to see a rebound in membership numbers following the pandemic, a new Membership CRM (Customer Relationship Management) system was launched to provide members an improved experience and access to a new Digital Membership card.

Although plastic cards are still available to members upon request, as part of our commitment to sustainability the majority of new membership cards issued are now in a digital format.

Since the launch of the new CRM a total of 2700 Digital Memberships have been activated.

The new Membership CRM offers the following features:

- Access their membership card directly on their phone
- Manage and update their profile directly on any device.
- Book HI Canada hostels directly through link on digital membership
- Ability to access digital card when travelling without the need for internet.





Member Discounts

VALLEA LUMINA

HI Members now save 10% on one of the premier tourist attractions in Whistler.

Vallea Lumina offers a captivating multi-media forest adventure that takes you on an enchanted night walk.

The attraction explores a magical forest and follows the footsteps of two long lost hikers and introduces visitors to hidden world of wonder where stardust is said to fall from the sky.

Produced by Moment Factory, a global leader in video, lighting, sound and special effects, Vallea Lumina has become a must-see attraction when visiting Whistler.

hihostels.ca/vallealumina

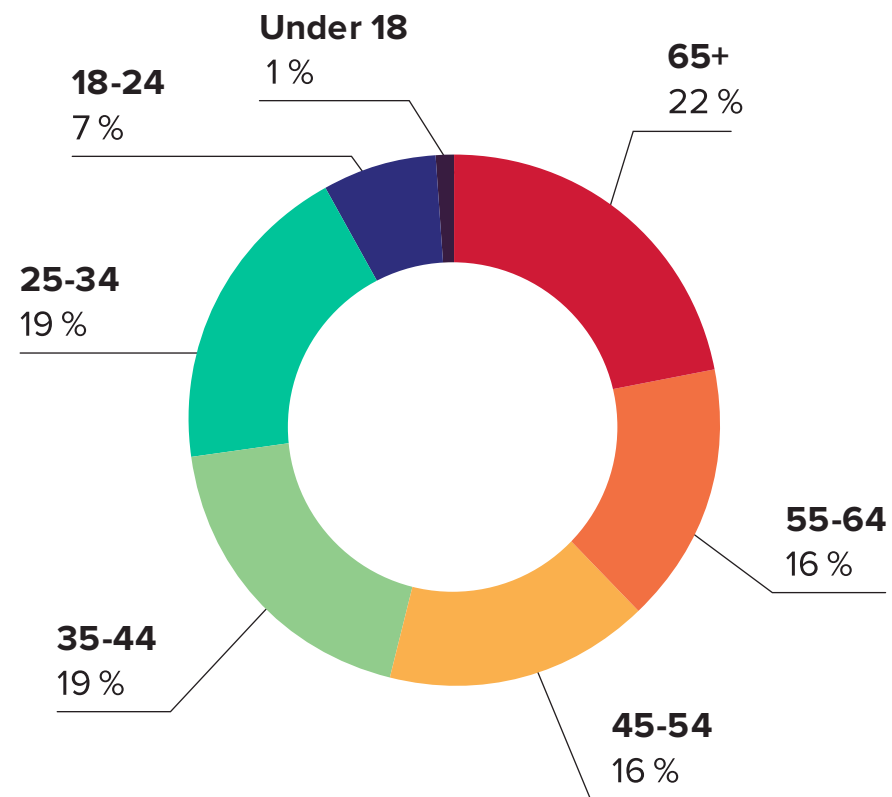
Our Members in Numbers

MEMBERS BY TYPE

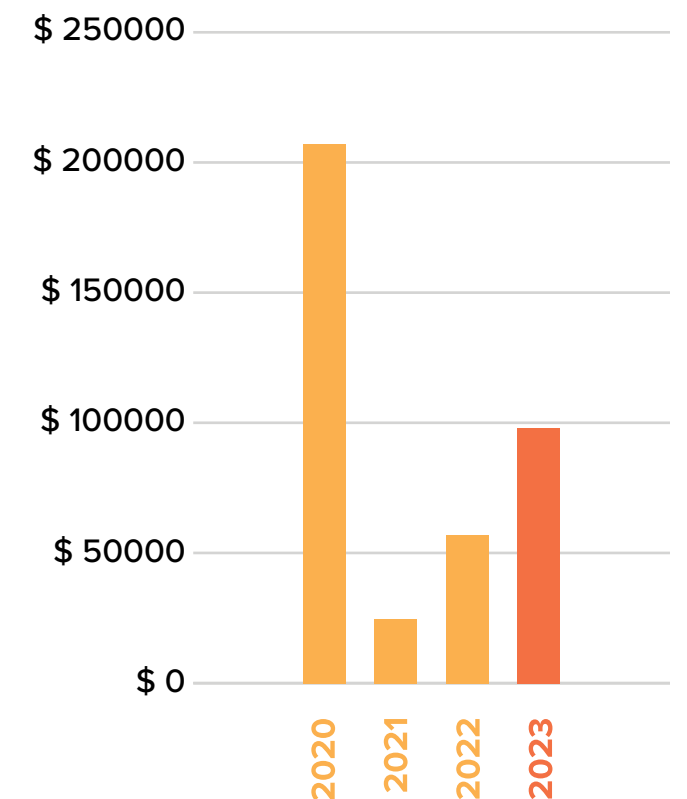
	2020	2021	2022	2023
Adult	4,346	1,542	1,129	3,382
Lifetime	8,059	8,131	8,171	5,553*
Group	107	66	55	65
Junior	76	647	572	471
TOTAL	12,588	10,386	9,927	9,471

*Figure pertains solely to Life Members who have been added to the new CRM system. The decrease from the previous fiscal year, 2022, is attributed to a portion of members lacking email addresses, preventing their inclusion in the CRM.

AGE DEMOGRAPHICS



MEMBERSHIP REVENUE





Partner Spotlight

BOUNCE LUGGAGE STORAGE

This year HI Canada has established a new national partnership with a luggage storage organization called **Bounce**.

HI Members save 15% on storage their luggage worldwide at any Bounce location.

Bounce is the largest luggage storage platform in the world, connecting travellers who want to store their bags for a few hours, days, or more with local businesses in 1,000+ cities around the world. Bounce provides travellers and hostel users the freedom to explore wherever they are.

In addition to offering our members a discount, the other element to the partnership is offering luggage storage to travellers at select hostels. This has been piloted in HI Calgary but will soon be extended to other hostels in the network. As well as earning the hostel extra revenue, it has the additional benefit of introducing travellers to the HI Canada brand. In hostels where we have Food and Beverage, there is also the potential for additional customers in these locations.

hihostels.ca/bounce



Marketing Report

Marketing in the Post-Pandemic Era

In the post-pandemic era, travel marketing and marketing hostels specifically has witnessed a significant, and likely, long-lasting transformation. The global travel landscape has evolved, and HI Canada has adapted its marketing strategies accordingly.

IMPORTANCE OF DOMESTIC AND REGIONAL MARKETS

During the pandemic, with international borders closed and travellers sought the safety and familiarity of staying close to home, we saw the rising importance of catering to regional, domestic markets. HI Canada continues to appeal and service the Canadian travel market by promoting hostels to local adventurers and rediscovering the beauty of our own backyard. Marketing campaigns like the Bed and Bike campaign was aimed to do just that.

SOCIAL INTERACTIONS ARE BACK

With the gradual return to normalcy, we happily say goodbye to social distancing messages in favour of doing what we know best – guest activities and shared experiences. Our marketing has reintroduced traditional marketing content that promotes HI Canada's commitment to providing safe and memorable experiences, connecting travellers from diverse backgrounds and offering shared and social connections with one another.

VIDEO CONTENT IS BEST

Content is king and in 2023, video content is best. HI Canada recognizes this trend has made strategic investments in creating compelling video content to enhance our promotional arsenal. Captivating video content not only help to showcase the unique experiences offered at our hostels but also engage and inspire would-be travellers to visit Canada and our properties across the country.



Website and Online Traffic

During the height of the pandemic, pages views and users dropped to 40% of pre-pandemic levels. Traffic rebounded strongly in 2022 and continued its strong growth into 2023. Between the period of April 1, 2022 to March 31, 2023, page views rose to nearly 2,100,000 - up 37% from the period year and finally returning to near 2019 levels.

Website unique users rose to 679,957, an 18% increase over the previous year. The return to pre-pandemic levels in website traffic is especially positive in light of the loss of key hostel destinations in Toronto, Montreal and Ottawa. These major destinations are not only a big draw for Canada but was also an important source of inbound traffic to hihostels.ca.

DEMOGRAPHIC

The top 5 hostel landing pages generating the most pageviews on hihostels.ca are represented by 5 key destinations in Canada. HI Whistler, HI Banff and HI Lake Louise are at the top of the chart, followed closely by HI Jasper and HI Vancouver Jericho Beach (which was our only hostel open in Vancouver for this period).

Campaign Spotlight: Bed & Bike

In Alberta, our Wilderness hostel product is well suited for domestic tourism catering to the Calgary and Edmonton markets. The Bed and Bike campaign was created as a long-term brand awareness campaign to strengthen our positioning as the #1 destination for bike enthusiasts living in these areas. The aim was to capitalize on our strategic locations along the Icefields Parkway and market our wilderness hostels as relays along the way. In the period of April 2022-March 2023, we created a minute-long video showcasing this bike route: **“Biking the Rockies with HI Canada Hostels”** launched in May 2023 and that, at time of writing, cumulated 80 000 views.

For the fiscal period ending in March 2023 (before the launch of the video), the **Bed and Bike landing page** on hihostels.ca was visited by 1008 users, out of which more than 80% were visiting our website for the first time. This traffic came, in order of importance, from organic search, paid Google Search ads, social media and referrals from bike partners’ websites and news blogs like Postmedia. 65% of sessions were made from Canada, specifically from Alberta in its majority, but also from BC, Quebec and Ontario. The remaining sessions were made from an array of countries, the top 5 being the USA, the UK, India, Australia and France.

[Watch: Biking the Rockies with HI Canada](#)





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.

HI CANADA MAGAZINE AT A GLANCE

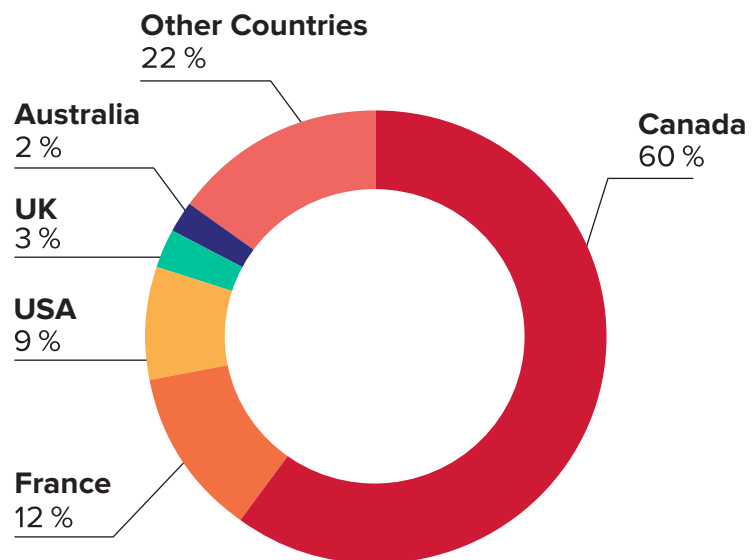
Total readers: 78,084

New readers: 67,403

Magazine page views: 166,257 (-3%)

Newsletter subscribers: 20,533 (+15%)

READERSHIP BY COUNTRY



TOP PERFORMING ARTICLE OF 2022

- 8 Vancouver hikes you can get to without a car
- Why is maple syrup such a big deal in Canada?
- 22 Free and cheap things to do in Calgary
- An Aussie's guide to driving in Canada



Writer spotlight: Gin Sexsmith

Gin Sexsmith is an Indigenous writer and musician based out of Ontario.

Her work for HI Canada encourages a more profound understanding of Indigenous perspectives and promotes the concept of *slow travel*, emphasizing the importance of respectful, immersive experiences when exploring new places.

In her essay, "What I Wish Travellers Knew Before Visiting My First Nations Reservation," Gin offers a unique glimpse into the Tyendinaga Mohawk Territory, uncovering its rich history, cultural significance, annual celebrations, highlighting the importance of recognizing the privilege that travellers have when visiting these spaces.

[Read](#)

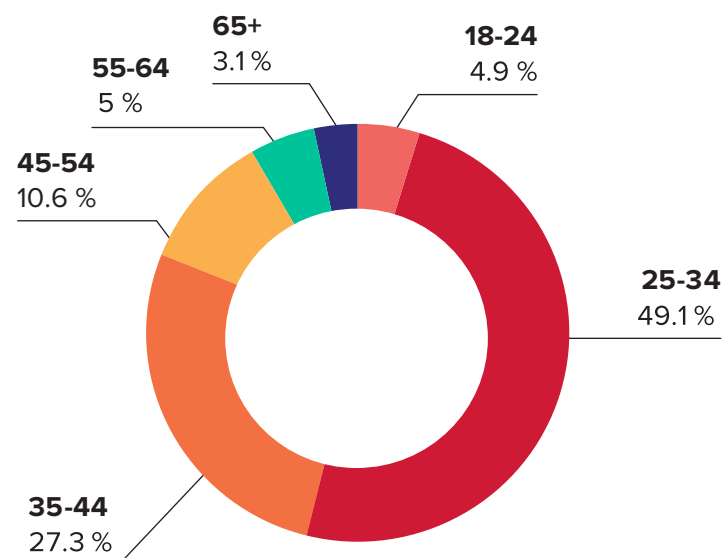


Social Media

Our social media strategy centered on engaging content that resonated with our audience and aligned with our mission, while recognizing the enduring impact of social media in complementing our overall marketing strategy. While our follower count and engagement rates maintained stability without significant leaps, we've focused on higher quality and meaningful content across multiple social media platforms.

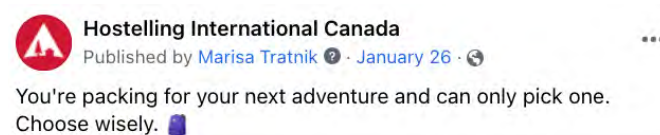
FACEBOOK + INSTAGRAM FOLLOWERS AT A GLANCE

AGE DEMOGRAPHICS



TOP 5 COUNTRIES

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



Pick your pack:

1. 📺 📷 🎧
2. 🧭 🥾 🌍
3. 🍫 📖 🧦
4. 🧰 🧴 🪂



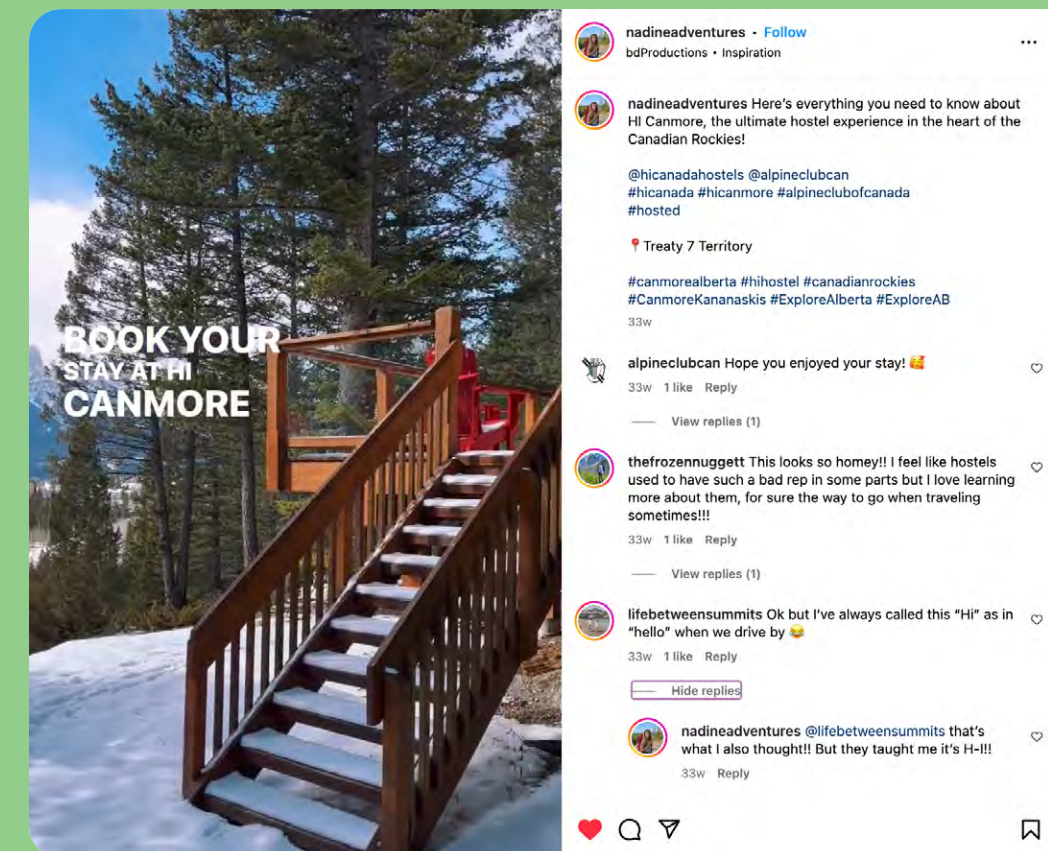
Influencer Marketing

In the last fiscal year, HI Canada strategically collaborated with influencers to amplify our brand message and reach a wider, engaged audience.

Collaborative campaigns were designed to showcase HI Canada's unique offerings, emphasizing our commitment to responsible and sustainable travel. Influencers shared their experiences at HI Canada hostels, highlighting the sense of community and adventure that defines our organization.

Influencer spotlight: @nadineadventures

In the spring, Manitoba-based influencer and content creator @nadineadventures visited hostels in Rockies and shared the experience on their Instagram and TikTok accounts with their over 20,000 followers.





Governance Report

For 2022 - 2023, the Board has continued to monitor operational performance in accordance with the approved monitoring schedule in achieving the Ends in the Region. The governance committee has been very active in reviewing the performance of the CEO through monitoring reports.

The Board of Directors has started having regular in person meetings throughout the year which has enabled the board to have productive discussions on matters regarding the association. The Board has been able to take part in educational sessions which included tours of HI Athabasca, HI Jasper, HI Beauty Creek, HI Wentworth and HI Halifax. The HIC PMR Board attended the national AGM in Quebec City, as well as their own HIC PMR AGM in September.

As we look ahead, the governance committee will play a very important role in the transition of the amalgamated HI Canada and HI Canada PM Region.

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 had not been able to host in-person events, however we were happy to schedule an in-person event for Halifax in May 2023 and to have an in-person event in Quebec City in August 2022. The Board completed their extensive process of hiring a CEO, guided by previous feedback from owners and our Ends statements. Our new CEO started in this role on April 1st, 2022, and we feel we will be well-positioned for recovery as we emerge from the pandemic.

We look forward to holding membership meet ups during 2023 to enhance engagement between our members and our organization.



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, 2023
- 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, 2023 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, JUNE 29, 2023



COMBINED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	2022	2023
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	6,409,562	3,290,882
Investments at fair value (note 3)	10,530,726	16,021,443
Accounts and other receivables	812,161	560,551
Inventory	70,059	75,570
Prepaid expenses	260,077	324,858
	18,082,585	20,273,304
Capital assets (note 4)	31,084,290	31,956,171
	49,166,875	52,229,475
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	917,626	2,143,073
Unearned revenue and deposits	366,972	413,545
Loans payable (notes 6)	1,007,160	2,239,905
	2,291,758	4,796,523
Deferred contributions (note 7)	75,395	18,131
Deferred capital contributions (note 8)	587,824	547,162
Loans payable (note 6)	7,717,745	5,369,000
	10,672,722	10,730,816
NET ASSETS	38,494,153	41,498,659
Commitments and contingencies (note 9)	–	–
Subsequent event (note 14)	–	–
	49,166,875	52,229,475

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

Approved by the Board of Directors



Lenore Neudorf – Director



Victoria Oppenlander – Director

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	2022	2023
	\$	\$
Revenue		
Overnights	4,498,190	12,287,706
Membership	57,116	108,865
Other, including food, beverage and merchandise	4,448,247	5,319,866
	9,003,553	17,716,437
Expenses		
Hostels	5,733,780	11,486,788
Administration	1,253,139	1,797,972
Amortization of capital assets	1,827,241	1,771,397
	8,814,160	15,056,157
Excess before the undernoted	189,393	2,660,280
Other (income) expenses:		
Interest income	(61,079)	(486,767)
Interest expenses	333,505	373,199
Loss on non-recurring items	16,040	96,185
Loss (gain) on disposal capital assets	(5,105)	(326,843)
	283,361	(344,226)
Excess (deficiency) of revenue over expenses	(93,968)	3,004,506
Net assets - Beginning of year	37,912,461	38,494,153
HI Canada - Atlantic Region (note 1)	675,660	–
Net assets - End of year	38,494,153	41,498,659

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

	2022	2023
	\$	\$
CASH PROVIDED BY (USED IN)		
Operations		
Excess of revenue over expenses	(93,968)	3,004,506
Items not involving cash:		
• Amortization of capital assets	1,827,241	1,771,397
• Amortization of deferred capital contributions	(52,028)	(40,662)
• Deferred contributions used	(60)	(57,264)
• (Gain) loss on sale of capital assets	(5,105)	(326,843)
• Forgiveness of loan (note 5)	(16,957)	–
• Loss on fair value adjustment on investments held at fair value (note 1 (b)(i) and note 3)	5,338	2,723
	1,664,461	4,353,857
Changes in non-cash operating working capital		
Accounts receivable	(366,854)	251,610
Inventory	16,109	(5,511)
Prepaid expenses	(40,742)	(64,781)
Accounts payable and accrued liabilities	125,486	1,225,447
Unearned revenue and deposits	71,907	46,573
	1,470,367	5,807,195
Financing		
Proceeds from loan payable	13,913	–
Repayment of loans payable	(990,838)	(1,116,000)
	(976,925)	(1,116,000)
Investments		
Cash and cash equivalents - HIC Atlantic Region (note 1)	106,326	–
Purchase of capital assets	(315,174)	(2,776,435)
Proceeds on sale of capital assets	5,608	460,000
Proceeds on redemption of investments at fair value (note 1 (b)(i) and note 3)	4,046,164	10,506,560
Purchase of investments	(14,527,724)	(16,000,000)
	(10,684,800)	7,809,875
Increase (decrease) in cash and cash equivalents	(10,191,358)	(3,118,680)
Cash and cash equivalents - Beginning of year	16,600,920	6,409,562
Cash and cash equivalents - End of year	6,409,562	3,290,882

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 has been reported as a part of the Association's combined financial statement from the date of the merger of the operations in the previous year. 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 during the previous year:

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 for previous year.

(b) Short-term investments:

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



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

(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. During the previous year, an amount of \$30,000 has been repaid in full during the year and forgivable portion of the loan of \$10,000 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 (up to its windup on December 31, 2021), 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. 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

	2022	2023
	\$	\$
Term deposit with interest of 2.70% per annum maturing in July 2023	–	12,100,000
Term deposit with interest of 4.20% - 4.45% per annum maturing in December 2023	–	3,900,000
Term deposit with interest of Prime - 2% per annum maturing in April 2023	10,506,560	–
Canadian equities fund	24,166	21,443
	10,530,726	16,021,443

Included in non-recurring expenses is \$2,723 in unrealized loss (2022 - \$5,338) related to the fair value adjustment.

4. CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
	2022	2023	2022	2023
	\$	\$	\$	\$
Land	4,452,530	–	4,549,987	4,452,530
Buildings and leasehold improvements	47,573,659	21,289,790	25,617,951	26,283,869
Automobiles	146,413	137,136	3,538	9,277
Computer equipment and software	1,557,894	1,372,909	163,295	184,985
Furniture and equipment	5,520,309	4,504,530	739,788	1,015,779
	\$59,250,805	\$27,304,365	\$31,074,559	\$31,946,440
Hostel development planning and assets under construction	9,731	–	9,731	9,731
	\$59,260,536	\$27,304,365	\$31,084,290	\$31,956,171

During the year ended December 31, 2023, the Association sold the Regina Hostel to a third party buyer for total proceeds of \$460,000, resulting in a gain of \$326,843. The gain is recorded under gain on disposal of capital assets on the statement of operations.

5. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are government remittances payable of \$56,180 (2022 - \$73,292) relating to goods and services tax, tourism levies and Workers' Compensation Board.

6. LOANS PAYABLE AND CREDIT FACILITIES

	2022	2023
	\$	\$
Whistler mortgage (c)	2,167,037	1,806,079
BC Region term loan (d)	363,042	–
Jasper mortgage (e)	6,167,000	5,775,000
LLAC Canadian Emergency Business Account (f)	27,826	27,826
Balance - End of year	8,724,905	7,608,905
Less: current portion	1,007,160	2,239,905
	7,717,745	5,369,000

(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, 2023, 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, 2023, 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 and bearing interest at 3.58% and 3.76%, respectively, have been matured during the year ended March 31, 2023.

(d) The term loan for BC Region (formerly held by 1025 Granville Street Trust) bearing interest at 3.76% per annum, with blended monthly payments of \$15,153 has been repaid during the year ended March 31, 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.

As at the year ended March 31, 2023, the cumulative total of forgivable portion of the loan recorded in the standalone statements of LLAC is \$20,000 (2022 - \$20,000). The Association accounts for 69.57% of the values for the purpose of its combined statements being \$12,914 (2022 - \$12,914) respectively as at March 31, 2023 and March 31, 2022. The forgivable portion recognized against the hostel expenses in the Association's combined statements is nil (2022 - \$6,597) and the loan outstanding as at March 31, 2023 is \$27,826 (2022 - \$27,869).

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;

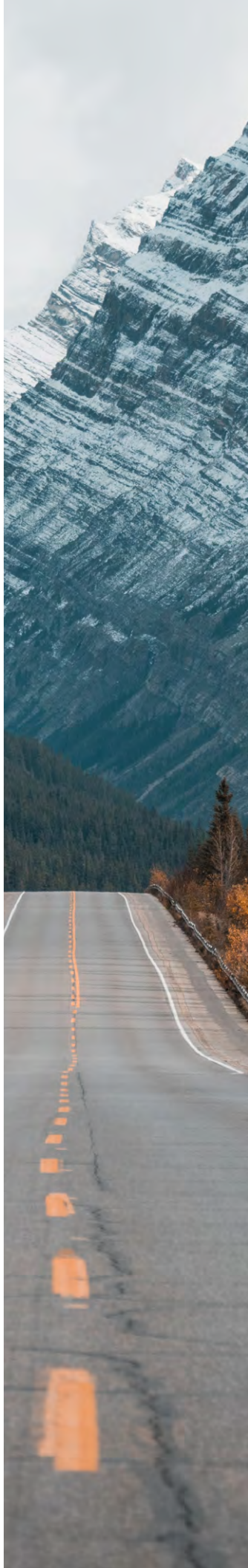
(iii) a certificate of insurance on the Whistler Hostel and Downtown Hostel showing the bank as a first mortgagee;

(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, 2023, 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	2,239,905
2024	419,000
2025	435,000
2026	450,000
2027	465,000
Thereafter	3,600,000
	7,608,905



7. DEFERRED CONTRIBUTIONS

	2022	2023
	\$	\$
Balance - Beginning of year	75,455	75,395
Contributions utilized for capital projects during the year)	(60)	(57,264)
Balance - End of year	75,395	18,131

8. DEFERRED CAPITAL CONTRIBUTIONS

	2022	2023
	\$	\$
Balance - Beginning of year	639,852	587,824
Amortization during the year	(52,028)	(40,662)
Balance - End of year	587,824	547,162

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:

	\$
2024	6,552
2025	6,552
2026	6,552
2027	6,552
Thereafter	4,301
	30,510

(b) National levy

The Association pays a levy to Hostelling International Canada ("HIC") based on membership sales and overnights recorded for the last completed fiscal year. The Association paid nil (2022 - \$273,838) in respect of the levy and is recorded in hostel expenses. With respect to PMR, in view of the expected amalgamation (*note 14*), there was a mutual understanding

amongst members of the boards of HI-C and PMR to cease the contributions with effect from the year ended March 31, 2023, considering it is the only active member for the year.

(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 (2022 - \$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") and Canadian Recovery Hiring Program ("CRHP") in the amount of \$133,017 (2022 - \$1,452,965) during the year ended March 31, 2023. This subsidy has been recorded as a reduction

(b) The Association also recognized government contributions related to Canada Emergency Rent Subsidy ("CERS") of nil (2022 - \$342,620), which have been included under revenue in the statement of operations and changes in net assets.

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, 2023, assets include a cash balance of \$113,273 (2022 - \$141,886) 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	2023
	\$	\$
Assets		
Current assets	874,956	1,051,933
Capital assets	1,897,117	2,008,211
	2,772,073	3,060,144
Liabilities and Net Assets		
Accounts payable and other current liabilities	145,260	240,088
Loans payable	27,826	-
Deferred contributions	251,919	239,323
Net assets	2,347,068	2,580,733
	2,772,073	3,060,144
Revenue	1,263,039	2,501,937
Excess (deficiency) of revenue over expenses	12,737	511,926
Cash flows provided by operating	169,374	681,222
Cash flows used in financing	13,913	(278,261)
Cash flows used in investing	(27,772)	(224,703)

14. SUBSEQUENT EVENT

Effective April 1, 2023, with the consent on a special resolution of the members in writing, an approval for amalgamation of the two entities HI-C and PMR has been accorded. The amalgamated entity has retained the name as Canadian Hostelling Association, integrating the operations of the two entities for a common purpose. The management believes there will be strategic alignment, financial savings and operational efficiencies as a result of this amalgamation.



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

535 Thurlow Street, Suite 505, Vancouver, BC V6E 3L2
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 Québec, Auberge internationale de Québec

Newfoundland and Labrador

HI Bonavista

HI St John's

Prince Edward Island

HI Charlottetown, Backpackers Inn

