



Hostelling International
Discover the real hostel experience

Annual Report 2015



say **HI** to the
world™

Published by

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Hostelling International
Discover the real hostel experience

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Mission

“To promote the education of all young people of all nations, but especially young people of limited means, by encouraging in them a greater knowledge, love and care of the countryside and an appreciation of the cultural values of towns and cities in all parts of the world, and as ancillary thereto to provide hostels or other accommodation in which there shall be no distinction of race, nationality, colour, religion, sex, class, or political opinions and thereby to develop a better understanding of their fellow men, both at home and abroad.”

Article 4 of the Memorandum and Articles of Association of Hostelling International

Chicago, USA

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President's words

2015 was a year of mixed operations for Hostelling International (HI), during the course of the year HI had to make a number of readjustments to its work as it continued to operate in a difficult working environment. The Board and the Senior Staff had to set the course for HI's future operations in line with the agreed values, whilst trying to secure a solid financial base. Despite the uncertain economic climate, HI remains committed to supporting the network of National Associations across the globe to enable and motivate them to offer consistently high quality sustainable products to the customers.

The Board recruited and appointed a new Chief Executive, Darren Barker, who took up the position at the International Office in April. The Board appointed Darren as we were convinced that he embodied the right combination of experience and new ideas which gave HI a new leader with a fresh perspective and an innovative approach. He has made a great difference to the operation of HI and under his guidance the International Office has been reshaped and aligned to better serve the needs of the members.

The previous year HI had launched its new hihostels.com web platform and unfortunately performance was not as good as predicated, this in turn impacted on our financial results. As a consequence efforts were focused on improving the performance of the web platform and reducing costs, especially on conversion improvements, organic searches and referrals. With regard to savings costs all operations and activities of the International Office were reviewed and a number of activities were stopped or reduced. The Board also implemented a number of cost savings and held two of their meetings on-line rather than meeting in person.



Board meeting, Qatar

HI Quick Facts

- 88 countries
- 64 Member Associations
- 3 Associate Organisations
- Licensed hostels in 23 countries
- 3,900 hostels
- 290,000 beds
- 34.7 million overnights per year
- 3.4 million members

Approximate figures as available at time of publication.

The Board has continued to be open and transparent in its work with the aim of improving communication and cooperation with National Associations and opening up new opportunities for engagement and exchange. We were elected by our Members to serve them to the best of our ability and we therefore have a responsibility to report back to them on our activities.

During the course of the year representatives of the Board have attended events within the network such as the CEO Meeting held in Vienna, the European Regional Conference and the Asia, Arab, Africa regional meeting. In addition when holding a meeting within the network the Board has invited the relevant National Association to attend part of its meeting and share details of their operations and development plans. We have worked in closer cooperation with our Members involving their expertise and knowledge on IT and other matters such as business planning to develop a new and sustainable vision for HI which is in line with our strengths and values.

In September HI was elected as Vice President of the Affiliate Members Programme of the World Tourism Organisation (UNWTO). This role on the Board is an advisory position to advise UNWTO on strategy and mission, reviewing plans and giving feedback. Their mission is similar to ours and this relationship will bring benefits to both bodies. Since the early 1930's HI has been encouraging and enabling responsible youth travel. Through travel young people can learn by experience, develop social skills, an understanding of different cultures and develop an awareness of environmental conservation. HI has an incredibly strong history and mission which is still very much alive and relevant in today's modern world. We will continue to seek out partners whose mission and activities are aligned with ours to strengthen our work and outreach.

We believe that during the past year we have set the right course and stabilised HI's base of operations and it will now be more equipped to face the challenges that might arise in 2016.

Angela Braasch-Eggert
HI President



About Hostelling International

Hostelling International (HI) is a non-governmental, not-for-profit organisation representing 64 Member Associations and three Associate Organisations from all over the world. It is one of the world's largest youth membership organisations and it is recognised by UNESCO (United National Educational Scientific and Cultural Organisation) and Affiliate Member of UNWTO (United Nations World Tourism Organization) since 2014.

HI is the only global network of youth hostel associations. Its nearly 3.4 million members have a choice of more than 3,900 hostels worldwide, all of which meet internationally assured quality standards. HI's Membership Savings Programme also gives access to thousands of travel-related savings. Since its creation in 1932, Hostelling International has been working together with its Member Associations to promote a greater understanding of people, places and cultures, through the education of peace, environment and global friendship, by providing safe, low cost hostel accommodation for people on their travels.

Key historical facts

- 1909** The concept of hostelling was founded in Germany by Richard Schirrmann, a school teacher.
- 1912** The first official youth hostel opened in Burg Altena, after which the youth hostel movement grew rapidly.
- 1931** There were 12 Youth Hostel Associations in Europe, operating a total of 2,600 hostels.
- 1932** The International Youth Hostel Federation was founded at the first International Conference in Amsterdam, where Richard Schirrmann was elected first President.
- 1952** Minimum standards for all hostels were adopted by the International Conference.
- 1965 to 1970** Saw large city hostels became more and more common all over the world.
- 2007** The International Youth Hostel Federation started operating as Hostelling International.
- 2009** The 100th anniversary was celebrated all over the network of nearly 4,000 hostels.
- 2010** The 48th International Conference adopted a Sustainability Charter demonstrating the commitment of the movement to "intensifying their efforts to achieve a worldwide network of sustainable organisations and hostels".
- 2014** The 50th International Conference took place in Bangkok, Thailand celebrating a still unified network.

Our mission statement summarises the objectives of the organisation which are to support youth travel and enable young people of different nationalities, cultures and social backgrounds to meet informally, share experiences and to learn about themselves, each other and their surroundings.

We refer to the public benefit guidance given by the Charity Commission when evaluating our aims and objectives. Furthermore these factors are considered when planning future activities. Because of our mission and our focus on social responsibility, environmental sustainability and economic viability we are uniquely placed within the market and we are one of the earliest examples of the movement which is now known as Sustainable Tourism.

Awards and Honours

2015

- HI elected Vice-Chairman of the UNWTO Affiliate Members Programme.
- HI elected to be part of the UNWTO Committee on Tourism and Sustainability (CTS)
- HI-Quality & Sustainability standards recognized by Global Sustainable Tourism Council



2014

- HI became a member of the UNWTO Affiliate Members Programme.

2013

- HI received the Ambassador for Peace Award from the International Institute for Peace Through Tourism (IIPT) for its work encouraging young people to travel in order to break down cultural barriers and promote peace.
- HI received a number of distinctions for the Big Blog Exchange programme:
 - WYSE Travel Confederation's Global Youth Travel Award for Marketing Innovation.
 - British Youth Travel Awards for Best Marketing.
 - Recognition from the UNWTO, 2nd runner-up for the Award for Excellence and Innovation in Tourism. in the category 'Non-Governmental Organizations'.
- Finalists at the Hertfordshire Business Awards
 - HI Groups in International Business of the Year category
 - Big Blog Exchange in Innovation category.



2012

- HI received the myclimate award for Newcomer of the year in the hotel industry.



2011

- HI received the Golden Backpack Awards UK by TNT Magazine / Winner in Best Hostels category.



2010

- HI became a member of the Global Sustainable Tourism Council (GSTC) International Standard Working Group (ISWG).

Promoting the mission

Engagement with young people

Social media

We continued to increase customer engagement to assist brand loyalty through our core social media platforms by sharing resources of inspiration and information to assist traveller plans. At the end of the 2015 we reached a Facebook milestone, hitting over 100,000 Facebook fans. We had 47,000 Google+ followers, 11,200 Twitter followers and 1,500 members in our LinkedIn group. The HI blog, blog.hihostels.com, also an important channel was updated weekly with news and inspiration from around the world.

Towards the end of 2015, HI started to encourage the National Associations (NAs) to further engage with young people on social media and to promote domestic and international travel to the benefit of their neighbouring associations. Using the strength of the network combined with the local cultural and linguistic expertise of each NA we will maintain and hopefully grow the impressive following HI has on social media.



Hostel Pekarna, Slovenia

Erasmus Student Network

In 2015 Hostelling International signed an agreement with Erasmus Student Network, a non-profit international student organisation offering services to over 190,000 students each year. HI agreed to give ESN cardholders free eMembership in return for brand logo presence on the ESN card. Over 70,000 cards were distributed across the ESN network reaching students in 37 countries.



Danhostel Sønderborg-Vollerup, Denmark

Worldwide network initiatives

During the year our National Associations undertook a wide variety of activities – from innovative social media campaigns to grassroot volunteer programmes - which promote a greater understanding of people, places and cultures, through the education of peace, environment and global friendship. Here are a few examples of social initiatives in the HI network.

Sleep for peace

For its third edition in 2015, the Sleep for Peace project was taken to a global level to reinforce the mission of building peace through promoting intercultural understanding amongst young people travelling at home and abroad.

This initiative happening during the week of the 21st of September (United Nations International Day of Peace) reinforces the purpose of HI by celebrating the peace-building benefits of travel, and staying at HI hostels in particular. National Associations organised their own in-hostel activities designed to get guests thinking and talking about peace, including building and decorating a "peace-tent", or engaging in a professionally facilitated discussion over a shared meal.

We were very pleased that 31 National Associations in 29 countries participated, involving over 2,900 guests in more than 140 hostels worldwide.



Sleep for Peace - HI Norway



Sleep for Peace - Qatar

The Cultural Kitchen is a curriculum-based educational program in HI USA providing young students with a cross-cultural experience, during which they focus their studies on a certain country, before sharing a meal with international travellers, showing the results of their studies and spending a night in a hostel. Existing at HI Chicago for 15 years, the Cultural Kitchen is spreading its wings and is intended to expand to HI New York City. The programme's anticipated reach is over 600 this year, including students, staff members and volunteers – an increasing number of young people aware of how cultural differences can benefit our society. Another great example of engagement in environmental protection action is HI Iceland's volunteer project, funded by Erasmus+. The volunteer **Green Messengers** are there to raise awareness of how environmental issues are a part of travelling, daily life at the hostels and the destination visited. They have created a range of tools, workshops and activities to help each individual, staying in the hostels, understand their role and change their behaviours.



Students at Cultural kitchen

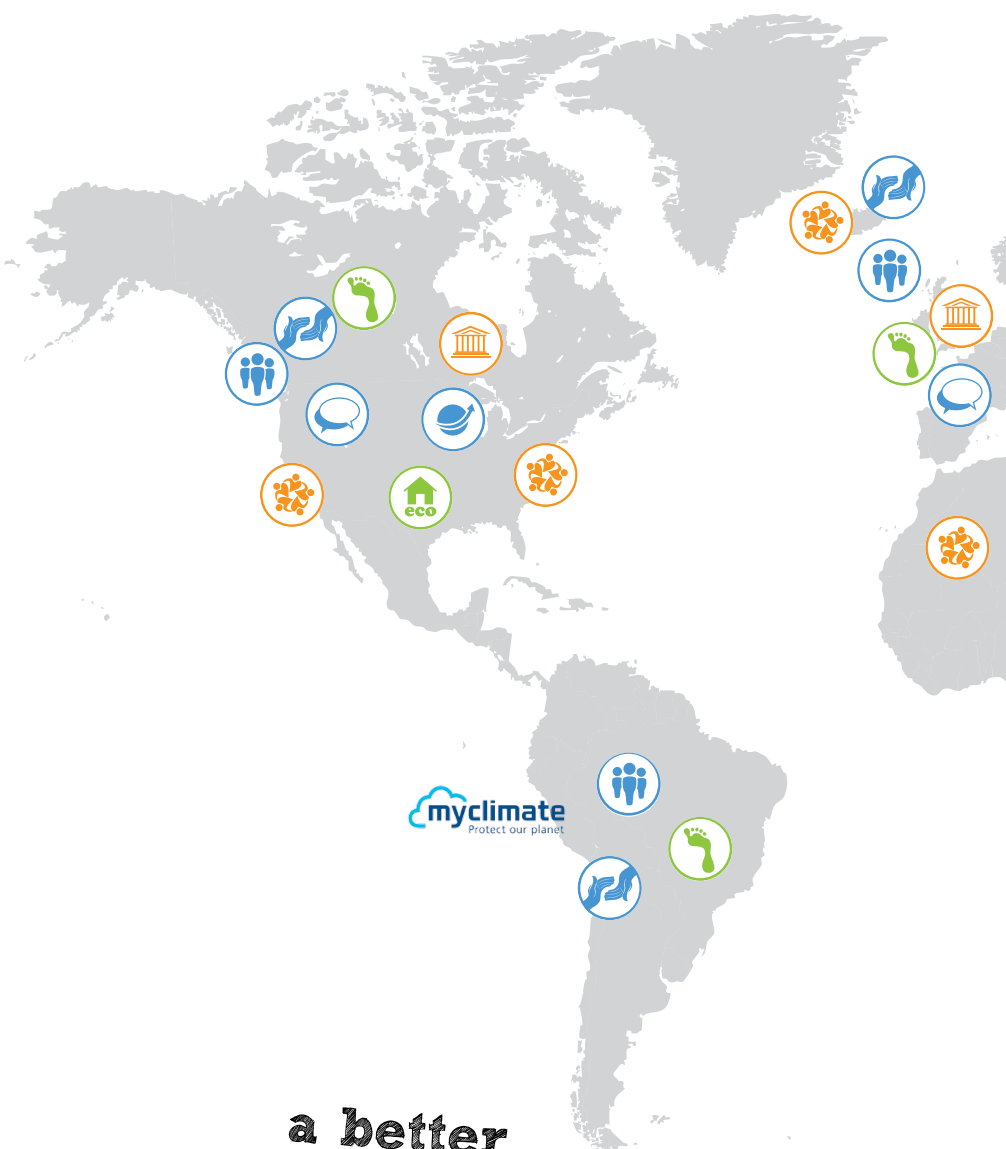


Green messengers - Iceland

Building a sustainable network

This map shows the variety in location and theme of sustainability initiatives in the HI Network.

Over 1 million guests and local communities benefit from our sustainability initiatives



a better
say **HI** to the
world...
...and be part of it!

Sustainability Charter signed in 2010

Hostelling International, and its Member Associations, commit to intensifying their efforts to achieve a worldwide network of sustainable organisations and hostels. In doing so, we recognise that true sustainability involves the development of clear and measurable objectives in the following areas: Social, Environmental and Economic.

HI supports over 5,000 sustainability initiatives worldwide



-  Community support
-  Mobility/ Accessibility
-  Social education
-  Environmental sustainability
-  Intercultural exchange
-  Eco certified hostels
-  Volunteerism
-  Cultural education
-  myclimate projects

Environmental sustainability

The environmental performance for the HI network has seen a steady increase over the past years and two of our key measures are the certifications achieved by our members and the praise our customers give to our hostels with the 'Green Rating' introduced in 2012 as the first in the hospitality industry.

This rating is an indicator from our customers on their perception of all our bookable hostels' environmental achievements and all the initiatives implemented to minimise our impact on climate change. In 2015 we wanted to increase our overall "Green rating" from 82.6% in 2014, and achieved a proud 84%.

Sustainability certifications in the network

In 2015 our network continued to increase the number of environmentally or sustainably certified hostels, achieving a small year on year increase, and reaching a total of 360. Across our network over 20 different labels are represented; the most popular being: European Eco-Label, The Green Key, Green Tourism or Ibex Label.

Each Member Association has implemented a certain label for different reasons with the best customer recognition in the country or supported by their government.

The HI-Q&S certification, a tool to educate, implement, monitor and audit the standards in a hostel, is also making its way in the network and includes 10 areas to work on: sustainable management system in place; protection of natural & cultural capital; the building; water; waste; mobility; staff; communities; food & beverages; and fair profit.



myclimate

HI continued the partnership with myclimate in 2015 by passing through the relevant part of customer donations received through bookings on www.hihostels.com. During the year, we have collected £7,285 on behalf of myclimate in customer donations, and these funds helped offset 392 tonnes of CO2. These funds make a sustainable contribution to voluntary climate protection projects with not just a clear reduction in CO2 emissions but a beneficial impact in social sustainability, improving lives and giving back to the communities. We continued support for the three projects: Stove Efficient Qori Q'oncha (Peru); Stove Efficient Impact Carbon (China); and Stove Efficient Hestian (Malawi). In order to give more visibility to the achievements through the funded projects, an evolving graphic of the key figures mentioned above has been added to the booking page of customers donating to the fund. They are then made aware of what they are contributing to.



Hostelling International Sustainability Fund (HISF)

The HISF, a customer-based fund, reflects our true passion for pioneering projects and commitment to sustainable travel by supporting actions by hostels in the HI network to reduce their impact, and the impact of travellers, on the environment.

In 2015 the fund spent £12,000 for innovative projects working towards achieving carbon neutrality by reducing energy consumption

and CO2 emissions in Youth Hostels. More than 4,800 people across the globe voted for 9 worldwide projects, all of which aim to minimise the impact on climate change.

The three winnings projects were selected by a combination of the vote of the public, HI's sustainability coordinators and of a panel of International Jury formed of sustainability experts, selected by HI.



1st place: Iceland: HI Iceland joins forces with Landvernd, the Icelandic Environment Association in order to offset the CO2 emissions of staff and guests staying at the HI Iceland Hostels by offering them the chance to take part in restoration and carbon sequestration initiatives. The project was granted £7,000.



2nd place: Netherlands: Programme to involve guest in the realisation of an investment in wind energy. By developing an extra tool on our website where guests can offset the CO2 emissions of their stay. The total amount obtained from the voluntary fee will be invested in wind energy. The project was granted £1,500.



3rd place: Implementation of existing solar power installation at HI-Athabasca Falls in the Jasper National Park in Alberta to become totally independent of the current diesel generator in operation. The project was granted £3,500.

Strengthening the network

As an organisation HI strives to encourage implementation of, and adherence to, collective Conference and CEO Meeting decisions as well as nurturing strong, collaborative relationships and best practice exchange between the National Associations.

Events

Regular events are the chance for our geographically dispersed network to get together to discuss important topics, take decisions and share best practises or successes as well as enjoy some leisure time catching-up with colleagues and discovering a new destination or hostel.

CEO Meetings in 2015

Our first CEO meeting was in February in Toledo, Spain, it was co-hosted by REAJ (Spanish National Association) in the San Servando Hostel. It was well attended by 53 delegates from 42 National Associations.

The key focus areas were the current financial situation of HI, a presentation of the future business plan and an introduction to the HI Core Values – Inclusivity, Learning and Understanding, Sustainability and Authenticity – which were approved earlier in 2014 by the Board of trustees. We also introduced a new creative, collaborative session with the delegates following the principles of the ‘Open space’ concept which was very well received.

The CEO meeting is normally an annual event however, with the announcement of a new vision for the International Office it was decided to bring forward the 2016 CEO meeting in order to allow CEOs of the network to make their contributions to the business plan and thus fulfil their duties as an advisory body.

An advanced CEO meeting took place in November in Vienna at the eco-friendly Brigittenau Youth Palace Hostel; with a good attendance of 50 delegates from 40 National Associations.

Luxembourg have started in all their hostels). Furthermore, HI-Q&S met all of the requirements to be recognized by the GSTC. This important step of recognition by such an influential external organization comes as excellent news, with great benefits that will certainly help grow the credibility and visibility of HI-Q&S. They are strong assets to provide travellers with an experience of high quality, which also has a positive effect on local economy, communities and the environment. HI is aiming to engage over 200 hostels in the HI-Q&S certification process in 2016.

Investing in quality

Quality certifications HI-Q

HI-Q is a Quality Management System that helps to focus on customers within every activity in both hostels and their National Association head offices. In 2015, 44 National Associations and 437 hostels have successfully participated in HI-Q. HI-Q Light, a version of the quality certification programme has been tailored to the needs of hostels with less than 10,000 overnights per year, was launched in 2012. At the end of 2015, 58 hostels participated in HI-Q Light.

HI-Quality & Sustainability (HI-Q&S)

HI-Q&S enlarges the existing HI-Q System with Social and Environmental elements based on the Global Sustainable Tourism Council (GSTC) criteria. This innovative tool will help all National Associations implement the Sustainability Charter agreed by the 2010 and 2014 Conference. Certifications have started in 2015, with four hostels obtaining the certification (two in Canada, one in Finland and one in Iceland) and other associations engaging in the process (HI



First HI-Q&S Hostel, Reykjavik Loft Hostel



CEO Meeting, Toledo

Skills and knowledge exchange

HI Connect

HI and a group of National Associations created a skills and knowledge exchange/ mobility programme for their staff and volunteers called HI Connect. Participants have the chance to discover new practices abroad and hopefully, bring back the best to transfer the knowledge at home.

The vision of this programme is “To provide staff and where appropriate, volunteers and young people, with a unique opportunity to experience life and work in another country; to enhance life skills and confidence; to engage within our sustainability projects; to embrace the culture and environment of the host county; to enhance their ability to learn another language; to create new friendships and promote mobility of people across boundaries”.

The programme was previously run by four National Associations (YHA England & Wales, DJH in Germany, Stayokay in the Netherlands and REAJ in Spain) exchanging staff amongst one another but in 2015 HI launched the programme to all National Associations. As this was the first year we aimed for a small increase in participation and were pleased when HI Iceland and HI Norway took part. In total 153 people took part.

The programme steering group, made up of HR specialists, sustainability coordinators and HI’s Sustainability Manager will continue to develop the programme and encourage more National Associations to join.



Meeting HI-Connect, Hamburg

Revenue generation and service delivery

Hostelling International's website hihostels.com provides an easy way for the international traveller to access the majority of the network's hostels in one place, and in the process provides HI and the network the revenue in order to continue to provide their charitable activities. In addition, hihostels.com provides the booking engine technology which drives some of our key National Associations' websites. Below are the key metrics from 2015:

	2014 actual	2015 target	2015 actual
Bookings	237,937	279,700	202,513
Overnights	859,648	953,523	690,333
Revenue	£19,147,779	£20,977,500	£15,569,843

The figures above represent the gross booking revenues generated through hihostels.com. HI retained a 6% to 8% commission with the balance payable to the hostel on arrival.

The outturn for the year was disappointing compared to our targets, and the various factors which influenced the 2015 results are shown below.

The market segment for online hostel booking has seen intensified competition over the past year. Booking.com continue to pursue younger customers and invested in TV adverts in 2015 that featured hostelling. Hostelworld and Hostelbookers were both re-branded and relaunched with new websites and TV campaigns. Expedia are starting to push into the segment with efforts in some of the English speaking territories around the globe.

The cost of buying advertising with Google for terms like 'hostels' has more than doubled in the past year and this impacted our ability to attract new customers through pay-per-click

advertising, which formed a large part of the planned growth in revenue.

For languages, our planned re-introduction of Brazilian Portuguese and Japanese resulted in a strong increase in interaction, engagement and booking patterns with customers speaking those languages.

One of the major hurdles for organic search traffic has been the impact of the single URL structure for all language versions on Search Engine Optimisation, which hampered our ability to attract new customers. However, work began to address this in the second half of 2015 and separate language version URLs were deployed at the start of 2016. This should bring a long term benefit to visibility of hihostels.com on search engines such as Google.



Sydney Harbour YHA, Australia

Top 10 destinations by overnights booked 2015

1 USA	—
2 Iceland	▲
3 France	▼
4 UK	—
5 Norway	—
6 Italy	▲
7 Netherlands	▲
8 Canada	▼
9 Spain	—
10 Belgium	—

Top 10 source markets by overnights booked 2015

1 USA	▲
2 Germany	▼
3 France	—
4 Canada	▲
5 UK	▲
6 Australia	▲
7 Switzerland	▲
8 Spain	▼
9 Brazil	▼
10 Japan	▼

Top 10 hostels by bookings (on hihostels.com) 2015

1 USA	HI Chicago	▲
2 USA	HI Boston	▲
3 USA	HI San Francisco - Downtown	—
4 USA	HI New York City	▼
5 USA	HI Los Angeles - Santa Monica	▲
6 USA	HI Seattle at the American Hostel	▲
7 France	Paris Yves Robert	▼
8 France	Paris Le D'Artagnan	▼
9 USA	HI San Francisco Fisherman's Wharf	▲
10 France	Paris Jules Ferry	—

Customer satisfaction

Overall customer satisfaction for hostel overnights sold via hihostels.com reached 86.7% at the end of 2015 against 86.2% in 2014. 2015 marked the first full year of the new customer satisfaction questionnaire which provides rich information for our members as well as insight into the

preferences of young travellers. In addition to the standard quality-related questions such as Friendliness, Cleanliness and Safety, we also added some new questions such as 'Would you recommend HI to a friend?' to gauge loyalty - this reached 87% against our target of 85%.

1 Switzerland	Interlaken Youth Hostel	94.5%
2 USA	HI-Martha's Vineyard	94.1%
3 Iceland	Reykjavik Downtown	94.0%
4 Iceland	Reykjavik Loft Hostel	93.7%
5 USA	HI-Chicago	93.4%
6 Iceland	Berunes	93.0%
7 Japan	Kyoto-Utano Youth Hostel	93.0%
8 USA	HI-Nantucket	92.6%
9 USA	H-Sacramento	92.3%
10 Iceland	Reyðarfjörður	92.1%

HI Groups

HI Groups is a membership based scheme where National Associations or hostels pay a flat fee for sales and marketing services offered by the scheme.

The hostels which are part of HI Groups are showcased on the website, groups.hihostels.com, where group leaders can make a booking enquiry in a few clicks for any of the 243 hostels in 32 countries. Throughout the year we have received 5,207

enquiries, which was below our target of 7,590, representing 544,059 overnights for the network. The group types we cater for are mainly school and university/college groups.



School group, Inverness



The Verbinators

HI 5ives!

HI Hostel Awards

Best hostel awards

These awards highlight the hostels and staff in our network that go that extra mile and make our customers' experiences especially memorable. HI would like to thank all who ensure that our customers have "the real hostel experience".

The winners of the prestigious HI-5ives awards in 2015 were the following:

- **Best Hostel Overall** – Reykjavik – Downtown Hostel, Iceland (94.2%)
- **Friendliest Hostel** – HI Martha's Vineyard, USA (97.2%)
- **Most Comfortable** – HI Phoenix, The Metcalf House (97.8%)
- **Green Hostel** – HI Portland, Hawthorne Hostel (96.7%)
- **Best HI Hostel Network** – HI USA (89.7%)



Reykjavik Downtown hostel team



HI Portland Hawthorne Hostel, USA

Customer engagement

During 2015 we built engagement and loyalty by optimising database segmentation using the Salesforce CRM system. We improved data processing and customer reporting to create more personalised and relevant marketing communication. Our active customer database has risen by 25% to approximately 150,000 for 2015.

Throughout the year we made significant improvements to our email customer journey. Following the introduction of a 'welcome' series and revised customer survey in 2014, we added a customer pre-stay email with hostel details and weather forecast, improved eMembership communication, launched hostel product emails based on customer preferences, as well as introducing a basket abandon email to encourage booking completion for those that drop out in the final stages of purchase.



HI New York City, USA

Governance & Board of Trustees

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

Small Company Exemptions

The Report of the Board of Trustees has been prepared in accordance with the provisions applicable to small companies entitled to the small company's exemption including the exemption to not include a strategic report.

Board of Trustees

The following trustees were elected at the 50th International Conference in 2014 and served throughout the year:

President:	Angela Braasch-Eggert (Germany)
1st Vice President:	Brent Czarnacki (Canada)
2nd Vice President:	Alex Zilkens (Australia)
Treasurer:	Eric Oetjen (USA)
Members:	Abdulla Salem AD Al- Bikri (Qatar) Sander Allegro (The Netherlands) Fernando Cruz-Tagle (Chile) Benoit Graisset-Recco (France)

Board members are elected by Member Association delegates at the International Conference which is held every two years. The 51st International Conference will be held in September 2016. Following a change to the Memorandum and Articles of Association, trustees are now elected for staggered, 4 year terms, whilst the President continues to stand for election every two years. To achieve staggered terms of service (only half of the Board stands for election every two years), three trustees will be required to stand for election at the 2016 International Conference.

Newly elected Board Members are provided with a comprehensive induction pack covering all aspects of Hostelling International's operations. Additionally, the first Board Meeting following Conference is traditionally held at the International Office to enable Board Members to meet staff face-to-face and learn first-hand about the day-to-day running of the office.

The International Office is managed by the Chief Executive, who is accountable to the Board. The office is located in Welwyn Garden City, Hertfordshire, UK. A new Chief Executive, Darren Barker, joined the team in April 2015 following the interim Chief Executive, Jon Rabbett.

HI Board Governance Policy

The role of the Board is governance rather than management, which is the responsibility of the Senior Leadership Team at the International Office. Governance focuses on the wider issues of the organisation and the establishment and monitoring of policy and strategic direction.

The Board work closely in partnership with the Chief Executive and Senior Leadership Team to ensure that their goals are achieved by means of resourcing and supporting the team to carry out their duties.

It is the responsibility of the Chief Executive at the direction of the Board or otherwise to propose new strategies or revise existing strategies for the Board's consideration. Upon approval from the Board, the Chief Executive shall develop implementation plans and take necessary steps to action them. Progress reports are brought to the Board's attention on a regular basis.

The Board give direction for the overall operations of HI, but are not directly responsible for the day-to-day operations of the organisation, which is the task of the Chief Executive. The Board, however, have the ultimate responsibility for the sound management and financial security of HI. The Board approve the annual budget prior to the beginning of every financial year of HI.

Gratitude

The Board would like to take this opportunity to express their thanks to all the volunteers and professionals involved in the international hostelling movement. Without their support and assistance, the important work to deliver the vital mission of this global organisation could not take place.

Risk management

At each Board meeting during 2015, the Board reviewed the risk management strategy prepared by the International Office. It identified the following as the major risks that could seriously affect the work of HI:

Risk	Mitigation
Disturbances of the youth travel market: war, terrorism, natural disaster, travel restrictions, economic crises	HI operates worldwide which reduces reliance on any particular country or region
Failure of website technical infrastructure	Investigating possible outsourcing of hihostels.com to a third party
Increased competition in the provision of quality economy accommodation aimed at the international youth traveller	HI supports its own quality system (HI-Q) whilst recognising other, already established, quality systems.

Trustees' Indemnity Insurance

The charitable company has purchased insurance for the trustees and officers of the charity against liability arising from wrongful acts in relation to the charity.

Key management personnel remuneration

A new Chief Executive Office, Darren Barker, was recruited during 2015 and his remuneration was set by the Board following advice from an external recruitment agency.

Finance

Total Incoming Resources of £1,854,453 (2014 £2,142,805) represents a decrease of £288,352 from 2014, mainly as a result of a decrease in booking volumes booked through the new hihostels.com website.

Total Resources Expended (before gains and losses on investments) of £2,803,806 (2014 £3,124,707) represents a decrease of £320,901 from 2014 due to:

- The biennial International Conference costs in 2014, which were not repeated in 2015
- The severance costs of the outgoing CEO in 2014
- Reduction in the direct costs of operating the web platform following the launch of the new website in April 2014
- Reduction in expenditure through the Richard Schirrmann Designated Fund as the Big Blog Exchange was not repeated in 2015
- A reduction in the movement on the bad debt provision
- Various cost saving initiatives including

conducting Board Meetings via video conferencing rather than face to face

Other Recognised Gains and Losses show overall losses of £36,763 (2014 overall gains of £2,792), a decrease of £39,555.

Hostelling International's investment policy seeks to maintain purchasing power and achieve long-term capital growth of UK inflation plus 3% while operating with an average risk tolerance. The balanced portfolio, comprising bonds and equities, money-market holdings and other investments, is managed by Brewin Dolphin in London. The performance of the portfolio is measured against the WM Total Charity (Total Return) benchmark. During the year the portfolio (calculated on a total return basis, before management fees but after trading expense) achieved a return of 2.98%, 1.07% below the benchmark. Performance was affected by the requirement to draw down on the portfolio during the year.

Total accumulated general funds at 31 December 2015 were £2,775,990 (2014 £3,775,384). Hostelling International's reserves policy is to ensure that sufficient funds are available to cover a minimum of two years' worth of core activities. The deficits experienced in 2014 and 2015 have resulted in general funds which have fallen below the levels required by the reserves policy. The new strategic plan (see below) addresses the need to overcome the ongoing deficits and build up reserves to ensure that Hostelling International can continue to operate into the foreseeable future.

There was one designated fund at 31 December 2015 totalling £69,923 (2014 £61,699).

The restricted fund was established in 2012 as part of HI's work with sustainability. The trustees have a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future and the trustees consider that the use of the going concern basis of accounting is appropriate in preparing the annual financial statements. Despite showing net current liabilities, the trustees do not consider liquidity risk to be a material financial risk as the charitable company has funds which are represented by cash or investments managed by Brewin Dolphin which can be converted to cash with one week's written notice.

Governance & Board of Trustees (continued)

The future

During the year the Board of Trustees approved the new 2015-2019 Vision for the HI International Office, which will form strategic focus of Hostelling International for 2016 and beyond:

“A world-class Business To Business (B2B) charitable organisation with an international mind-set; valued by National Associations for its representative work in promoting the hostelling mission and strengthening the network.”

The focus of the resource had previously been on end-consumers and this vision puts the needs of the Member Associations firmly in focus. HI will work to help strengthen the network and have the National Associations deliver the hostelling mission to the best of their ability. Where consumer facing tasks are required, HI will look to use the expertise of the network or carefully selected 3rd parties. In particular, the forthcoming 51st International Conference will decide whether to continue to operate the current www.hihostels.com platform in-house or outsource to a 3rd party.

2015 was therefore a transitional year where much of HI's resource was focussed on forming the new vision, and so resources were diverted away from many of our end consumer focussed goals.

Strategic plan

The International Office will focus on three areas. The first is helping the network to become stronger and more coherent, an activity which will look to ensure they can deliver the mission in the most effective way. The second relates to sharing knowledge and bringing the network closer together through engagement and sharing of success stories and best practice. The final area of strategic focus is on sourcing partnerships that will help the network to be financially sustainable and fulfil the mission. HI is in a unique position representing a truly global, mission-based, not-for-profit collection of entities.

Organisational structure

To support the new vision, the organisation was restructured in late 2015 and now operates with five teams which are aligned to the vision and strategies. These teams are:

- 1) Engagement - Working with our Member Associations.

- 2) Partnerships – Working with 3rd parties to help us deliver the mission and strengthen the network.
- 3) Programs, Standards and Sustainability – Working with standards, best practice and to co-ordinate efforts of the network.
- 4) Operations – Running the www.hihostels.com website
- 5) Support – Including finance, legal, HR, IT, and governance.

Trustees' statement

The financial information set out in the annual report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The summary of financial information on pages 24 to 27 has been extracted from the full financial statutory accounts, which were approved 19 June 2016 and have been submitted to the Charity Commission and Register of Companies. The auditor's report on the charitable company's annual accounts, and the auditor's statements with regard to whether the information contained in the trustees' report is consistent with the accounts was unqualified. The auditor's report did not contain statements under s498 (2) or (3) of the Companies Act 2006.

A copy of the full statutory accounts, together with the Trustees' and Auditor's reports thereon, can be obtained from the registered office.

Signed on behalf of the Board by



Angela Braasch-Eggert
President



Eric Oetjen
Treasurer

30 June 2016

Independent auditor's statement to the members of the International Youth Hostel Federation

We have examined the summary financial statements contained within the Annual Report for the year ended 31 December 2015 which comprise the Summary Statement of Financial Activities and the Summary Balance Sheet.

This report is made solely to the charitable company's members, as a body, in accordance with the terms of our letter of engagement with the company dated 6 January 2016. Our work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees are responsible for preparing the Annual Report (which includes the summary financial statements) in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the summary financial statements contained within the Annual Report with the full annual financial statements. We also read the other information contained in the Annual Report as described in the contents section, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the charitable company's full annual financial statements describes the basis of our opinion on those financial statements and Trustees' report.

Opinion

In our opinion, the summary financial statements contained within the Annual Report are consistent with the full annual financial statements for the year ended 31 December 2015. We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements, 19 June 2016, and the date of this statement.



Reza Motazed FCA
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
30 June 2016

Professional Advisors

Bankers:

HSBC
Howardsgate
Welwyn Garden City, AL8 6BH
England

Auditor:

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London, EC4A 3BZ
England

Investment Bankers:

Brewin Dolphin
12 Smithfield Street
London, EC1A 9BD
England

Solicitors:

Russell-Cooke LLP
2 Putney Hill
London, SW15 6AB
England

Summary Financial Statement prepared from the audited Financial Statement for the year ended 31 December 2015



Statement of financial activities

Income from:

	Unrestricted funds 2015 (£)	Restricted funds 2015 (£)	Total funds 2015 (£)	Total funds 2014 (£)
Donations	-	16,849	16,849	19,447
Charitable activities	1,735,665	-	1,735,665	2,013,432
Other trading activities	15,901	-	15,901	26,951
Investment income	86,038	-	86,038	82,917
Other: Gain on disposal of fixed assets	-	-	-	58
Total Income	1,837,604	16,849	1,854,453	2,142,805

Expenditure on:

Raising funds	8,683	-	8,683	12,999
Investment management costs	12,689	-	12,689	23,801
Charitable activities				
Promoting the mission	106,288	11,815	118,103	245,127
Strengthening the network	212,488	-	212,488	236,068
Service delivery	2,451,863	-	2,451,863	2,606,712
Total Resources Expended	2,792,011	11,815	2,803,826	3,124,707

Net (outgoing) / incoming resources	(954,407)	5,034	(949,373)	(981,902)
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Other Recognised Gains/(Losses)

Realised gains on investment assets	23,700	-	23,700	309,968
Unrealised (losses)/gains on investment assets	(47,899)	-	(47,899)	(294,550)
Realised (losses) on foreign exchange	(12,564)	-	(12,564)	(12,798)
Unrealised gains on loan accounts	-	-	-	172
Total Other Recognised Gains / (Losses)	(36,763)	-	(36,763)	2,792

Net Movement in Funds	(991,170)	5,034	(986,136)	(979,110)
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Total funds brought forward	3,837,083	6,598	3,843,681	4,822,791
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Total funds carried forward	<u>2,845,913</u>	<u>11,632</u>	<u>2,857,545</u>	<u>3,843,681</u>
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All operations are classified as continuing.

Incoming Resources 2015



Total £1,854,453

- Donations 1%
- Other trading activities 1%
- Investment income 4%

Charitable Activities 94%

Resources Expended 2015



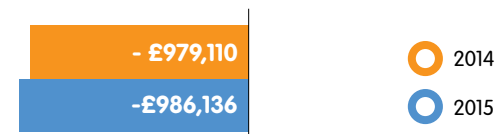
Total £2,803,826

- Investment management costs 1%
- Promoting the mission 4%

Strengthening the network 8%

Service delivery 87%

Net Movement in Funds

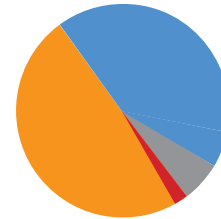


Balance sheet as at 31 December 2015

Fixed Assets	2015 (£)	2014 (£)
Tangible fixed assets	1,461,611	1,916,077
Investments	1,580,425	2,334,702
Programme related investments	80,002	105,728
Total Fixed Assets	3,122,038	4,356,507
Current Assets		
Stock	13,049	12,003
Debtors	147,311	126,483
Cash at bank and in hand	107,560	133,337
Total Current Assets	267,920	271,823
Liabilities		
Creditors: Amounts falling due within one year	467,413	784,649
Net Current (Liabilities)	(199,493)	(512,826)
Total assets less liabilities	2,922,545	3,843,681
Provisions for liabilities and charges	65,000	-
Total net assets	2,857,545	3,843,681
The Funds of the Charity		
Unrestricted funds		
General fund	2,775,990	3,775,384
Designated funds	69,923	61,699
Restricted funds	11,632	6,598
	2,857,545	3,843,681



Total Assets 2015

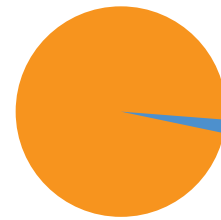


Total £3,389,958

- Programme related investments 2%
- Current assets 8%

- Tangible fixed assets 43%
- Investments 47%

Funds 2015



Total Funds £2,857,545

- Designated funds 2%
- General funds 98%



Danhostel Copenhagen City, Denmark

Note to the Summarised Financial Statements

The Foregoing financial statements are a summary of the information contained in the unqualified accounts of Hostelling International for the year ended 31 December 2015. These summarised accounts may not contain sufficient information to allow for a full understanding of the financial affairs of the organisation. For further information, the full report of the Board of Trustees, including notes to the Financial Statements, should be consulted. This can be obtained from HI by sending an email at info@hihostels.com.

HI Member Associations (64)

ALGERIA

Fédération Algérienne des Auberges de Jeunesse

AUSTRALIA

YHA Australia
www.yha.com.au

AUSTRIA

Österreichischer Jugendherbergsverband
Hauptverband (ÖJHV)
www.oehjv.at

Österreichisches Jugendherbergswerk (ÖJHW)
www.oehjw.at

BAHRAIN

Bahrain Youth Hostels Society
www.byhs.org.bh

BELGIUM

Les Auberges de Jeunesse (LAJ)
www.lesaubergesdejeunesse.be

Vlaamse Jeugdherbergen (VJH)
www.jeugdherbergen.be

BOLIVIA

Hostelling International Bolivia
www.hostellingbolivia.org

BOSNIA AND HERZEGOVINA

Youth Hostel Association of Bosnia and Herzegovina
www.ferijalni.org

BRAZIL

Federação Brasileira dos Albergues da Juventude
www.hihotelbrasil.com.br

CANADA

Hostelling International - Canada
www.hihostels.ca

CHILE

Asociación Chilena de Albergues Turísticos Juveniles
www.hostelling.cl

CHINA

YHA China
www.yhachina.com

CHINESE TAIPEI

Chinese Taipei Youth Hostel Association
www.yh.org.tw

CROATIA

Hrvatski Ferijalni i Hostelski Savez (Croatian YHA)
www.hfhs.hr

CZECH REPUBLIC

Czech Youth Hostel Association (CZYHA)
www.czechhostels.com

DENMARK

DANHOSTEL
www.danhostel.dk

EGYPT

Egyptian Youth Hostels Association

ENGLAND & WALES

YHA England & Wales
www.yha.org.uk

FINLAND

Suomen Retkeilymajajärjestö-SRM
www.hostellit.fi

FRANCE

Fédération Unie des Auberges de Jeunesse (FUAJ)
www.fuaj.org

GERMANY

DJH Hauptverband
www.jugendherberge.de

HONG KONG

Hong Kong Youth Hostels Association
www.yha.org.hk

HUNGARY

Magyarországi Ifjúsági Szállások Szövetsége (Hungarian YHA)
www.hihostels.hu

ICELAND

HI Iceland
www.hostel.is

INDIA

Youth Hostels Association of India
www.yhaindia.org

IRELAND (Northern)

Hostelling International-Northern Ireland
www.hini.org.uk

IRELAND (Republic of)

An Óige (Irish Youth Hostel Association)
www.anoige.ie

ISRAEL

Israel Youth Hostels Association
www.iyha.org.il

ITALY

Associazione Italiana Alberghi per la Gioventù (AIG)
www.aighostels.it

JAPAN

Japan Youth Hostels Inc
www.jyh.or.jp

JORDAN

Jordan Youth Hostels Commission

KOREA (South)

Hostelling International Korea
www.kyha.or.kr

KUWAIT

Kuwait Youth Hostel Committee

LEBANON

Lebanese Youth Hostels Federation
www.hostelslebanon.org

LIBYA

Libyan Youth Hostel Association

LUXEMBOURG

Centrale des Auberges de Jeunesse Luxembourgeoises
www.youthhostels.lu

MALAYSIA

HI- Malaysia
www.hi-malaysia.org.my

MALTA

NSTS Hostelling International
www.nsts.org

MEXICO

Hostelling International Mexico
www.himexico.com

MOROCCO

Fédération Royale Marocaine des Auberges de Jeunes

NETHERLANDS

Stayokay
www.stayokay.com

NEW ZEALAND

YHA New Zealand
www.yha.co.nz

NORWAY

Norske Vandrerhjem – HI Norway
www.hihostels.no

PAKISTAN

Pakistan Youth Hostels Association
www.pakistanyouthhostels.net

PERU

Administradora Peruana de Albergues
www.hostellingperu.com.pe

PHILIPPINES

Youth and Student Hostel Foundation of the Philippines
http://yshfp.wordpress.com

POLAND

Polskie Towarzystwo Schronisk Młodzieżowych (Polish Youth Hostel Association)
www.ptsm.org.pl

PORTUGAL

MOVIJOVEM
www.pousadasjuventude.pt

QATAR

Qatar Youth Hostels Association

SAUDI ARABIA

Saudi Arabian Youth Hostels Association
www.sayha.org.sa

SCOTLAND

Scottish Youth Hostels Association
www.syha.org.uk

SERBIA

Ferijalni i Hostelski savez Srbije (Youth Hostels Association of Serbia)
www.serbia-hostels.org

SINGAPORE

Hostelling International Singapore
www.hisingapore.org.sg

SLOVENIA

PZS – Hostelling International Slovenia
www.youth-hostel.si

SPAIN

Red Española de Albergues Juveniles (REAJ)
www.reaj.com

SUDAN

Sudanese Youth Hostel Association

SWEDEN

Svenska Turistföreningen
www.svenskaturistforeningen.se

SWITZERLAND

Schweizer Jugendherbergen
www.youthhostel.ch

HI Associate Organisations (3)

BULGARIA

Bulgarian Youth Hostel Association

NEPAL

Nepal Youth Hostel Council
www.youthhostel-nep.org

SYRIA

The Youth Tourism Organization (Syrian Youth Hostels Association)

Member Associations and Associates accurate as of time of publication

