

VOYAGER ENTERTAINMENT INTERNATIONAL INC
Form 10-Q
May 14, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2009.

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____.

COMMISSION FILE NUMBER 000-33151

VOYAGER ENTERTAINMENT INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada

54-2110681

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

4483 West Reno Avenue, Las Vegas, Nevada

89119

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (702) 221-8070

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b -2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

Rule 12b-2 of the Exchange Act).

Yes [] No [X]

As of May 12, 2009, there were 135,777,287 outstanding shares of the issuer's Common Stock, \$0.001 par value.

TABLE OF CONTENTS

	Page
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements	4
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 3. Quantitative and Qualitative Disclosures About Market Risk	14
Item 4. Controls and Procedures	14
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings	16
Item 1A. Risk Factors	16
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	16
Item 3. Defaults Upon Senior Securities	16
Item 4. Submission of Matters to a Vote of Security Holders	16
Item 5. Other Information	16
Item 6. Exhibits	16
SIGNATURES	17

2

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
MARCH 31, 2009

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2009	

	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash	\$ 7,194	\$
Prepays	1,389	
Deferred financing costs	50,000	
Advances - related party	500,000	

Total current assets	558,583	
FIXED ASSETS, net of accumulated depreciation of \$44,496 and \$43,391, respectively		
	4,832	

Total assets	\$ 563,415	\$
	=====	
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,375,243	\$
Accrued expenses - related party	1,556,000	
Notes payable	1,855,000	
Due to related parties	409,500	
Loans and settlement payable	878,239	

Total current liabilities	6,073,982	

Total liabilities	6,073,982	
COMMITMENTS & CONTINGENCIES		
	--	
STOCKHOLDERS' DEFICIT		
Preferred stock: \$0.001 par value; authorized 50,000,000 shares Series A - 1,500,000 designated, none outstanding	--	

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

Series B - 10,000,000 designated, 1,000,000 outstanding	1,000
Common stock: \$0.001 par value; authorized 200,000,000 shares; issued and outstanding:135,777,287 and 132,027,287 respectively	135,777
Additional paid-in capital	13,009,676
Deferred construction costs paid with common stock	(70,312)
Loan collateral paid with common stock	(750,000)
Common stock payable	95,000
Accumulated deficit during the development stage	(17,931,708)

Total stockholders' deficit	(5,510,567)

Total liabilities and stockholders' deficit	\$ 563,415
	=====

See accompanying notes to these condensed consolidated financial statements.

4

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended		
	March 31, 2009	March 31, 2008	Fr Mar Ma
	-----	-----	-----
Revenues	\$ --	\$ --	\$
Operating Expenses:			
Professional and consulting fees	143,377	143,416	
Project costs	50,475	2,777	
Depreciation	1,104	2,210	
Settlement expense & nullification fee expense	--	--	
Other expense	43,412	30,601	
	-----	-----	
	238,368	179,004	
Operating loss	(238,368)	(179,004)	
Other income (expense):			
Interest income	--	43,750	
Interest expense	(65,613)	(65,691)	
	-----	-----	
	(65,613)	(21,941)	
Net Loss	(303,981)	(200,945)	
Preferred stock dividends	--	--	
	-----	-----	
Net loss allocable to common stockholders	\$ (303,981)	\$ (200,945)	\$
	=====	=====	=====

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

Net loss per common share - basic and diluted	\$ (0.00)	\$ (0.00)
	=====	=====
Weighted average number of common shares outstanding	132,571,731	122,170,694
	=====	=====

See accompanying notes to these condensed consolidated financial statements.

5

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARIES (A DEVELOPMENT STAGE COMPANY) CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	March 31, 2009	March 31, 2008
	-----	-----
Cash Flows from Operating Activities:		
Net Loss	\$ (303,981)	\$ (200,945)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	1,104	2,210
Issuance of common stock for services	49,500	--
Issuance of common stock for nullification fee	--	--
Issuance of common stock for accrued bonus	--	--
Interest expense from the issuance of common stock	--	--
Accretion of debt issuance costs	--	--
Changes in assets and liabilities:		
Prepaid expenses	474	420
Accounts payable and accrued expenses	88,863	46,407
Accrued expenses - related party	86,000	70,000
Accrued settlement obligation	--	--
Net cash used in operating activities	(78,040)	(81,908)
	-----	-----
Cash flows from Investing Activities:		
Payments to acquire fixed assets	--	--
Proceeds from Note Receivable	--	--
	-----	-----
Net cash used in investing activities	--	--
Cash flows from Financing Activities:		
Proceeds from notes payable, short term debt	--	25,000
Proceeds from notes payable, due to related parties	69,500	--
Payment on notes payable, short term debt	--	--
Payment on notes payable, due to related parties	--	--

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

Proceeds from the sale of preferred stock	--	--
Proceeds from the sale of common stock	500	50,000
Proceeds from common stock payable	--	--
Payments for loan fees	--	--
Payments for deferred financing costs	--	--
	-----	-----
Net cash provided by financing activities	70,000	75,000
Net (decrease) increase in cash	(8,040)	(6,908)
Cash, beginning of year	15,234	42,076
	-----	-----
Cash, end of year	\$ 7,194	\$ 35,168
	=====	=====
Cash paid for:		
Interest	\$ --	\$ --
Income Taxes	\$ --	\$ --

See accompanying notes to these condensed consolidated financial statements.

6

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED)
(UNAUDITED)

Supplemental schedule of non-cash Investing
and Financing Activities:

Common stock issued for financing costs	\$ --	\$ --
Common stock issued for loan collateral	\$ --	\$ --
Deferred construction costs, adjusted to fair value	\$ 14,063	\$ (28,125)
Conversion of preferred shares	\$ --	\$ --
Common stock issued as acquisition deposit	\$ --	\$ --
Common stock cancelled due to business combination cancellation	\$ --	\$ 375,000
Common stock payable	\$ (40,000)	\$ 75,000

See accompanying notes to these condensed consolidated financial statements.

7

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Basis of Presentation and Organization and Significant
Accounting Policies

Basis of Presentation and Organization

The accompanying Condensed Consolidated Financial Statements of Voyager Entertainment International, Inc. (the "Company") should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2008. Significant accounting policies disclosed therein have not changed except as noted below.

Voyager Entertainment International, Inc., a North Dakota corporation, formerly known as Dakota Imaging, Inc. and incorporated on January 31, 1991, is in the entertainment development business with plans to develop the world's tallest Observation Wheel on the Las Vegas strip area. During April 2002, the Company changed its name from Dakota Imaging, Inc. to Voyager Entertainment International, Inc. and adopted a new fiscal year. On June 11, 2003, the Company became a Nevada Corporation.

As used in these Notes to the Consolidated Financial Statements, the terms the "Company", "we", "us", "our" and similar terms refer to Voyager Entertainment International, Inc. and, unless the context indicates otherwise, its consolidated subsidiaries. The Company's wholly-owned subsidiaries include Voyager Ventures, Inc. ("Ventures"), a Nevada corporation, Outland Development, LLC ("Outland"), a Nevada Limited Liability Corporation, and Voyager Entertainment Holdings, Inc. ("Holdings"), a Nevada corporation. Voyager Ventures, Inc. has been a dormant company and was discontinued as of December 31, 2007. All organizational costs had been paid by the parent.

These Condensed Consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and accounts have been eliminated in consolidation.

Basis of Financial Statement Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed consolidated financial statements includes normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, these interim condensed consolidated financial statements should be read in conjunction with the Company's most recent audited financial statements and notes thereto included in its December 31, 2008 Annual Report on Form 10-K. Operating results for the period ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, the Company has not begun generating revenue, is considered a development stage company, has experienced recurring net operating losses, had a net loss of \$303,981 and \$200,945 for the three months ended March 31, 2009 and 2008, and a working capital deficiency of \$5,515,399 at March 31, 2009. These factors raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Accounting

In September 2006, the Financial Accounting Standards Board ("FASB") issued FASB Statement No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions of FAS 157 were adopted January 1, 2008. In February 2008, the FASB staff issued Staff Position No. 157-2 "Effective Date of FASB Statement

8

No. 157" ("FSP FAS 157-2"). FSP FAS 157-2 delayed the effective date of FAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The provisions of FSP FAS 157-2 were adopted for the Company's fiscal year beginning January 1, 2009 and had no significant impact on our financial statements.

FAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FAS 157 are described below:

- | | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities; |
| Level 2 | Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; |

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

New Accounting Pronouncements

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, "The Hierarchy of Generally Accepted Accounting Principles," ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of non-governmental entities that are presented in conformity with generally accepted accounting principles in the United States of America. SFAS 162 will be effective 60 days after the Securities and Exchange Commission approves the Public Company Accounting Oversight Board's amendments to AU Section 411. The Company does not anticipate the adoption of SFAS 162 will have an impact on its financial statements.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 163, "Accounting for Financial Guarantee Insurance Contracts - an interpretation of FASB Statement No. 60," ("SFAS No. 163"). SFAS 163 requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities. Those clarifications will increase comparability in financial reporting of financial guarantee insurance contracts by insurance enterprises. This Statement requires expanded disclosures about financial guarantee insurance contracts. The accounting and disclosure requirements of the Statement will improve the quality of information provided to users of financial statements. SFAS 163 will be effective for financial statements issued for fiscal years beginning after December 15, 2008. The adoption of SFAS 163 does not have a material impact on our financial condition or results of operation.

In June 2008, the FASB issued FASB Staff Position EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities," ("FSP EITF 03-6-1"). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the computation of earnings per share under the two-class method as described in FASB Statement of Financial Accounting Standards No. 128, "Earnings per Share." FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning on or after December 15, 2008 and earlier adoption is prohibited. The Company was required to adopt FSP EITF 03-6-1 in the first quarter of 2009. FSP EITF 03-6-1 did not have a material impact on the financial statements.

Note 2. Stockholders' Deficit

The authorized common stock of the Company consists of 200,000,000 shares of common stock with par value of \$0.001 and 50,000,000 shares of preferred stock. For our preferred stock, we have designated two series: 1,500,000 shares of Series A Preferred Stock and 10,000,000 shares of Series B Preferred Stock both with a par value of \$0.001.

In February 2009, the Company issued 25,000 shares of common stock for \$500 cash or \$0.02 per share.

In February 2009, the Company issued 225,000 shares of common stock for professional services rendered for total compensation of \$4,500 or \$0.02 per share.

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

In March 2009, the Company issued 2,000,000 shares of common stock payable or \$0.02 per share. \$40,000 cash was received for these shares in 2008.

9

In March 2009, the Company issued 1,500,000 shares of common stock for professional services rendered for total compensation of \$45,000 or \$0.03 per share.

No preferred share transactions occurred during the three months ending March 31, 2009.

Note 3. Related Party Transactions

Synthetic Systems

During the quarters ended March 31, 2009 and 2008, the Company incurred consulting fees of approximately \$37,000 and \$35,000 respectively per month to Synthetic Systems, LLC for a total of \$111,000 and \$105,000. The Company leased furniture and equipment from Synthetic Systems for a total of \$3,450 or \$1,150 per month for the quarters ending March 31, 2009 and 2008. The Company also paid on behalf of Synthetic Systems, LLC office rent expenses of approximately \$8,345 and \$9,105, as of March 31, 2009 and 2008, respectively. Synthetic Systems is jointly owned by our Chief Executive Officer and Secretary.

Western Architectural

As previously disclosed in our 2008 Form 10-K, on May 30, 2002, the Company executed a Contractor Agreement with Western Architectural Services, LLC ("Western") where Western would provide to the Company certain architectural services for the Las Vegas Observation Wheel Project in exchange for which the Company issued 2,812,500 shares of restricted common stock to Western. Although he was not an affiliate of the Company upon execution of the Contractor Agreement, Western's Chief Executive Officer is currently an executive officer, director and significant stockholder of the Company. We have accounted for these shares as Deferred Construction Costs in these financial statements.

Western plans to sell the 2,812,500 shares of common stock at the time before and during the contract to purchase supplies and to pay subcontractor fees. At the time the contract was issued the shares of the Company were trading at \$6.50 per share, our current stock price is trading significantly below that amount. If at the time Western performs the services contracted and the share price is below \$6.50 per share, the Company will be required to issue additional shares to Western in order for the contract to be fulfilled. Western's Chief Executive Officer is currently an affiliate of the Company which will also limit the amount of shares that can be sold based on the trading volume and shares outstanding in accordance with Rule 144 of the Securities Act of 1933. As of March 31, 2009, we have marked these shares to market in accordance with EITF No. 96-18 "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services", Issue 3, using the period end closing price of our stock. The change in valuation was debited to additional-paid in capital due to the deferred construction cost nature of these shares.

As of March 31, 2009, we have received advances in the amounts of \$199,500 from Western Architectural Services, LLC. The advances are unsecured, carry no interest and are due upon demand. As of March 31, 2009, no payments have been made to Western.

Directors and Officers

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

On occasion, our Officers and Directors will loan funds to the Company so that operations can continue.

As of March 31, 2009, we have received advances in the amounts of \$210,000 from our Chief Operating Officer. The advances are unsecured, carry no interest and are due upon demand.

Note 4. Fair Value

In accordance with FAS 157, the table below sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required by FAS 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value at March 31, 2009			
	Total	Level 1	Level 2	Level 3
Assets:				
Deferred construction costs	\$70,312	\$70,312	\$ --	\$ --
	70,312	\$70,312	\$ --	\$ --
Liabilities:				
None	\$ --	\$ --	\$ --	\$ --

10

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The following discussion and analysis ("MD&A") of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. References in this section to "Voyager Entertainment International, Inc.," the "Company," "we," "us," and "our" refer to Voyager Entertainment International, Inc. and our direct and indirect subsidiaries on a consolidated basis unless the context indicates otherwise.

This interim report contains forward looking statements relating to our Company's future economic performance, plans and objectives of management for future operations, projections of revenue mix and other financial items that are based on the beliefs of, as well as assumptions made by and information currently known to, our management. The words "expects, intends, believes, anticipates, may, could, should" and similar expressions and variations thereof are intended to identify forward-looking statements. The cautionary statements set forth in this section are intended to emphasize that actual results may differ materially from those contained in any forward looking statement.

EXECUTIVE SUMMARY AND OVERVIEW

During the next 12 months, we are continuing our efforts on the development of the Observation Wheel in Las Vegas, Nevada; however, actual production will not commence until we have sufficient capital for construction and marketing. As of the year ending December 31, 2008, the Company did not have enough cash on hand to continue operations through the next year. However, from time-to-time the officers of the Company loan funds to provide for operations. There can be no

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

guarantees that the Company's officers and directors will continue to loan funds to the Company on an ongoing basis. However, if we do not receive a substantial amount of funding it will be unlikely we can continue operations.

We have been successful in the past in selling our common stock in private transactions to provide for minimal operations. We plan to seek additional funding through debt transactions and the sale of our common stock either privately or publicly. There can be no guarantees we will continue to be successful in completing those transactions. The primary expenses for the Company consist of consulting fees that are primarily paid by the issuance of our common stock.

We are not the traditional Company that has the standard research and development expenses. As a result, most of our research and development expenses consist of presentation materials and architectural designs. Upon funding of the project the initial expense will be engineering and architectural.

Our primary costs consist mainly of professional and consulting, legal and accounting fees along with those fees paid to related parties, rent expenses and printing expenses. As the project is being developed we are incurring additional architectural and travel related fees. If this project is successful there will be a significant increase in expenses for all aspects of the construction process to include an additional office set up, additional employees and continual travel.

We plan to focus primarily on the development of the Observation Wheel in Las Vegas over the next 12 months although we may entertain discussions with any interested party in other locations. Other than presentation materials, if a suitable site is acquired and selected, the primary focus will be on completing engineering and starting the construction of an Observation Wheel.

For additional detailed discussion regarding the Company's business and business trends affecting the Company and certain risks inherent in the Company's business, see "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operation" in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

DEVELOPMENT OF OUR BUSINESS

Voyager Entertainment International, Inc., formerly named Dakota Imaging, Inc., was incorporated in North Dakota on January 31, 1991. Effective February 8, 2002, the Company completed a reverse triangular merger between Dakota Subsidiary Corp. ("DSC"), a wholly-owned subsidiary of the Company, and Voyager Ventures, Inc., a Nevada Corporation ("Ventures"), whereby the Company issued 3,660,000 shares of its Series A preferred stock in exchange for 100% of Ventures' outstanding common stock. Pursuant to the terms of the merger, DSC merged with and into Ventures and ceased to exist, and Ventures became a wholly-owned subsidiary of the Company.

On April 2, 2002, we amended our Certificate of Incorporation to change our name from Dakota Imaging, Inc. to Voyager Entertainment International, Inc.

In June 2003, the Company reincorporated in the State of Nevada. The reincorporation became effective in the states of North Dakota and Nevada on June 23, 2003, the date the Certificate of Merger was issued by the Secretary of State of North Dakota.

Voyager Ventures, Inc. has been a dormant company since 2002 and was

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

discontinued as of December 31, 2007.

CRITICAL ACCOUNTING POLICIES

The methods, estimates and judgments we use in applying our accounting policies have a significant impact on the results we report in our financial statements, which we discuss under the heading "Results of Operations" following this section of our MD&A. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Our most critical accounting estimates include the assessment of value of our deferred construction costs.

We believe the following critical accounting policy reflects our most significant estimates and assumptions used in the preparation of our consolidated financial statements:

STOCK BASED COMPENSATION

On January 1, 2006, we adopted the fair value recognition provisions of SFAS No. 123(R), "Accounting for Stock-Based Compensation", to account for compensation costs under our stock option plans. We previously utilized the intrinsic value method under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (as amended).

We use the fair value method for equity instruments granted to non-employees and will use the Black-Scholes model for measuring the fair value of options, if issued. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

We do not have any of the following:

- * Off-balance sheet arrangements.
- * Certain trading activities that include non-exchange traded contracts accounted for at fair value.
- * Relationships and transactions with persons or entities that derive benefits from any non-independent relationships other than related party transactions discussed herein.

LIQUIDITY

We plan to focus primarily on the development of the Observation Wheel in Las Vegas the next twelve months although we may entertain discussions with any interested party in other locations.

	March 31, 2009	December 31, 2008	\$ Change	% Ch
Cash	\$ 7,194	\$ 15,234	\$ (8,040)	(5)
Accounts payable and accrued expenses	\$ 1,375,243	\$ 1,286,380	\$ 88,863	
Due to related parties	\$ 1,965,500	\$ 1,810,000	\$ 155,500	
Total current liabilities	\$ 6,073,982	\$ 5,829,619	\$ 244,363	
Cash proceeds from the sale of common stock	\$ 500	\$ 195,000	\$ (194,500)	(10)

We have financed our operations during the quarter primarily through the use of cash on hand, issuance of stock for services, issuance of stock for cash, and aging of our payables.

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

Cash on hand decreased \$8,040, or 53%, as of March 31, 2009 compared to December 31, 2008. The decrease is a result of the payment of payables in the first quarter of 2009.

As of March 31, 2009, we had total current liabilities of \$6,073,982 compared to \$5,829,619 as of December 31, 2008. The 4% increase in total current liabilities is primarily a result of expenses and advances incurred that are due to related parties, which remain unpaid. These items increased as our lack of cash has resulted in longer aging of payables and need for additional cash infusion.

12

Accounts Payable and Accrued Expenses

Our accounts payable increased by approximately \$26,000, or 46%, as of March 31, 2009 compared to December 31, 2008 primarily due to incurrence of travel expenses.

For the year ending 2009, we anticipate to incur normal reoccurring expenses of approximately \$510,000 as a result of related party consulting, furniture and equipment lease, utilities, accounting, health insurance and rent expense.

Accrued Expenses increased approximately \$63,000, or 5%, as of March 31, 2009 compared to December 31, 2008 which consisted primarily of accrued interest. Until the payment of our loans, and their corresponding interest, can be made, upon our initial project financing, it is likely that our interest expense will continue to accumulate steadily throughout 2009.

Due to Related Parties

	March 31, 2009	December 31, 2008	\$ Change	% Change
Accrued Expenses - Related Party	\$1,556,000	\$1,470,000	\$ 86,000	6%
Due To - Related Party	409,500	340,000	69,500	20%
Total Related Party	\$1,965,500	\$1,810,000	\$ 155,500	9%

The total amount Due to Related Parties increased \$155,500, or 9%, as of March 31, 2009 compared to December 31, 2008. These items increased as our lack of cash has resulted in longer aging of payables to our related parties and need for additional cash infusion from our related parties.

Additionally, we received \$69,500 in related party loans during the quarter ended March 31, 2009 compared to \$340,000 during the fiscal year ended December 31, 2008. The receipt of funds allowed us to pay our vendors so that we could continue our operating efforts. Future borrowings may be deemed necessary to sustain our operations until alternative funding can be received.

As of March 31, 2009, we owe \$409,500 in related party loans and \$1,556,000 for professional fees and unpaid bonuses for the fiscal years ending December 31, 2007 and 2006. No bonuses were issued for the fiscal year ending December 31, 2008.

These related party trends are likely to continue throughout 2009 and until fiscal stability can be reached, either by project funding or through the generation of operating revenues.

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

CAPITAL RESOURCES

Cash decreased by \$8,040, or 53%, as of March 31, 2009 due to the payment of some of our payables throughout 2009. Additionally, common stock issuances for cash decreased by \$194,500, or 100%, for the quarter ended March 31, 2009 compared to the year ended December 31, 2008. It is more likely than not that the issuance of shares for cash will continue to decrease in the next twelve months as a result of the apprehensions shareholders have towards the volatility of the stock market. For the quarter ended March 31, 2009, we issued common stock for \$500 cash. The issuance of common stock for cash assists us in continuing our operating efforts. Should we be unable to issue common stock for cash sufficient enough to sustain our operations, either alternative capital raising efforts will proceed or operations will halt until the proper funding can be obtained.

We had \$7,194 cash on hand as of March 31, 2009 compared to \$15,234 as of December 31, 2008. We will continue to need additional cash during the following twelve months and these needs will coincide with the cash demands resulting from our general operations and implementing our business plan. It is possible that an agreement finalizing the security of a project site and the corresponding construction of an observation wheel may begin in the next twelve months. Assuming no such occurrences, our anticipated minimum cash payments for 2009 will be approximately \$510,000.

There is no assurance we will be able to obtain additional capital as required, or obtain the capital on acceptable terms and conditions. Our failure to obtain sufficient funding may result in our need to halt operations until such funding can be obtained. A halt in operations could significantly setback the progress we have made in negotiating a project site and the related financing. Additionally, during this time, a stronger competitor may prevail with a similar project.

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate enough positive internal operating cash flow

13

until such time as we can generate substantial revenues, which may take the next few years to fully realize. In the event we cannot obtain the necessary capital to pursue our strategic plan, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations.

Our near term cash requirements are anticipated to be offset through the receipt of funds from private placement offerings and loans obtained through private sources. Since inception, we have financed cash flow requirements through debt financing and issuance of common stock for cash and services. The acquisition of sufficient funding presents a challenge in the current economy that we may be unable to overcome. As we initiate operational activities, we may continue to experience net negative cash flows from operations, pending receipt of servicing or licensing fees, and will be required to obtain additional financing to fund operations through stock offerings and bank borrowings to the extent necessary to provide working capital.

Over the next twelve months, we believe that existing capital and anticipated funds from operations will not be sufficient to sustain operations and planned development. Consequently, we will be required to seek additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities. No assurance can be made that such financing would be available, and if available it may take either the form of debt or equity. In

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

either case, the financing could have a negative impact on our financial condition and our stockholders.

We anticipate incurring operating losses over the next twelve months. Our lack of operating history makes predictions of future operating results difficult to ascertain. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as development related companies. Such risks include, but are not limited to, an evolving and unpredictable business model and the management of growth. To address these risks we must, among other things, implement and successfully execute our business and marketing strategy, continue to develop and upgrade technology and products, respond to competitive developments, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2009 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2008

Results of operations consist of the following:

	March 31, 2009	December 31, 2008	\$ Change	% Change
Revenue	\$ --	\$ --	\$ --	0%
General and administrative expenses	238,368	179,004	59,364	33%
Operating loss	\$ (238,368)	\$ (179,004)	\$ (59,364)	33%

As of March 31, 2009, we have not constructed an Observation Wheel and therefore have not generated revenues.

The increase in general and administrative expenses of 33% is due primarily to an increase in project costs. In the first quarter of 2009, \$50,475 project costs were incurred compared to \$2,777 in the first quarter of 2008. This is primarily due to the engagement of consultants needed to assess possible project sites in additional locations outside of the Las Vegas strip area.

Additionally, other general and administrative expenses have increased to \$43,412 as of March 31, 2009 from \$30,601 as of March 31, 2008 primarily due to travel expenses incurred on behalf of our officers and directors as a result of assessing possible site locations for other Observation Wheel projects. As of March 31, 2009, we have not settled on any additional Observation Wheel projects and are continuing to focus primarily on the L.V. Project for the remainder of 2009.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to smaller reporting companies.

ITEM 4T. CONTROLS AND PROCEDURES.

(a) Disclosure Controls and Procedures

Based on the management's evaluation (with the participation of our President and Principal Financial Officer), our President and Principal Financial Officer has concluded that as of March 31, 2009, our disclosure controls and procedures

(as defined in Rules 13a - 15(e) and 15d-15(e) under the Securities Exchange of 1934 (the "Exchange Act") are effective to provide reasonable assurance that the information required to be disclosed in this quarterly report on Form 10-Q is recorded, processed, summarized and reported within the time period specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Principal Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

(b) Internal control over financial reporting

Management's quarterly report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a- 15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Our internal control over financial reporting should include those policies and procedures that:

- o pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- o provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and
- o provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, our Chief Executive Officer and Principal Financial Officer, we have evaluated the effectiveness of our internal control over financial reporting and preparation of our quarterly financial statements as of March 31, 2009 and believe they are effective. While we believe the present control design and procedures are effective, future events affecting our business may cause the Company to modify its controls and procedures.

Attestation report of the registered public accounting firm

This quarterly report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this quarterly report.

Changes in internal control over financial reporting

Based on the evaluation as of March 31, 2009, our Chief Executive Officer and Principal Financial Officer has concluded that there were no significant changes in our internal controls over financial reporting or in any other areas that could significantly affect our internal controls subsequent to the date of his

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

most recent evaluation and there were no corrective actions during the quarter with regard to significant deficiencies or material weaknesses.

15

PART II

OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes from the Risk Factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February 2009, the Company issued 25,000 shares of common stock for \$500 cash or \$0.02 per share.

In February 2009, the Company issued 225,000 shares of common stock for professional services rendered for total compensation of \$4,500 or \$0.02 per share.

In March 2009, the Company issued 2,000,000 shares of common stock payable or \$0.02 per share. \$40,000 cash was received for these shares in 2008.

In March 2009, the Company issued 1,500,000 shares of common stock for professional services rendered for total compensation of \$45,000 or \$0.03 per share.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

There have been no material changes from the Defaults Upon Senior Securities described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

ITEM 4 - SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None.

ITEM 5 - OTHER INFORMATION

(1) Committees and financial reviews.

The board of directors has not established an audit committee. In addition, we do not have any other compensation or executive or similar committees. We will not, in all likelihood, establish an audit committee until such time as we increase our revenues, of which there can be no assurance. We recognize that an audit committee, when established, will play a critical role in our financial reporting system by overseeing and monitoring management's and the independent auditor's participation in the financial reporting process.

Until such time as an audit committee has been established, the board of directors will undertake those tasks normally associated with an audit committee

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10-Q

to include, but not by way of limitation, the (i) review and discussion of the audited financial statements with management, and (ii) discussions with the independent auditors with respect to the matters required to be discussed by the Statement On Auditing Standards No. 61, "Communications with Audit Committees", as may be modified or supplemented.

ITEM 6 - EXHIBITS

(a) The following exhibits are filed with this report.

- 31.1 Rule 13a-14(a)/15d-14(a) Certifications.
- 32.1 Section 1350 Certifications.

16

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VOYAGER ENTERTAINMENT INTERNATIONAL, INC.

(Registrant)

Dated May 12, 2009

By: /s/ Richard Hannigan

Richard Hannigan,
President/Director

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Richard Hannigan, Sr.

Richard Hannigan, Sr.
President/CEO/Director
May 12, 2009

By: /s/ Myong Hannigan

Myong Hannigan
Secretary/Treasurer/Director
May 12, 2009

By: /s/ Tracy Jones

Tracy Jones
COO/Director

May 12, 2009