

VOYAGER ENTERTAINMENT INTERNATIONAL INC  
Form 10-Q  
May 11, 2010

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, 2010.

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  
-----  
(State or other jurisdiction of  
incorporation or organization)

54-2110681  
-----  
(I.R.S. Employer  
Identification No.)

4483 West Reno Avenue, Las Vegas, Nevada  
-----  
(Address of principal executive offices)

89119  
-----  
(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 Rule 12b-2 of the Exchange Act). Yes  No

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

As of May 10, 2010, there were 149,902,287 outstanding shares of the issuer's Common Stock, \$0.001 par value.

## TABLE OF CONTENTS

	Page
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 3. Quantitative and Qualitative Disclosures About Market Risk	15
Item 4T. Controls and Procedures	16
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings	17
Item 1A. Risk Factors	17
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	17
Item 3. Defaults Upon Senior Securities	17
Item 4. Submission of Matters to a Vote of Security Holders	17
Item 5. Other Information	17
Item 6. Exhibits	17
SIGNATURES	18

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, 2010

3

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARIES  
(A DEVELOPMENT STAGE COMPANY)

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

## CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2010	Decem
	----- (Unaudited)	----- (A
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 279	\$
Prepays	1,375	
Advances - related party, net of allowance of \$250,000 and \$250,000, respectively	250,000	
Total current assets	----- 251,654	-----
FIXED ASSETS, net of accumulated depreciation of \$42,654 and \$42,214, respectively	4,536	
OTHER ASSETS, website development costs	24,250	
Total assets	\$ 280,440	\$
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,726,456	\$ 1
Accrued expenses - related party	1,853,000	1
Note payable	1,855,000	1
Due to related parties	634,000	
Loans and settlement payable	878,239	
Total current liabilities	----- 6,946,695	----- 6
Total liabilities	6,946,695	6
<b>COMMITMENTS &amp; CONTINGENCIES</b>		
	--	
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock: \$0.001 par value; authorized 50,000,000 shares		
Series A - 1,500,000 designated, none outstanding	--	
Series B - 10,000,000 designated, none outstanding	--	
Common stock: \$0.001 par value; authorized 200,000,000 shares; issued and outstanding: 149,902,287 and 151,402,287 respectively	149,902	
Additional paid-in capital	13,142,301	13
Deferred construction costs paid with common stock	(7,312)	
Loan collateral paid with common stock	(750,000)	
Common stock payable, net of receivable \$0 and \$75,000, respectively	119,250	
Accumulated deficit during the development stage	(19,320,396)	(19
Total stockholders' deficit	----- (6,666,255)	----- (6
Total liabilities and stockholders' deficit	\$ 280,440	\$
	=====	=====

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

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, 2010	March 31, 2009	From in March 1, March 3
	-----	-----	-----
Revenues	\$ --	\$ --	\$
Operating Expenses:			
Professional and consulting fees	138,522	143,377	13,4
Project costs	3,129	50,475	3
Bad debt expense	--	--	2
Depreciation	440	1,104	
Settlement expense & nullification fee expense	--	--	1,0
Other expense	22,037	43,412	1,3
	-----	-----	-----
	164,128	238,368	16,4
Operating loss	(164,128)	(238,368)	(16,4
Other income (expense):			
Interest income	--	--	1
Interest expense	(61,529)	(65,613)	(2,9
Finance fees	(3,825)	--	(
Loss on disposal of fixed assets	--	--	
	-----	-----	-----
	(65,354)	(65,613)	(2,8
Net Loss	(229,482)	(303,981)	(19,3
Preferred stock dividends	--	--	(1
	-----	-----	-----
Net loss allocable to common stockholders	\$ (229,482)	\$ (303,981)	\$ (19,4
	=====	=====	=====
Net loss per common share - basic and diluted	\$ (0.00)	\$ (0.00)	
	=====	=====	
Weighted average number of common shares outstanding	149,068,954	132,571,731	
	=====	=====	

See accompanying notes to these condensed consolidated financial statements.

5

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

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

(UNAUDITED)

	March 31, 2010	March 31, 2009
	-----	-----
Cash Flows from Operating Activities:		
Net Loss	\$ (229,482)	\$ (303,981)
Adjustments to reconcile net loss to net cash used by operating activities:		
Bad debt expense	--	--
Depreciation	440	1,104
Loss on disposal of fixed assets	--	--
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	500	474
Accounts payable and accrued expenses	88,333	88,863
Accrued expenses - related party	75,000	86,000
Accrued settlement obligation	--	--
	-----	-----
Net cash used in operating activities	(65,209)	(78,040)
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	--	--
Proceeds from notes payable, due to related parties	58,000	69,500
Payment on notes payable, short term debt	--	--
Payment on notes payable, due to related parties	--	--
Proceeds from the sale of preferred stock	--	500
Proceeds from the sale of common stock	--	--
Proceeds from common stock payable	--	--
Payments for loan fees	--	--
Payments for deferred financing costs	--	--
	-----	-----
Net cash provided by financing activities	58,000	70,000
Net (decrease) increase in cash	(7,209)	(8,040)
Cash, beginning of year	7,488	15,234
	-----	-----
Cash, end of year	\$ 279	\$ 7,194
	=====	=====
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)

	March 31, 2010	March 31, 2009	From March March
	-----	-----	-----
Supplemental schedule of non-cash Investing and Financing Activities:			
Disposal of fixed assets	\$ --	\$ --	\$
Common stock issued for financing costs	\$ --	\$ --	\$
Common stock issued for loan collateral	\$ --	\$ --	\$
Deferred construction costs, adjusted to fair value	\$ 13,781	\$ 14,063	\$
Conversion of preferred shares	\$ --	\$ --	\$
Common stock issued as acquisition deposit	\$ --	\$ --	\$
Common stock cancelled due to business combination cancellation	\$ --	\$ --	\$
Common stock receivable (issued)	\$ 75,000	\$ (40,000)	\$
Common stock issued to satisfy common stock payable	\$ (30,000)	\$ --	\$
Common stock payable for website development costs	\$ 24,250	\$ --	\$

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

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

### 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, 2009. 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. As of March 31, 2010, the Company's wholly-owned subsidiaries include Voyager Entertainment Holdings, Inc. ("VEHI"), a Nevada corporation and Voyager Viridian LLC ("Viridian"), a Nevada limited liability corporation.

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 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, 2009 Annual Report on Form 10-K. Operating results for the period ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

### 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. The Company has not begun generating revenue, is considered a development stage company, has experienced recurring net operating losses, had a net loss of \$229,482 and \$303,981 for the three months ended March 31, 2010 and 2009, and a working capital deficiency of \$6,695,041 at March 31, 2010. 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

Website Development Costs

-----

Costs incurred in developing and maintaining a website are charged to expense when incurred for the planning, content population, and administration or maintenance of the website. All development costs for the application, infrastructure, and graphics development are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. Capitalized costs are amortized using straight-line basis over a three year estimated economic life of the product.

8

RECENTLY ADOPTED AND RECENTLY ISSUED ACCOUNTING GUIDANCE

Adopted

-----

In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance for "Accounting for Transfers of Financial Assets," which eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity's continuing involvement in and exposure to the risks related to transferred financial assets. This guidance is effective for fiscal years beginning after November 15, 2009. The Company adopted this guidance for the period ended March 31, 2010. It does not have a material impact on the consolidated financial statements.

In June 2009, the FASB issued authoritative guidance amending existing guidance. The amendments include: (1) the elimination of the exemption for qualifying special purpose entities, (2) a new approach for determining who should consolidate a variable-interest entity, and (3) changes to when it is necessary to reassess who should consolidate a variable-interest entity. This guidance is effective for the first annual reporting period beginning after November 15, 2009 and for interim periods within that first annual reporting period. The Company adopted this guidance for the period ended March 31, 2010. It does not have a material impact on the consolidated financial statements.

In January 2010, the FASB issued guidance to amend the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires new disclosures on the transfers of assets and liabilities between Level 1 (quoted prices in active market for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons and the timing of the transfers. The guidance became effective for the Company beginning January 1, 2010. The adoption of this guidance does not have a material impact on the Company's consolidated financial statements.

In February 2010, the FASB issued amended guidance on subsequent events to alleviate potential conflicts between FASB guidance and SEC requirements. Under this amended guidance, SEC filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and we adopted these new requirements for the period ended March 31, 2010. The adoption



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

of this guidance did not have a material impact on our financial statements.

Issued

-----

In October 2009, the FASB issued changes to revenue recognition for multiple-deliverable arrangements. These changes require separation of consideration received in such arrangements by establishing a selling price hierarchy (not the same as fair value) for determining the selling price of a deliverable, which will be based on available information in the following order: vendor-specific objective evidence, third-party evidence, or estimated selling price; eliminate the residual method of allocation and require that the consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method, which allocates any discount in the arrangement to each deliverable on the basis of each deliverable's selling price; require that a vendor determine its best estimate of selling price in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis; and expand the disclosures related to multiple-deliverable revenue arrangements. These changes become effective on January 1, 2011. The Company has determined that the adoption of these changes will not have an impact on the consolidated financial statements, as the Company does not currently have any such arrangements with its customers. In January 2010, the FASB issued guidance to amend the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires a roll forward of activities on purchases, sales, issuance, and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). The guidance will become effective for the Company with the reporting period beginning July 1, 2011. The adoption of this guidance will not have a material impact on the Company's consolidated financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not, or are not believed by management to, have a material impact on the Company's present or future consolidated financial statements.

9

### Note 2. Website Development Costs

Costs of \$24,250 relating to the application, infrastructure, and graphics development of the Company's website have been capitalized as of March 31, 2010. These costs will be amortized over a three year period upon the launch of the website. The website was launched April 21, 2010.

### Note 3. 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.

On February 21, 2010, the Company issued 1,500,000 shares of common stock that were purchased for \$30,000 on December 17, 2009.

On March 2, 2010, 3,000,000 shares, valued at \$75,000, were returned to treasury by a vendor of the Company. The vendor has chosen to accept \$75,000 cash, for services that were performed in 2009, at a later date when funding becomes available.

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

At March 31, 2010, common stock payable, net consists of:

- o \$75,000 payable relating to 2008 Western Acquisition Recession.
- o \$20,000 payable relating to 2008 investor who has not completed investment paperwork so that management can release the shares.
- o \$24,250 payable relating to website development costs incurred in 2010.

### Note 4. Related Party Transactions

#### Synthetic Systems

-----  
During the quarters ended March 31, 2010 and 2009, the Company incurred consulting fees of approximately \$37,000 per month to Synthetic Systems, LLC for a total of \$111,000 for each respective period. The Company leased furniture and equipment from Synthetic Systems for a total of \$1,150 per month for the quarters ending March 31, 2010 and 2009. The Company also paid on behalf of Synthetic Systems, LLC office rent expenses of \$8,820 and \$8,345, as of March 31, 2010 and 2009, respectively. Synthetic Systems is jointly owned by our Chief Executive Officer and Secretary.

#### Western Architectural

-----  
As previously disclosed in our 2009 Form 10-K, on March 30, 2010, 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 for the construction of a wheel. 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, 2010, we have marked these shares to market using the period end closing price of our stock. The change in valuation was applied to additional-paid in capital due to the deferred construction cost nature of these shares.

As of March 31, 2010, we have received advances in the amounts of \$634,000 from Western Architectural Services, LLC. The advances are unsecured, carry no interest and are due upon demand. As of March 31, 2010, no payments have been made to Western.

10

### Note 5. Fair Value

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASC, fair value is measured based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1)

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

observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the fair value hierarchy 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;

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).

In accordance with authoritative guidance, the table below sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. 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, 2010			
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Deferred construction costs	\$7,312	\$7,312	\$ --	\$ --
	7,312	\$7,312	\$ --	\$ --
<b>Liabilities:</b>				
None	\$ --	\$ --	\$ --	\$ --

### 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

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

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, 2009, 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 guarantees that the Company's officers and directors will continue to loan funds to the Company on an ongoing basis. We will continue to seek alternative funding sources, 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 significant expenses for the Company consist of consulting fees that are primarily paid by the issuance of our common stock and the costs of being a public company and remaining current with our periodic filings.

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 an 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, 2009.

### 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.

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

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

12

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. and Outland Development, LLC have been dormant companies since 2002 and were discontinued as of December 31, 2007 and June 30, 2009, respectively. Voyager Entertainment Holdings, Inc. and Voyager Viridian LLC, wholly-owned subsidiaries, were formed on May 2, 2002 and August 3, 2009, respectively.

### 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

-----  
Stock based compensation is accounted for using the Equity-Based Payments to Non-Employee Topic of the FASB ASC, which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. We determine the value of stock issued at the date of grant. We also determine at the date of grant the value of stock at fair market value or the value of services rendered (based on contract or otherwise) whichever is more readily determinable.

Shares issued to employees are expensed upon issuance.

Stock based compensation for employees is accounted for using the Stock Based Compensation Topic of the FASB ASC. We use the fair value method for equity instruments granted to 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

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

benefits from any non-independent relationships other than related party transactions discussed herein.

### RESULTS OF OPERATIONS

#### Three Month Comparison

Results of operations for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 consist of the following:

Three Months Ended	March 31, 2010	March 31, 2009	\$ Change	% Change
Revenue	\$ --	\$ --	\$ --	--
Professional and consulting fees	138,522	143,377	(4,855)	(3)
Project costs	3,129	50,475	(47,346)	(94)
General and administrative expenses	22,477	44,516	(22,039)	(50)
Operating loss	\$ (164,128)	\$ (238,368)	\$ (74,240)	(31)

As of March 31, 2010, we have not constructed an Observation Wheel and therefore have not generated revenues.

13

We had operating expenses of \$164,128 for the quarter ended March 31, 2010 versus operating expenses of \$238,368 for the quarter ended March 31, 2009 which primarily consisted of professional and consulting fees of \$138,522. The 31% decrease in operating expenses for the three months ended March 31, 2010 as compared to the three months ended March 31, 2009 is due to project and travel costs incurred in 2009 for alternative projects outside of the Las Vegas area. As of March 31, 2010, no such costs were incurred and we have not settled on any additional Observation Wheel projects. We are continuing to focus on the L.V. Project for the remainder of 2010.

In general, we are reducing costs where able in an attempt to prolong our cash reserves. If the Company receives funding for the L.V. Project, we expect these expenses to increase substantially, including support for employees that will be required and other operating expenses related to the construction of the project. Additionally, we anticipate issuing bonuses to management for services rendered at a time when the Company is more fiscally able.

### 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, 2010	December 31, 2009	\$ Change
Cash	\$ 279	\$ 7,488	\$ (7,209)
Accounts payable and accrued expenses	\$1,726,456	\$1,638,121	\$ 88,335
Due to related parties	\$2,487,000	\$2,354,000	\$ 133,000
Total current liabilities	\$6,946,695	\$6,725,360	\$ 221,335
Cash proceeds from the sale of common stock	\$ --	\$ 90,000	\$ (90,000)

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

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

Cash on hand decreased \$7,209, or 96%, as of March 31, 2010 compared to December 31, 2009. The decrease is a result of the payment of payables during the first quarter.

As of March 31, 2010, we had total current liabilities of \$6,946,695 compared to \$6,725,360 as of December 31, 2009. These items increased \$221,335 as a result of the aging of our payables and related party borrowings. We anticipate that our current lack of cash will result in longer aging of payables and need for additional cash infusion.

### Accounts Payable and Accrued Expenses

-----

Our accounts payable and accrued interest increased by approximately 5%, as of March 31, 2010 compared to December 31, 2009 primarily due to cash payments towards our vendors, offset by the aging of more recent expenditures and the accrual of interest on our loans. 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 2010.

For the remainder of the year ending 2010, we anticipate to incur normal reoccurring expenses of approximately \$450,000 as a result of related party consulting, furniture and equipment lease, utilities, accounting, health insurance and rent expense.

### Due to Related Parties

-----

	March 31, 2010	December 31, 2009	\$ Change	% Change
Accrued Expenses - Related Party	\$1,853,000	\$1,778,000	\$ 75,000	4%
Due To - Related Party	634,000	576,000	58,000	10%
<b>Total Related Party</b>	<b>\$2,487,000</b>	<b>\$2,354,000</b>	<b>\$ 133,000</b>	<b>6%</b>

The total amount Due to Related Parties increased \$133,000, or 6%, as of March 31, 2010 compared to December 31, 2009 as a result of unpaid consulting services and cash advancements. These items increased as our lack of cash has resulted in longer aging of payables to our related parties and the need for additional cash infusion from our related parties.

Additionally, loans due to related parties increased \$58,000, or 10%, as of March 31, 2010 compared to December 31, 2009 as a result of borrowing capital from related parties. 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, 2010, we owe \$634,000 in related party loans and \$1,853,000 for professional fees and unpaid bonuses. No bonuses were issued for the fiscal years ending December 31, 2009 or 2008.

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

These related party trends are likely to continue throughout 2010 and until fiscal stability can be reached, either by project funding or through the generation of operating revenues.

### CAPITAL RESOURCES

Cash decreased by \$7,209, or 96%, as of March 31, 2010 due to the payment of some of our payables throughout the first quarter. Additionally, we received no cash for the purchase of common stock, for the three months ended March 31, 2010 compared to \$90,000 for the year ended December 31, 2009. Until we can launch our project, it is more likely than not that the issuance of shares for cash will be minimal during the next twelve months as a result of the apprehensions shareholders have towards the volatility of the stock market. 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 \$279 cash on hand as of March 31, 2010 compared to \$7,488 as of December 31, 2009. 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 remaining anticipated minimum cash payments for 2010 will be approximately \$450,000.

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 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 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to smaller reporting companies.

15

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, 2010, 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

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

- 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, 2010 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, 2010, 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 this most recent evaluation and there were no corrective actions during the quarter with regard to significant deficiencies or material weaknesses.

16

### 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, 2009.

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

None.

##### ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

There have been no changes from the Defaults Upon Senior Securities described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

##### ITEM 4 - SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None.

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

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 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.

17

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 10, 2010

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

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

May 10, 2010

By: /s/ Myong Hannigan

-----  
Myong Hannigan  
Secretary/Treasurer/Director  
May 10, 2010

By: /s/ Tracy Jones

-----  
Tracy Jones  
COO/Director  
May 10, 2010