VOYAGER ENTERTAINMENT INTERNATIONAL INC
Form 10-Q
November 16, 2009

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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 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 [X] 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 [X] |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of November 16, 2009, there were 151,402,287 outstanding shares of the issuer's Common Stock, $0.001 par value.

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FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2009



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

CONDENSED CONSOLIDATED BALANCE SHEETS

| | September 30, 2009 | Decembe 200 |
|---|---|---|
| | (Unaudited) | (Audi |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | $ 2,560 | $ 1 |
| Prepaids | 441 | |
| Deferred financing costs | 50,000 | 5 |
| Advances - related party | 500,000 | 50 |
| Total current assets | 553,001 | 56 |
| FIXED ASSETS, net of accumulated depreciation of $45,966 and $43,391, respectively | 3,363 | |
| Total assets | $ 556,364 | $ 57 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | $ 1,500,167 | $ 1,28 |
| Accrued expenses - related party | 1,704,000 | 1,47 |
| Note payable | 1,855,000 | 1,85 |
| Due to related parties | 515,500 | 34 |
| Loans and settlement payable | 878,239 | 87 |
| Total current liabilities | 6,452,906 | 5,82 |
| Total liabilities | 6,452,906 | 5,82 |
| COMMITMENTS & CONTINGENCIES | -- | |
| STOCKHOLDERS' DEFICIT | | |
| 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, 0 and 1,000,000 outstanding respectively | -- | |
| Common stock: $0.001 par value; authorized 200,000,000 shares; issued and outstanding:151,402,287 and 132,027,287 respectively | 151,402 | 13 |
| Additional paid-in capital | 13,212,239 | 12,93 |
| Deferred construction costs paid with common stock | (33,750) | (8 |
| Loan collateral paid with common stock | (750,000) | (75 |
| Common stock payable | 95,000 | 13 |
| Accumulated deficit during the development stage | (18,571,433) | (17,62 |
| Total stockholders' deficit | (5,896,542) | (5,25 |
| Total liabilities and | | |

| | | |
|---|---|---|
| stockholders' deficit | $ 556,364 | $ 57 |

See accompanying notes to these condensed consolidated financial statements.

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

(UNAUDITED)

| | Three Months Ended | | Six Month |
|---|---|---|---|
| | September 30, 2009 | September 30, 2008 | September 30, 2009 |
| Revenues | $ -- | $ -- | $ -- |
| Operating Expenses: | | | |
| Professional and consulting fees | 237,978 | 33,633 | 501,732 |
| Project costs | 1,968 | 13,376 | 134,535 |
| Depreciation | 629 | 1,600 | 2,574 |
| Settlement expense | -- | -- | -- |
| Other expense | 32,091 | 32,322 | 107,267 |
| | 272,666 | 80,931 | 746,108 |
| Operating loss | (272,666) | (80,931) | (746,108) |
| Other income (expense): | | | |
| Interest income | -- | 1 | -- |
| Interest expense | (67,553) | (74,164) | (197,598) |
| | (67,553) | (74,163) | (197,598) |
| Net Loss | (340,219) | (155,094) | (943,706) |
| Preferred stock dividends | -- | -- | -- |
| Net loss allocable to common stockholders | $ (340,219) | $ (155,094) | $ (943,706) |
| Net loss per common share - basic and diluted | $ (0.00) | $ (0.00) | $ (0.01) |
| Weighted average number of common shares outstanding | 144,913,157 | 131,777,287 | 141,093,679 |

See accompanying notes to these condensed consolidated financial statements.

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VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

| | September 30, 2009 | September 30, 2008 | From March Septem |
|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | |
| Net Loss | $ (943,706) | $ (985,940) | $(18 |
| Adjustments to reconcile net loss to net cash used by operating activities: | | | |
| Depreciation | 2,574 | 5,715 | |
| Issuance of common stock for services | 243,250 | 208,000 | 6 |
| Issuance of common stock for nullification fee | -- | -- | |
| Issuance of common stock for accrued | -- | | |
| bonus | -- | -- | |
| Interest expense from the issuance of common stock | -- | 150,000 | |
| Accretion of debt issuance costs | -- | -- | |
| Changes in assets and liabilities: | | | |
| Prepaid expenses | 1,421 | 1,420 | |
| Accounts payable and accrued expenses | 213,787 | 116,801 | 1 |
| Accrued expenses - related party | 234,000 | 160,000 | 1 |
| Accrued settlement obligation | -- | -- | |
| Net cash used in operating activities | (248,674) | (344,004) | (5 |
| **Cash flows from Investing Activities:** | | | |
| Payments to acquire fixed assets | -- | (2,481) | |
| Proceeds from Note Receivable | -- | -- | |
| Net cash used in investing activities | -- | (2,481) | |
| **Cash flows from Financing Activities:** | | | |
| Proceeds from notes payable, short term debt | -- | -- | 2 |
| Proceeds from notes payable, due to related parties | 177,500 | 161,000 | |
| Payment on notes payable, short term debt | -- | -- | |
| Payment on notes payable, due to related parties | (2,000) | (6,000) | |
| Proceeds from the sale of preferred stock | -- | -- | |
| Proceeds from the sale of common stock | 60,500 | 135,000 | 3 |
| Proceeds from common stock payable | -- | 20,000 | |
| Payments for loan fees | -- | -- | |
| Payments for deferred financing costs | -- | -- | |
| Net cash provided by financing activities | 236,000 | 310,000 | 6 |
| Net (decrease) increase in cash | (12,674) | (36,485) | |
| Cash, beginning of year | 15,234 | 42,076 | |
| Cash, end of year | $ 2,560 | $ 5,591 | $ |
| **Cash paid for:** | | | |
| Interest | $ 132 | $ 56 | $ |
| Income Taxes | $ -- | $ -- | $ |

See accompanying notes to these condensed consolidated financial statements.



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

(UNAUDITED)

| | September 30, 2009 | September 30, 2008 | From March Septem |
|---|---|---|---|
| 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 | $ 50,625 | $ 70,313 | $ |
| Conversion of preferred shares | $ 2,000 | $ -- | $ |
| 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.



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.

In June 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification(TM) and the Hierarchy of Generally Accepted Accounting Principles (the "Codification"). The Codification became the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles ("GAAP"). The Codification did not change GAAP but reorganizes the literature. The Codification is effective for interim and annual periods ending after September 15, 2009, and the Company adopted the Codification during the three months ended September 30, 2009. The Company has begun to use the new Codification when referring to GAAP in its quarterly and annual reports filed on Forms 10-Q and 10-K respectively. This guidance does not have an impact on the consolidated results of the Company.

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 September 30, 2009, the Company's wholly-owned subsidiary includes Voyager Entertainment Holdings, Inc. ("Holdings"), a Nevada corporation. Outland Development, LLC has been a dormant company and was discontinued as of June 30, 2009. Voyager Viridian LLC, a wholly-owned subsidiary, was formed on August 3, 2009.

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, 2008 Annual Report on Form 10-K. Operating results for the period ended September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

Going Concern
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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 $943,706 and $985,940 for the nine months ended September 30, 2009 and 2008, and a working capital deficiency of $5,899,905 at September 30, 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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Accounting
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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) 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).

RECENTLY ADOPTED AND RECENTLY ISSUED ACCOUNTING GUIDANCE

Adopted
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On September 30, 2009, the Company adopted changes issued by the Financial Accounting Standards Board ("FASB") to the authoritative hierarchy of GAAP. These changes establish the FASB Accounting Standards CodificationTM ("Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead the FASB will issue

Accounting Standards Updates. Accounting Standards Updates will not be authoritative in their own right as they will only serve to update the Codification. These changes and the Codification itself do not change GAAP. Other than the manner in which new accounting guidance is referenced, the adoption of these changes had no impact on the Financial Statements.

In April 2009, the FASB issued authoritative guidance for "Interim Disclosures about Fair Value of Financial Instruments," which requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This guidance also requires those disclosures to be in summarized financial information at interim reporting periods. This guidance is effective for interim reporting periods ending after June 15, 2009. The Company adopted this guidance in the second quarter of 2009 and it did not have a material impact on the financial statements.

In April 2009, the FASB issued authoritative guidance for the "Recognition and Presentation of Other-Than-Temporary Impairments" in order to make existing guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. The Company adopted this guidance in the second quarter of 2009 and it did not have a material impact on the financial statements.

In April 2009, the FASB issued authoritative guidance for "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly." This guidance provides additional direction for estimating fair value in accordance with established guidance for "Fair Value Measurements," when the volume and level of activity for the asset or liability have significantly decreased. This guidance also includes direction on identifying circumstances that indicate a transaction is not orderly. This guidance is effective for interim and annual reporting periods ending after June 15, 2009. The Company adopted this guidance in the second quarter of 2009 and it did not have a material impact on the financial statements.

In June 2009, the FASB issued authoritative guidance which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This guidance applies to both interim financial statements and annual financial statements and is effective for interim or annual financial periods ending after June 15, 2009. This guidance does not have a material impact on our financial statements.



Issued
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In June 2009, the 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 will adopt this guidance in fiscal 2010 and does not expect that the adoption will 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 will adopt this guidance in fiscal 2010. The Company does not expect that the adoption will have a material impact on the consolidated 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.

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

In April 2009, the Company issued 375,000 shares of common stock for professional services rendered for total compensation of $7,500 or $0.02 per share.

In May 2009, the Company issued 3,000,000 shares of common stock for professional services rendered for total compensation of $75,000 or $0.03 per share.

In August 2009, the Company issued 7,250,000 shares of common stock for professional services rendered for total compensation of $111,250 or $0.02 per share.

In August 2009, the Company issued 3,000,000 shares of common stock for $60,000 cash or $0.02 per share.

In September 2009, 1,000,000 shares of Series B Preferred Stock were converted to 2,000,000 shares of common stock with a valuation of $0.01 per share.

Note 3. Related Party Transactions

Synthetic Systems
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During the quarters ended September 30, 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 $333,000 and $315,000. The Company leased furniture and equipment from Synthetic Systems for a total of $1,150 per month for the quarters ending September 30, 2009 and 2008. The Company also paid on behalf of Synthetic Systems, LLC office rent expenses of $25,499 and $25,912, as of September 30, 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 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 September 30, 2009, we have marked these shares to market 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 September 30, 2009, we have received advances in the amounts of $305,500 from Western Architectural Services, LLC. The advances are unsecured, carry no interest and are due upon demand. As of September 30, 2009, no payments have been made to Western.

Directors and Officers

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

On September 10, 2009, our Secretary loaned the Company $2,000 with an interest rate of 12% per annum. On September 23, 2009, the loan was paid in full with $9 interest.

As of September 30, 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.

Interest on related party loans is not imputed due to the lack of terms related to the debt.

Note 4. Fair Value

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 September 30, 2009 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Deferred construction costs | $33,750 | $33,750 | $ -- | $ -- |
| | $33,750 | $33,750 | $ -- | $ -- |
| Liabilities: | | | | |
| None | $ -- | $ -- | $ -- | $ -- |

Note 5. Subsequent Events

Management evaluated all activity of the Company through November 16, 2009 (the issue date of the Financial Statements) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.



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 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 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, 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. and Outland Development, LLC have been dormant companies since 2002 and were discontinued as of December 31, 2007 and June 30, 2009, respectively. Voyager Viridian LLC, a wholly-owned subsidiary, was formed on August 3, 2009.

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
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As required by the Stock Compensation Topic of the FASB ASC, transactions in which the Company exchanges its equity instruments for goods or services is accounted for using authoritative guidance for stock based compensation. This guidance also addresses transactions in which the Company incurs liabilities in exchange for goods or services that are based on the fair value of the Company's equity instruments or that may be settled by the issuance of those equity instruments.

If the Company issues stock for services which are performed over a period of time, the Company capitalizes the value paid in the equity section of the Company's financial statements as it's a non-cash equity transaction. The Company accretes the expense to stock based compensation expense on a monthly basis for services rendered within the period. 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.

RESULTS OF OPERATIONS

As of September 30, 2009, we have not constructed an Observation Wheel and therefore have not generated revenues. Our officers and directors have assessed possible site locations for other Observation Wheel projects outside of Las Vegas, Nevada. As of September 30, 2009, we have not settled on any additional Observation Wheel projects and are continuing to focus on the L.V. Project for the remainder of 2009.

Three Month Comparison
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Results of operations for the three months ended September 30, 2009 compared to the three months ended September 30, 2008 consist of the following:

| Three Months Ended | September 30, 2009 | September 30, 2008 | $ Change | % |
|---|---|---|---|---|
| Revenue | $ -- | $ -- | $ -- | |
| Professional and consulting fees | 237,978 | 33,633 | 204,345 | |
| Project costs | 1,968 | 13,376 | (11,408) | |
| General and administrative expenses | 32,720 | 33,922 | (1,202) | |
| Operating loss | $(272,666) | $ (80,931) | $(191,735) | |

Professional and consulting fees increased $204,345 for the three months ended September 30, 2009 compared to September 30, 2008. This increase is a result of consultants engaged to assist us in analyzing possible business prospects inside and outside of the Las Vegas area. These engagements allow us to focus our efforts on the progress of our project.

The $11,408 decrease in project costs for the three months ended September 30, 2009 compared to September 30, 2008 is a result of a one time expense of $10,000 incurred in 2008. We anticipate that we will continue incurring project costs as a result of seeking business opportunities for our Observation Wheel.

Our general and administrative expenses were consistent for the three months ended September 30, 2009 compared to September 30, 2008.

Nine Month Comparison
---------------------

Results of operations for the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008 consist of the following:

| Nine Months Ended | September 30, 2009 | September 30, 2008 | $ Change | % |
|---|---|---|---|---|
| Revenue | $ -- | $ -- | $ -- | |
| Professional and consulting fees | 501,732 | 512,288 | (10,556) | |
| Project costs | 134,535 | 28,973 | 105,562 | |
| General and administrative expenses | 109,841 | 105,947 | 3,894 | |
| Operating loss | $(746,108) | $(647,208) | $ (98,900) | |

Expenses incurred for professional and consulting fees were consistent for the nine months ended September 30, 2009 compared to September 30, 2008.

Project costs increased $105,562 for the nine months ended September 30, 2009 compared to September 30, 2008. This increase is a result of services incurred in the progression towards the execution of our project and the assessment of additional projects. We anticipate that we will continue incurring project costs as a result of seeking business opportunities for our Observation Wheel.

The increase in general and administrative expenses of 4% as of September 30, 2009 compared to September 30, 2008 is due primarily to an increase in travel expenses. As a result of our progression towards the execution of our project and the opportunity to assess possible project sites in additional locations outside of the Las Vegas strip area, travel expenses increased by $24,879.

Additionally, for the nine months ended September 30, 2009, we have worked to decrease the consumption of office supplies and usage utilities which has resulted in an $8,377 cash savings compared to the nine months ended September 30, 2008. We have also experienced a cash savings of $43,008 and $14,824 for the nine months ended September 30, 2009 compared to September 30, 2008 for legal and accounting fees and meals and entertainment expenses respectively. These decreases are expected to continue throughout the remainder of 2009.

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.

| | September 30, 2009 | December 31, 2008 | $ Change |
|---|---|---|---|
| Cash | $ 2,560 | $ 15,234 | $ (12,674) |
| Accounts payable and accrued expenses | $1,500,167 | $1,286,380 | $ 213,787 |
| Due to related parties | $2,219,500 | $1,810,000 | $ 409,500 |
| Total current liabilities | $6,452,906 | $5,829,619 | $ 623,287 |
| Cash proceeds from the sale of common stock | $ 60,500 | $ 195,000 | $ (134,500) |

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 $12,674, or 83%, as of September 30, 2009 compared to December 31, 2008. The decrease is a result of the payment of payables throughout 2009.

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As of September 30, 2009, we had total current liabilities of $6,452,906 compared to $5,829,619 as of December 31, 2008. The 11% 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.

Accounts Payable and Accrued Expenses
-------------------------------------

Our accounts payable increased by approximately $18,637, or 74%, as of September 30, 2009 compared to December 31, 2008 primarily due to incurrence of travel expenses. As a result of current economic conditions, travel expenses were incurred to explore alternative observation wheel locations outside of Las Vegas for possible business opportunities.

For the remainder of the year ending 2009, we anticipate to incur normal reoccurring expenses of approximately $150,000 as a result of related party consulting, furniture and equipment lease, utilities, accounting, health insurance and rent expense.

Accrued Expenses increased approximately $195,150, or 16%, as of September 30, 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
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| | September 30, 2009 | December 31, 2008 | $ Change | % Chan |
|---|---|---|---|---|
| Accrued Expenses - Related Party | $1,704,000 | $1,470,000 | $ 234,000 | 16 |
| Due To - Related Party | 515,500 | 340,000 | 175,500 | 52 |
| Total Related Party | $2,219,500 | $1,810,000 | $ 409,500 | 23 |

The total amount Due to Related Parties increased $409,500, or 23%, as of

September 30, 2009 compared to December 31, 2008 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 $175,500, or 52%, as of September 30, 2009 compared to December 31, 2008 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 September 30, 2009, we owe $515,500 in related party loans and $1,704,000 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.

CAPITAL RESOURCES

Cash decreased by $12,674, or 83%, as of September 30, 2009 due to the payment of some of our payables throughout 2009. Additionally, cash received for the purchase of common stock decreased by $134,500, or 69%, for the nine months ended September 30, 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 nine months ended September 30, 2009, we issued common stock for $60,500 cash. This stock transaction was unusual in comparison to precedent issuances in that significantly fewer shares were purchased. We anticipate that future purchases of common stock will generate higher concentrations of capital consistent with prior period transactions. 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 $2,560 cash on hand as of September 30, 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 remaining anticipated minimum cash payments for 2009 will be approximately $150,000.

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.

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 September 30, 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:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- 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
- 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 September 30, 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 September 30, 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 most recent evaluation and there were no corrective actions during the quarter with regard to significant deficiencies or material weaknesses.

## 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.

In April 2009, the Company issued 375,000 shares of common stock for professional services rendered for total compensation of $7,500 or $0.02 per share.

In May 2009, the Company issued 3,000,000 shares of common stock for professional services rendered for total compensation of $75,000 or $0.03 per share.

In August 2009, the Company issued 7,250,000 shares of common stock for professional services rendered for total compensation of $111,250 or $0.02 per share.

In August 2009, the Company issued 3,000,000 shares of common stock for $60,000 cash or $0.02 per share.

In September 2009, 1,000,000 shares of Series B Preferred Stock were converted to 2,000,000 shares of common stock with a valuation of $0.01 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 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. |



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.
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(Registrant)

Dated November 16, 2009

By: /s/ Richard Hannigan
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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.
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Richard Hannigan, Sr.
President/CEO/Director
November 16, 2009

By: /s/ Myong Hannigan
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Myong Hannigan
Secretary/Treasurer/Director
November 16, 2009

By: /s/ Tracy Jones
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Tracy Jones
COO/Director
November 16, 2009