



BDO Dunwoody Goodman Rosen Inc.

Suite 620, 1718 Argyle Street  
Halifax Nova Scotia Canada B3J 3N6  
Telephone: (902) 425-3100  
Fax: (902) 425-3777  
Toll Free: (800) 337-5764  
Email: [insol-halifax@bdo.ca](mailto:insol-halifax@bdo.ca)  
[www.bdo.ca](http://www.bdo.ca) or [www.bdoebthelp.ca](http://www.bdoebthelp.ca)

**IN THE MATTER OF**  
*The Companies' Creditors Arrangement Act,*  
R.S.C. 1985, c. C-36 as amended  
- and -  
**IN THE MATTER OF**  
A Plan of Compromise or Arrangement of the Applicant,  
Canadian Sailing Expeditions Inc.

**NINTH REPORT OF MONITOR**

**BDO DUNWOODY GOODMAN ROSEN INC.**  
July 23, 2009



Suite 301, 295 George Street  
Sydney Nova Scotia B1P 1J7

Toll Free: (888) 666-5764  
Telephone: (902) 539-9850  
Fax: (902) 539-5373  
Email: [insol-sydney@bdo.ca](mailto:insol-sydney@bdo.ca)

Appointments also held in other  
locations in Nova Scotia

2008

S.H. No. 297999

**IN THE MATTER OF:**

The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended

- and -

**IN THE MATTER OF:**

A Plan of Compromise or Arrangement of the Applicant, Canadian Sailing Expeditions Inc.

NINTH REPORT OF MONITOR – BDO DUNWOODY GOODMAN ROSEN INC.

July 23, 2009

## MONITOR'S NINTH COURT REPORT

### TABLE OF CONTENTS

<u>Section Description</u>	<u>Page</u>
1. Ninth Report of the Monitor – General Comments.....	3
2. Cash Flow, Cash Flow Projections, and Debtor-in-Possession (“DIP”) Financing....	6
3. Status of The Plan of Compromise or Arrangement under Companies’ Creditors Arrangement Act (“CCAA”).....	9
4. Companies’ Creditors Arrangement Act (“CCAA”) Professional Fees.....	11
5. Recommendations.....	13

<u>Exhibits</u>	<u>Number</u>
Weekly Cash Flow (Cash Receipts and Disbursements) Weeks #53 & #54.....	1
Cash Flow Projection (Monthly Cash Receipts & Disbursements) to September 4, 2009.....	2

## 1. NINTH REPORT OF THE MONITOR – GENERAL COMMENTS

- 1.1. Pursuant to an Order (“Initial Order”) of the Supreme Court of Nova Scotia (“the Court”) dated June 27, 2008, BDO Dunwoody Goodman Rosen Inc. was appointed as the Monitor (“the Monitor”) pursuant to an application made by Canadian Sailing Expeditions Inc. (“CSE”) to seek protection under the Companies’ Creditors Arrangement Act (“CCAA”).
- 1.2. The following is a summary of the Orders granted by This Honorable Court which form the basis of the CCAA proceeding of CSE as has occurred to date:
- Initial Order granted on June 27, 2008 by The Honorable Justice Gerald R.P. Moir;
  - First Debtor-in-Possession (“DIP”) Financing Order granted on July 4, 2008 by The Honorable Chief Justice Joseph P. Kennedy;
  - Consent Order extending the Stay of Termination Date from July 24, 2008 to July 25, 2008 granted on July 24, 2008 by The Honorable Justice John D. Murphy;
  - Order Extending the Stay of Termination Date to September 3, 2008 granted on July 25, 2008 by The Honorable Justice John D. Murphy;
  - Second Debtor-in-Possession (“DIP”) Financing Order granted on August 13, 2008 by The Honorable Justice Arthur W.D. Pickup;
  - Claims Process Order granted on August 13, 2008 by The Honorable Justice Arthur W.D. Pickup;
  - Order Extending the Stay of Termination Date to October 17, 2008 granted on September 5, 2008 by the Honorable Justice A. David MacAdam;
  - Order Extending the Stay of Termination Date to November 28, 2008 granted on October 17, 2008 by the Honorable Justice A. David MacAdam;
  - Order Extending the Stay of Termination date to January 30, 2009 granted on November 3, 2008 by the Honorable Justice A. David MacAdam;
  - Third Debtor-in-Possession (“DIP”) Financing Order granted on November 3, 2008 by the Honorable Justice A. David MacAdam, increasing the DIP by an additional \$600,000;
  - Order Adjourning the Filing of a Plan of Compromise or Arrangement and the Establishing of a Meeting Process to January 21, 2009 granted by the Honorable Justice A. David MacAdam on November 4, 2008;
  - Order Extending the Stay of Termination Date to April 30, 2009 granted on January 21, 2009 by The Honorable Justice A. David MacAdam;
  - Order Establishing the Process for the Giving Notice of, Receiving Votes, and Convening a Meeting of Creditors (“Meeting Order”) to Consider the Plan of Compromise or Arrangement;
  - Sanction Order Ratifying the Plan of Compromise or Arrangement granted by The Honorable Justice John D. Murphy on March 5, 2009;
  - Order Extending the Stay of Termination Date to June 30, 2009 granted on April 30, 2009 by The Honorable Justice A. David MacAdam;

- Fourth Debtor-in-Possession (“DIP”) Financing Order granted on April 30, 2009 by The Honorable Justice A. David MacAdam increasing the DIP by an additional \$375,000;
- Order Extending the Stay of Termination Date to July 31, 2009 granted on June 29, 2009 by The Honorable Justice A. David MacAdam.

The full text of the above Orders may be viewed on the Monitor’s website at [www.bdo.ca/canadiansailing](http://www.bdo.ca/canadiansailing).

1.3. This present report is the Monitor’s Ninth (detailed) Report to the Court, however, to date, the Monitor has previously prepared and filed eight (8) detailed reports and two supplementary reports with the Court as follows:

- Monitor’s First Report dated July 2, 2008;
- Monitor’s Second Report dated July 21, 2008;
- Monitor’s Supplementary Report dated July 24, 2008;
- Monitor’s Third Report dated August 8, 2008;
- Monitor’s Fourth Report dated August 28, 2008;
- Monitor’s Fifth Report dated October 14, 2008;
- Monitor’s Sixth Report dated January 19, 2009;
- Monitor’s Seventh Report dated January 27, 2009;
- Monitor’s Affidavit (Second Supplemental Report) reporting on the results of the voting at the meeting of creditors held on February 17, 2009 and supporting ratification of the Plan of Compromise or Arrangement by the Court;
- Monitor’s Eighth Report dated April 27, 2009.

The full text of the above eight detailed reports of the Monitor and the two other reports may be viewed on the Monitor’s website at [www.bdo.ca/canadiansailing](http://www.bdo.ca/canadiansailing).

1.4. The main purpose of the Monitor’s Ninth Report is to report further to the Court on CSE’s progress in implementing the Plan of Compromise or Arrangement as has been approved by creditors voting in the established classes at the Creditors Meeting held on February 17, 2009 and ratified by the Order of the Court dated March 5, 2009.

1.5. A copy of this present Monitor’s Ninth Report will be filed with the Court and will also be placed on the Monitor’s website.

1.6. In each of the Monitor’s Reports referred to in Paragraph 1.3, the Monitor has provided the Court with a summary of our activities. Rather than list the history of these past activities herein, we invite readers of this present report to visit the Monitor’s website ([www.bdo.ca/canadiansailing](http://www.bdo.ca/canadiansailing)) and review the earlier Monitor’s Reports.

1.7. Generally, the Monitor's activities since our Monitor's Eighth Report have included:

- Continued monitoring of the Cash Flow Reports prepared by CSE every two weeks and reporting on the cash flow to the established list of creditors who have indicated their desire to receive such reports;
- Continued communications with CSE's officers and legal counsel on the status of the financing of the sale so that the Plan of Compromise or Arrangement can be implemented;
- Meetings and calls with Doug Prothero, President of CSE, and a principal of Navigator Voyages Inc. as to the status of financing;
- Review of forward Cash Flow Forecasts/Projections, sales reports, and Mr. Prothero's detailed report updates;
- Preparation for and attendance at Court hearings held April 30, 2009 and June 29, 2009;
- Numerous telephone conferences and emails with CSE's counsel and Monitor's counsel re various CCAA Plan status matters;
- Review of HST return refunds being held back by Canada Revenue Agency ("CRA"), preparation of schedule, and reporting on same;
- Communications with various creditors re status of the CCAA Plan;
- Preparation of the Monitor's Ninth Detailed Report.

## **2. CASH FLOW, CASH FLOW PROJECTIONS, AND DEBTOR-IN-POSSESSION (“DIP”) FINANCING**

- 2.1. Previous Monitor’s Reports have included the weekly Cash Flow Reports (Cash Receipts and Disbursements) for the most recent week with accumulation for the full CCAA period to the end of that weekly reporting period. As well, certain of the Monitor’s Reports also contained other Monthly Cash Flow Projections. The Monitor has commented on each of these documents as they had been presented at the time.
- 2.2. We also previously advised the Court that the Monitor has established with CSE a regime and timing related to the provision of the Cash Flow data and summarized the limited review procedures that we undertook on Weekly Cash Flow information as provided by CSE to the Monitor. This limited review consists primarily of comparison of various figures, continuity, and reconciliations. The Monitor does not audit the data provided by CSE, nor do we express any opinion as to the accuracy or completeness of the data.
- 2.3. Paragraph 3 of the Order of This Honorable Court dated November 3, 2008 directed the Monitor to reduce its reporting on Cash Flow to the creditors of CSE from a weekly basis to once every two weeks until further Order of the Court. As a result of this direction of the Court, the Monitor and CSE agreed on a schedule of dates that the Cash Flow information would be provided by CSE to the Monitor. This timing has been met by CSE. Upon receipt of this information every two weeks from CSE, the Monitor has reported by email to certain senior creditors and others who had requested the report. As the Monitor has not received any further specific direction from the Court to alter the timing or content of the Cash Flow reporting, the two-week regime has continued as confirmed in the November 3, 2008 Order.
- 2.4. In Paragraphs 2.2 and 2.3, the Monitor advises as to the regime of the Cash Flow Reports. The most recent Weekly Cash Flow Report that is available is attached as Exhibit 1 and is the Weekly Cash Flow Report (Weekly Cash Receipts and Disbursements) for Weeks #53 and #54, being the period from June 29, 2009 to July 12, 2009 inclusive. It includes the cumulative position for the first 54 weeks of the CCAA proceeding through to July 12, 2009. The Monitor’s comments in summary with respect to Exhibit 1 are:
  - For the 54 weeks to July 12, 2009, revenue is \$31,997 less than plan.
  - Expenses for the 54 weeks to July 12, 2009 are \$468,239 less than plan.
  - DIP loans are fully drawn at \$1,788,185 with no further approved DIP funds being available.
  - Accounts payable are \$40,238.72, including disputed accounts totaling \$6,488.71 and payroll taxes of \$11,560.44.

- Trust funds for customer fares paid in advance continue to hold and have increased in recent weeks. Advance fare deposits held in trust at the end of Week 54 are:
 

Canadian advance fares deposits in trust	\$ 103,113.93
U.S. advance fares deposits in trust	\$ 7,761.15
  - Trust funds on deposit in the form of cash and GICs slightly exceed the required liability reflected in the trust funds lists due to interest being earned on the GICs.
  - The Monitor has continued to ensure that CSE properly reconciles its general bank accounts and trust bank/investment accounts regularly for each reporting period.
- 2.5. The DIP loan financing as approved by the Court and provided by Growthworks Atlantic Venture Fund Limited (“Growthworks”) is \$1,788,185 pursuant to DIP Orders 1, 2, and 3 plus DIP Order 4 which increased the approved DIP loan by \$375,000 to \$1,788,185 and is now the fully advanced amount as reflected in Exhibit 1.
- 2.6. In February, *The Caledonia* sailed to the Caribbean and undertook charters. The revenues and expenses relative to *The Caledonia* operations are reflected in Exhibit 1. Generally speaking, revenues did not meet expectations due to the severe downturn in the world economy. U.S.-based potential customers just did not travel as in the past. Revenues do appear to cover the direct operating costs of the ship. Bookings, both in the spring and at present, were/are hampered by a lack of working capital funds to promote marketing efforts.
- 2.7. *The Caledonia* was sailed to Nova Scotia in early May, 2009 and was then laid up in Lunenburg. At the June 29 hearing, the Court, Monitor, and creditors were advised by CSE that the July cruises were to be cancelled and the ship would remain in Lunenburg except for its commitment to sail in the Tall Ships festival in Halifax in mid July.
- 2.8. CSE is planning to re-start a summer sailing schedule in August. Advance fares are still being received based on this timing. The Monitor asked for a new and revised cash projection on this new operations basis and whether it is actually carried out depends on the result of the Comeback Hearing now scheduled for July 28.
- 2.9. Attached as Exhibit 2, as prepared by CSE on July 13, 2009, is a Monthly Cash Receipts and Disbursements (Cash Flow Projection) through to September 4, 2009. Exhibit 2 reflects that if *The Caledonia* is authorized to operate its planned five August cruises, costs will be very tight, particularly in Weeks #60 and #61. At the date of the preparation of this present report, Mr. Prothero advises that August revenue for five weeks of \$112,000 has been booked and \$60,500 of revenue needs to be booked to achieve the result reflected in Exhibit 2 with no requirement for more DIP financing. The \$112,000 of booked revenue represents 65 percent of the revenue needed (\$172,500) to break even cash wise. The \$60,500 shortfall should be less by the time the Comeback Hearing is held on July 28, 2009. If CSE had the cash from the HST

refunds as discussed in Paragraphs 2.12 and 2.13, the Cash Flow Projections for August and September would not be so tight.

- 2.10. Due to the delay in being able to close the sale to Navigator Voyages Inc. (“Navigator”) and hence complete the Plan of Compromise or Arrangement, we understand it is CSE’s intention to seek a continuance of the Stay of Termination Date beyond July 31, 2009.
- 2.11. Where advance customer fare deposits as reflected in Paragraph 2.4 are not used, CSE advises that they will be returned to the depositors.
- 2.12. The Monitor herewith informs the Court of the CRA tactics that have impaired CSE’s cash flow. The Monitor is of the view that CRA have acted improperly and have ignored the Court-Ordered Stay. The facts are that CRA filed a pre-filing claim for \$80,676.28 (\$57,190.61 secured and \$23,485.67 unsecured). CRA then set off and continue to set off all HST refunds to date (both pre-filing refunds and post-filing refunds to May 31, 2009) as follows:

CRA claims:		
Secured	\$ 57,190.61	
Unsecured	<u>23,485.67</u>	\$ 80,676.28
Deduct:		
Set off for refunds pre-filing to June 30, 2008		<u>45,536.49</u>
		35,139.79
Deduct:		
Set off for refunds post-filing to May 31, 2009		<u>61,451.10</u>
Net due to CSE to May 31, 2009		<u>\$ 26,311.31</u>

- 2.13. It is the Monitor’s view that in ignoring the Court-Ordered Stay, CRA has caused CSE to lose the benefit of cash flow from HST refunds to the extent of \$61,451.10 if you apply the principle of mutual offsetting of the pre-filing refunds to pre-HST owing. At the very least, CSE has lost the benefit of the \$26,311.31 even after applying all refunds claimed to pre amounts owing.
- 2.14. The Monitor is of the view that CSE should motion the Court for an Order directing CRA to pay CSE the HST refunds to which it is entitled.

### 3. STATUS OF THE PLAN OF COMPROMISE OR ARRANGEMENT UNDER COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA")

- 3.1. The reports of the Monitor which have been filed with the Court have noted that under Section 11(6) of the CCAA, the Monitor needs to be reasonably assured that CSE can meet the burden of proof to satisfy the Court on the granting of any application that:
  - (a) circumstances exist that an Order is appropriate; and
  - (b) CSE has acted in good faith and are continuing to act in good faith and with due diligence.
- 3.2. Since our Eighth Detailed Report to This Honorable Court, the Monitor has met with Douglas Prothero, Chief Executive Officer of CSE, on a number of occasions and we have exchanged scores of email and telephone communications concerning various elements of the Plan of Compromise or Arrangement and a successful conclusion to the CCAA proceeding. We have received confidential written updates which provide significant detail as to the actions undertaken regarding financing to complete a Plan of Compromise or Arrangement. We believe significant advances have been achieved to meet the CCAA objective, but the completion of financing by obtaining a signed commitment for both debt and equity investment has proved to be difficult in the present world economy.
- 3.3. The key element that will complete the Plan of Compromise or Arrangement as approved by the creditors and the Court is the closing of the Asset Purchase Agreement for the purchase of all of the assets of CSE (except for a \$350,000 Promissory Note due from 3096000 Nova Scotia Limited) by Navigator and, as a prerequisite, the obtaining of the necessary financing.
- 3.4. The Monitor is advised by Mr. Prothero and others that the marine brokerage business continues to be very slow and purchasers of vessels such as *The Caledonia* are not aggressively looking to make acquisitions in the present economy and marketplace.
- 3.5. It is the Monitor's understanding from the reports provided to us by Mr. Prothero that Navigator continues to be an excellent strategic fit in terms of owning and marketing *The Caledonia*.
- 3.6. Based on the reports from Mr. Prothero, it is the Monitor's understanding that Navigator has made a number of approaches for financing the acquisition in the international marketplace. It is further our understanding that Navigator's principals have been involved in other significant marine ventures of a similar nature. The Monitor believes that there is still a reasonable possibility that Navigator will be able to obtain the equity or loan financing necessary to provide the funds to purchase the assets under the Asset Purchase Agreement and thus place CSE in a position to

conclude the Plan of Compromise or Arrangement and settle creditors' claims as contemplated in the Plan of Compromise or Arrangement.

- 3.7. It is our understanding that the sale to Navigator is still the planned action to complete the CCAA proceeding, but the financing of the asset sale may now be undertaken in a different fashion than was contemplated a few months ago. The financing plan may now involve new equity which is being sought, and a continuance, as participants, by certain of the present senior secured lenders such as Caterpillar Financial Inc. ("CAT"), Growthworks, and Nova Scotia Business Inc. ("NSBI"). The Monitor understands there are written agreements in principle or Letters of Interest to the new financing with CAT and Growthworks, subject to certain conditions.
- 3.8. The Monitor is aware of the approaches made by CSE to CAT, Growthworks, and NSBI, but it may not be possible to have undoubted commitments from these parties before July 31, 2009 and, therefore, an extension of the Stay of Termination Date will be required. The Monitor understands there must be an equity partner in place before the lenders will unconditionally agree to the new financing.
- 3.9. The motor vessel *Hawk* has been disposed of for scrap. There was no realization to CSE, but costs of retaining this vessel have now been mitigated.

**4. COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA") PROFESSIONAL FEES**

- 4.1. As set out in previous reports of the Monitor to the Court, Paragraph 30 of the Initial Order provides for the payment of the reasonable fees and disbursements of the Monitor (including the reasonable solicitor and client fees and disbursements of any counsel retained by the Monitor) and the reasonable solicitor and client fees and disbursements of counsel to CSE.
- 4.2. Paragraph 31 of the Initial Order provides that the Monitor, counsel to the Monitor, and CSE's counsel, as security for their reasonable professional fees and disbursements incurred both before and after the making of the Initial Order in respect to the CCAA proceedings, were granted a charge against all present and future property of CSE in the form of an Administration Charge, such charge not to exceed \$300,000 without further Order of the Court.
- 4.3. For purposes of disclosure, the Monitor advises that the CCAA professional fees, including those which are subject to the Administration Charge where unpaid, are summarized as follows as at the date of this report. The figures quoted below are not just fees, but also include disbursements and HST.

<u>Professional</u>	<u>Position</u>	<u>Billings for Total Time, Disbursements, and HST</u>	<u>Amounts Unpaid and Subject to Administration Charge</u>
BDO Dunwoody Goodman Rosen Inc. (Paul G. Goodman, FCA, FCIRP, FIIC)	Court-Appointed Monitor	\$ 174,652.28	\$ 4,351.74
Wickwire Holm (Carl Holm, QC)	Legal Counsel to the Monitor	41,851.47	Nil
Cox & Palmer (Robert MacKeigan, QC and Gavin MacDonald)	Legal Counsel to CSE	<u>176,185.05</u>	<u>Nil</u>
Total Fees, Disbursements, and HST Billed to Date		<u>\$ 392,688.80</u>	<u>\$ 4,351.79</u>

The Monitor notes that due to timing differences in the receipt of payment for fees in relation to the preparation of this report, certain fees reflected as unpaid may indeed be paid. In addition, certain accounts may have been billed at the time this present report was being prepared but were unknown to the Monitor and hence not reflected herein.

4.4. Pursuant to Paragraph 19 of the DIP Order of July 4, 2008, and hence the Second DIP Order of August 13, 2008, the third DIP Order of November 3, 2008, and the Fourth DIP Order of April 30, 2009, the first priority of the Administration Charge referred to in Paragraph 3.3 therein is limited to \$75,000. As at the date of this present report, \$4,351.74 would be the amount secured as a first charge as the Administration Charge.

## 5. RECOMMENDATIONS

- 5.1. The recommendations herein are based on the assumption that the equity financing needed to close the sale with Navigator will be available in early September, 2009. This equity financing, we understand, will cause CAT, Growthworks, and NSBI to move forward with their financing. The second assumption that is a condition of the Monitor's recommendations is that CSE must be able to finance the August and September operations without any further DIP funding.
- 5.2. Based on the assumption and conditions in Paragraph 5.1, the Monitor recommends that the Stay of Termination Date be extended to September 8, 2009.
- 5.3. Subject to operations of *The Caledonia* being able to be financed, with no additional DIP funding, the Monitor recommends that *The Caledonia* be permitted to operate to September 8, 2009 should CSE wish to do so.
- 5.4. The Monitor recommends that due to the apparent tightness of the cash flow in August, that a party(s) be asked to "back stop" the August and September operations to September 8, 2009 to a limited amount on a non-priority basis to ensure that wages and trade payables are not left unpaid if cash flow is insufficient to liquidate them. The Monitor recognizes that a "back stop" may not be a matter of concern if, by July 28, 2009, sales targets to the break-even point are met or exceeded, or if expenses will be substantially under plan, or if the CRA refund amount can be used to offset lesser amounts that may otherwise be owing to CRA.
- 5.5. The Monitor also recommends that CSE motion the Court for an Order directing CRA to forthwith pay CSE the HST refunds to which it is rightfully entitled.

Dated at Halifax, Nova Scotia this 23rd day of July, 2009.

Respectfully submitted

**BDO DUNWOODY GOODMAN ROSEN INC.**  
Court-Appointed Monitor in the CCAA Proceeding of  
Canadian Sailing Expeditions Inc.



Paul G. Goodman, FCA, FCIRP, FHC  
President

Canadian Sailing Expeditions Inc.						
Weekly Cash Receipts and Disbursements						
Weeks #53 & #54						
	CURRENT WEEK			ACCUMULATED POSITION		
	Weeks #53 & #54			Weeks 1 - 54		
	June 29 - July 12			Jun 30-July 12		
	2008/2009			2008/2009		
	Actual	Planned	Variance	Actual End	Planned End	Variance
CASH, BEGINNING OF PERIOD	150,016	123,878	26,138	58,767	58,767	-
<b>CASH RECEIPTS:</b>						
Caledonia Revenue	-	-	-	935,188	967,186	(31,997)
Charter Fees	-	-	-	798,974	911,961	(112,987)
2009 PAX Extras	-	-	-	100,660	37,079	63,581
Bar	-	-	-	11,676	6,946	4,730
Excursion (gross-see note below)	-	-	-	16,564	6,072	10,493
Merchandise	-	-	-	7,314	5,129	2,185
Tips Collected - to be disbursed	-	-	-	25,130	5,827	19,303
HST Collected	-	-	-	39,154	17,000	22,154
Accounts Receivable	-	-	-	3,652	-	3,652
Reconciling Item Prior Week #11	-	-	-	3,243	-	3,243
Joint Marketing	-	-	-	5,687	-	5,687
Other Revenue	-	-	-	7,458	-	7,458
DIP Funds	-	-	-	1,788,185	1,522,420	265,765
	-	-	-	2,907,697	2,602,584	205,113
<b>CASH DISBURSEMENTS:</b>						
Accounts Payable	-	-	-	-	43,000	(43,000)
Uncleared Cheques	-	-	-	57,774	57,774	-
Credit Card Bill	-	-	-	2,000	2,000	-
Accrued Current Payroll Liabilities	-	-	-	246,890	65,326	181,564
General and Office	(446)	4,100	(4,546)	84,533	75,341	9,192
Postage/Courier	-	-	-	4,184	1,617	2,567
Office Supplies	-	-	-	2,565	4,825	(2,260)
Computer Supplies/Repairs	-	-	-	1,085	276	808
General	-	700	(700)	508	9,213	(8,704)
Professional Memberships	-	-	-	-	1,246	(1,246)
Licenses/Permits	-	-	-	15,786	456	15,330
Telephone equipment	-	-	-	3,863	2,924	939
Office Phones/Long Distance	-	-	-	15,132	14,260	872
Cell	-	1,200	(1,200)	21,080	14,139	6,941
Security	-	-	-	96	-	96
Rent	(446)	2,200	(2,646)	16,277	25,296	(9,019)
Computer Equipment	-	-	-	3,957	1,090	2,868
Salaries	3,758	6,531	(2,773)	208,664	281,541	(72,878)
Combined net pay (all office wk 1)	-	-	-	19,418	9,148	10,271
Management salaries	1,749	2,875	(1,126)	75,254	95,924	(20,670)
CEO	1,749	2,875	(1,126)	44,202	58,093	(13,891)
Director Operations	-	-	-	17,781	23,593	(5,812)
Benefits	-	-	-	13,272	14,238	(967)
Sales and Marketing Salaries	-	-	-	42,667	73,501	(30,834)
US Sales & Marketing	-	-	-	21,803	29,280	(7,477)
Corporate Sales	-	-	-	4,183	16,464	(12,281)
Marketing Associates	-	-	-	8,834	15,140	(6,307)
Full Time Consumer Sales	-	-	-	2,056	-	2,056
Part-time sales	-	-	-	3,795	12,616	(8,822)
Administration Salaries	2,009	3,656	(1,647)	71,324	102,969	(31,645)
Accounting/Administration	783	1,500	(717)	29,323	40,803	(11,480)
Special Projects	1,155	2,156	(1,001)	33,974	55,442	(21,468)
Cruise Coordinator	71	71	-	8,027	6,724	1,303
Professional fees	8,754	8,000	754	421,194	744,231	(323,036)
Legals	4,286	-	4,286	261,542	76,027	185,515
Consultancy	4,468	8,000	(3,532)	154,005	650,404	(496,399)
Accounting (D.Smith Bal/Audit)	-	-	-	5,648	17,800	(12,152)
Insurance	9,612	13,860	(4,248)	139,423	169,157	(29,734)
Hull & Machinery Caledonia	9,612	9,360	252	106,512	117,160	(10,647)
Hull & Machinery Hawk	-	-	-	6,346	6,290	56
Protection & Indemnity	-	-	-	20,134	26,600	(6,466)
COPR	-	-	-	-	7,000	(7,000)
MII	-	-	-	1,907	3,082	(1,175)
Director's Insurance/Life/Office	-	4,500	(4,500)	4,524	9,025	(4,501)
Sales & Marketing	4,056	2,500	1,556	186,880	152,040	34,840
General	1,221	2,500	(1,279)	66,036	145,729	(79,693)
Travel	84	-	84	10,348	374	9,974
Refinancing	2,751	-	2,751	110,496	5,936	104,560
Hawk Mooring	-	-	-	20,381	12,845	7,536
Charter Cost	2,127	8,850	(6,723)	1,046,353	1,216,235	(169,882)
Variable Costs	-	-	-	293,560	213,148	80,412
Catering	-	-	-	106,835	74,339	32,496
Alcohol	-	-	-	5,905	8,218	(2,313)
Supplies	-	-	-	10,177	13,828	(3,650)
Merchandise	-	-	-	7,554	1,250	6,304
Commissions	-	-	-	20,594	81,599	(61,005)
Excursions/PAX Extras/Tips	-	-	-	63,832	2,416	61,417
Onboard Entertainment	-	-	-	-	5,500	(5,500)
Petty Cash to Ship	-	-	-	78,663	26,000	52,663
Fixed Costs	2,127	8,850	(6,723)	752,792	1,003,086	(250,294)
Crew Charter	1,243	6,000	(4,757)	399,845	561,440	(161,595)
Combined Net Pays	1,243	6,000	(4,757)	399,845	561,440	(161,595)
Crew Provisions	699	1,000	(301)	12,675	38,133	(25,459)

**Canadian Sailing Expeditions Inc.**  
**Weekly Cash Receipts and Disbursements**  
**Weeks #53 & #54**

	CURRENT WEEK			ACCUMULATED POSITION		
	Weeks #53 & #54 June 29 - July 12 2008/2009			Weeks 1 - 54 Jun 30-July 12 2008/2009		
<i>Crew Changes</i>	186	750	(565)	46,396	30,735	15,661
<i>Pilot Fees/Agent Fees</i>			-	15,650	13,000	2,650
<b>Fuel</b>			-	172,892	234,105	(61,214)
<i>Docking</i>	-	1,100	(1,100)	65,806	55,548	10,258
<i>Docking</i>		900	(900)	60,576	40,685	19,891
<i>Power</i>			-	3,534	5,000	(1,466)
<i>Garbage</i>		200	(200)	1,695	9,863	(8,168)
<b>Marine Operations</b>	2,358	2,634	(276)	88,080	68,322	19,758
<i>Management</i>			-	3,833	17,250	(13,417)
<i>Travel</i>			-	1,835	11,875	(10,040)
<i>Repositioning</i>			-	33,861	41,000	(7,139)
<i>Director Marine Operations</i>			-	12,001	21,868	(9,867)
<i>Lifboat Lease</i>	1,957	2,234	(277)	25,617	24,495	1,122
<i>Caledonia POS System</i>	401	400	1	5,238	6,255	(1,017)
<i>Petty Cash to Ship</i>			-	5,695	-	5,695
<b>Repair and Maintenance</b>	-	1,350	(1,350)	63,796	155,259	(91,463)
<i>Repairs Electrical</i>			-	2,197	6,905	(4,708)
<i>Repairs Plumbing</i>			-	239	5,100	(4,861)
<i>Repairs Rigging</i>			-	2,573	8,292	(5,718)
<i>Repairs Mechanical</i>			-	8,057	9,588	(1,531)
<i>Repairs Paint</i>			-	705	7,180	(6,475)
<i>Repairs Drydock</i>			-	-	-	-
<i>Repairs Wetdock</i>			-	-	50,000	(50,000)
<i>Anchor Repair</i>			-	75	-	75
<i>Communications</i>		350	(350)	1,749	3,450	(1,701)
<i>Repairs General</i>		1,000	(1,000)	48,201	64,746	(16,545)
<b>Financing Related</b>	73	100	(27)	113,882	171,887	(58,005)
<i>Bank Charges</i>	73	100	(27)	4,101	4,324	(223)
<i>DIP Interest</i>			-	103,782	161,363	(57,581)
<i>Cash Management Charges</i>			-	5,999	6,200	(201)
<i>Line of Credit Interest</i>			-	-	-	-
<b>TO TRUST ACCOUNT/USD ACCOUNT</b>			-	1,714	-	1,714
<b>HST Paid on Expenses</b>	1,855		1,855	106,561	17,582	88,979
	<b>32,147</b>	<b>47,925</b>	<b>(15,778)</b>	<b>2,748,596</b>	<b>3,216,835</b>	<b>(468,239)</b>
<b>CASH, END OF PERIOD</b>	<b>117,869</b>	<b>75,953</b>	<b>41,916</b>	<b>117,868</b>	<b>(555,484)</b>	<b>673,352</b>
US\$ Account Reconciled Balance	2,980					
CAD Account Reconciled Balance	110,359					
SHIP Account Reconciled Balance	931					
US\$ Exchange Difference (cumulative)	3,819					
<b>TOTAL BALANCES - BANKS</b>	<b>117,869</b>					



	Week 55 Forecasted Jul 11 - 17	Week 56 Forecasted Jul 18 - 24	Week 57 Forecasted Jul 25 - 31	Forecasted July 2009	Week 58 Forecasted Aug 1 - 7	Week 59 Forecasted Aug 8 - 14	Week 60 Forecasted Aug 15 - 21	Week 61 Forecasted Aug 22 - 28	Week 62 Forecasted Aug 29 - Sep 4	Forecasted August 2009
Repairs General	4,000	1,500	12,000	17,500	500	500	500	500	500	2,500
Container Storage			50	50	400				50	400
Caledonia POS System Lease					2,234					2,234
Lifesaving Equipment Lease										
Caledonia Variable Op Expenses	500			500	2,281	2,311	1,288	2,088	2,311	17,514
Catering					1,756	1,756	1,053	4,213	1,756	10,534
Alcohol					200	200	120	480	200	1,200
Supplies	500			500	233	233	140	560	233	1,400
Guest Supplies					122	122	73	292	122	730
Commissions					300	300	180	720	300	1,800
Onboard Entertainment					300	300	300	300	300	1,200
Communications					350					350
Docking	2,500	2,500	2,500	10,050	2,100	2,100	2,100	2,100	2,100	10,500
Power	750	750	750	2,250	2,000	2,000	2,000	2,000	2,000	10,000
Agent Fees	7,500			7,500						
Garbage	100	100	100	300	100	100	100	100	100	500
HST										
<b>TOTAL CASH DISBURSEMENTS</b>	<b>49,890</b>	<b>29,831</b>	<b>28,430</b>	<b>108,141</b>	<b>61,601</b>	<b>42,926</b>	<b>34,412</b>	<b>54,462</b>	<b>38,607</b>	<b>232,008</b>
<b>CASH, END OF PERIOD</b>	<b>87,899</b>	<b>87,658</b>	<b>59,228</b>	<b>59,228</b>	<b>25,102</b>	<b>9,652</b>	<b>(4,785)</b>	<b>3,602</b>	<b>11,545</b>	<b>11,545</b>