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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.

EIGHTH REPORT OF MONITOR

BDO DUNWOODY GOODMAN ROSEN INC.
April 27, 2009



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2008

S.H. No. 297999

IN THE MATTER OF:

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EIGHTH REPORT OF MONITOR – BDO DUNWOODY GOODMAN ROSEN INC.

April 27, 2009

MONITOR'S EIGHTH COURT REPORT

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1. EIGHTH 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.

The full text of the above Orders may be viewed on the Monitor's website at www.bdo.ca/canadiansailing.

1.3. This present report is the Monitor's Eighth (detailed) Report to the Court, however, to date, the Monitor has previously prepared and filed seven (7) 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.

The full text of the above seven detailed reports of the Monitor and the two other reports may be viewed on the Monitor's website at www.bdo.ca/canadiansailing.

1.4. The main purpose of the Monitor's Eighth 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 and ratified by the Order of the Court dated March 5, 2009.

1.5. A copy of this present Monitor's Eighth 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 provided the Court with a summary of our activities. Rather than list these activities herein, we invite readers of this present report to visit the Monitor's website (www.bdo.ca/canadiansailing) and review the earlier Monitor's Reports.

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

- Attending to all matters in convening the meeting of creditors held on February 17, 2009;
- Chairing the meeting of creditors and subsequently preparing the minutes of the meeting, the results of the voting by classes, and the affidavit to the Court for the sanction hearing held on March 5, 2009;

- Prior to the meeting of creditors, we dealt with all aspects of confirming the claims that were eligible to vote on the Plan of Compromise or Arrangement;
- 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 with Doug Prothero, President of CSE, and Albert Peter of Navigation 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 of the Monitor's Eighth 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 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 reported by email to certain senior creditors and others. At the Court hearing held on March 5, 2009, The Honorable Justice John D. Murphy confirmed that the two-week reporting regime was to continue.
- 2.4. In Paragraphs 2.2 and 2.3, the Monitor advises on 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 #41 and #42, being the period from April 6, 2009 to April 19, 2009 inclusive. It includes the cumulative position for the first 42 weeks of the CCAA proceeding through to April 19, 2009. The Monitor’s comments in summary with respect to Exhibit 1 are:
- For the 42 weeks to April 19, 2009, revenue is \$40,544 less than plan.
 - Expenses for the 42 weeks to April 19, 2009 are \$366,733 less than plan.
 - DIP loans are fully drawn at \$1,413,185 with no further approved DIP funds being available.
 - Trust funds for customer fares paid in advance continue to hold and have decreased in recent weeks. Advance fare deposits held in trust at the end of Week 42 are:

Canadian advance fares deposits in trust	\$ 65,554.42
U.S. advance fares deposits in trust	\$ 15,580.06

- 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 worked to ensure that CSE properly reconciles its general bank accounts and trust bank/investment accounts for each reporting period.
- 2.5. CSE's initial operating plan was to undertake sailings in the Caribbean in the December to February period. In October, that plan was altered and CSE laid up *The Caledonia*. In mid November, *The Caledonia* was moved to Charlotte, North Carolina where the vessel remained until February, 2009. During the lay up period in Charlotte, CSE had undertaken certain refit and certification work on the vessel. The vessel was also more readily available for inspection by prospective purchasers and/or investors. In Charlotte, the vessel was better preserved and maintained and it was closer to the global marketplace which, we understand, has changed significantly due to the rapid decline in the worldwide economy.
 - 2.6. The DIP loan financing as approved by the Court and provided by Growthworks Atlantic Venture Fund Limited ("Growthworks") is \$813,145 pursuant to DIP Orders 1 and 2 plus DIP Order 3 which increased the approved DIP loan by \$600,000 to \$1,413,145 and is the amount referred to in Paragraph 2.4 as being now fully advanced and is also reflected in Exhibit 1.
 - 2.7. 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.
 - 2.8. CSE had prepared an updated Cash Flow Projection through to July 3, 2009 based on the commencement of operations of *The Caledonia* in mid February, 2009 through to July 3, 2009. That Cash Flow Projection was included in the Monitor's Seventh Report and is now out of date.
 - 2.9. The Monitor is now advised that CSE plans to end the winter cruise season in the last week of April and bring *The Caledonia* back to Lunenburg. Attached as Exhibit 2 is a Cash Flow Projection that CSE prepared showing that operations cannot continue beyond the end of April as the company is out of cash. This Cash Flow Projection is prepared without future revenue or DIP financing.
 - 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 April 30, 2009 (to mid June, 2009) and, at the same time, seek additional DIP financing.

- 2.11. Attached as Exhibit 3 is a Cash Flow Projection through to the third week of June, 2009 (June 19). This Cash Flow Projection shows additional DIP funding of \$340,000 which would be used to get *The Caledonia* back to Nova Scotia and maintain it and the CCAA process until the financing is finalized to complete the Plan of Compromise or Arrangement as contemplated from the creditors' point of view.
- 2.12. Where advance customer fare deposits as reflected in Paragraph 2.4 are not used, CSE advises that they will now be returned to the depositors. As indicated herein, CSE plans to bring *The Caledonia* back to Nova Scotia in early May. No customer cruises are planned until mid July, 2009 as due to lack of working capital funds, CSE's marketing efforts have been severely restricted.

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 Seventh 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 numerous confidential written updates which provide significant detail as to the actions undertaken regarding financing to complete a Plan of Compromise or Arrangement. We have also met with Mr. Albert Peter or Navigator on two occasions. We believe significant advances have been achieved to meet the CCAA objective, but the completion of financing by obtaining a signed commitment 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 is very slow and purchasers of vessels such as *The Caledonia* or, for that matter, the vessel *Hawk*, are not aggressively looking to make acquisitions in the present marketplace.
- 3.5. It is the Monitor's understanding from the reports provided to us by Mr. Prothero and Mr. Albert that Navigator continues to be an excellent strategic fit in terms of owning and marketing *The Caledonia*. It is our understanding that Navigator has the experience and financing to make the future venture successful. Navigator's plan is to acquire other cruise vessels to compliment *The Caledonia*.
- 3.6. Based on the reports from Messrs. Prothero and Albert, 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 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 short months ago. The financing plan may now involve new equity which we understand may be available, plus 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").
- 3.8. The Monitor is aware of the advances made by CSE to CAT, Growthworks, and NSBI, but it will likely not be possible to have the proper responses from these parties before May 1, 2009 and, therefore, an extension of the Stay of Termination Date will be required.
- 3.9. The motor vessel *Hawk* continues to be laid up in Sheet Harbour, Nova Scotia. The costs of maintaining *Hawk* in this state are immaterial in the overall process of the CCAA. In its present condition, the Monitor is of the view that *Hawk* has no value other than scrap value. *Hawk* would become part of the assets of CSE which would be purchased by Navigator.

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 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	\$ 158,213.91	\$ 3,179.92
Wickwire Holm (Carl Holm, QC)	Legal Counsel to the Monitor	37,894.21	1,384.25
Cox & Palmer (Robert MacKeigan, QC and Gavin MacDonald)	Legal Counsel to CSE	<u>160,260.15</u>	<u>3,032.10</u>
Total Fees, Disbursements, and HST Billed to Date		<u>\$ 356,368.27</u>	<u>\$ 7,596.27</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, and, further, the third DIP Order of November 3, 2008, 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, \$7,596.27 would be the amount secured as a first charge as the Administration Charge.

5. RECOMMENDATIONS

- 5.1. The two recommendations herein are both based on the following assumptions that:
- (a) additional DIP financing of \$340,000 is available forthwith, will be approved by This Honorable Court, and that, if provided, the sale price to Navigator will be increased to reflect the additional DIP loan; and
 - (b) it is likely that the financing to close the sale with Navigator will be available within the next six weeks (by mid June, 2009) either from new sources or a combination of CAT, Growthworks, and NSBI.
- 5.2. Based on the assumptions in Paragraph 5.1, the Monitor recommends that the Stay of Termination Date be extended to June 19, 2009.
- 5.3. On the same assumptions, the Monitor recommends that additional DIP financing in the amount of \$340,000 be approved by This Honorable Court on the understanding that, if approved by the Court, the additional DIP loan would be in addition to the sale price of the assets to Navigator who will so agree, the risk being that if the sale does not close and the CCAA terminates, all DIP loans will be paid first out of any subsequent sale proceeds of the CSE assets, subject to the Administration Charge.

Dated at Halifax, Nova Scotia this 27th day of April, 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, FIIC
President

EXHIBIT 1

Canadian Sailing Expeditions Inc.
Weekly Cash Receipts and Disbursements
Weeks #41 & #42

	CURRENT WEEK Weeks #41 & #42 Apr 6 - Apr 19 2008/2009			ACCUMULATED POSITION Weeks 1 - 42 Jun 30-Apr 19 2008/2009		
	Actual	Planned	Variance	Actual End	Planned End	Variance
	94,093	(533,144)	627,237	58,767	58,767	-
CASH, BEGINNING OF PERIOD						
CASH RECEIPTS:						
Caledonia Revenue	119,609	143,441	(23,832)	842,260	882,805	(40,544)
Charter Fees	101,687	136,344	(34,657)	733,684	832,827	(99,143)
2009 PAX Extras	17,922	7,097	10,825	73,023	31,832	41,191
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
DIP Funds	-	-	-	1,413,185	1,182,420	230,765
	119,609	143,441	(23,832)	2,332,312	2,088,052	244,260
CASH DISBURSEMENTS:						
Accounts Payable	-	-	-	-	-	-
Uncleared Cheques	-	-	-	57,774	57,774	-
Credit Card Bill	-	-	-	2,000	2,000	-
Accrued Current Payroll Liabilities	24,832	-	24,832	201,624	65,326	136,297
General and Office	923	4,200	(3,277)	69,861	52,321	17,541
Postage/Courier	246	-	246	3,039	1,617	1,421
Office Supplies	-	-	-	2,565	4,825	(2,260)
Computer Supplies/Repairs	-	-	-	595	276	319
General	131	700	(569)	723	5,013	(4,290)
Professional Memberships	-	-	-	-	1,246	(1,246)
Licenses/Permits	-	-	-	15,786	456	15,330
Telephone equipment	213	-	213	2,490	2,004	486
Office Phones/Long Distance	6	1,000	(994)	11,614	12,260	(646)
Cell	-	1,000	(1,000)	16,425	10,939	5,486
Security	-	-	-	96	-	96
Rent	-	1,500	(1,500)	14,032	12,596	1,436
Computer Equipment	326	-	326	2,496	1,090	1,407
Salaries	6,280	7,179	(920)	177,846	242,005	(64,159)
Combined net pay (all office wk 1)	-	-	-	19,418	9,148	10,271
Management salaries	3,617	3,773	(156)	57,694	76,074	(18,380)
CEO	1,749	2,875	(1,126)	33,620	40,843	(7,223)
Director Operations	1,869	-	1,869	14,283	23,593	(9,309)
Benefits	-	898	(898)	9,790	11,638	(1,848)
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 Associate	-	-	-	8,834	15,140	(6,307)
Full Time Consumer Sales	-	-	-	2,056	-	2,056
Full Time Consumer Sales	-	-	-	3,795	12,616	(8,822)
Part-time sales	-	-	-	1,996	-	1,996
Administration Salaries	2,642	3,406	(764)	58,067	83,283	(25,216)
Accounting/Administration	695	1,250	(555)	25,816	34,053	(8,237)
Special Projects	1,389	2,156	(767)	26,204	42,506	(16,302)
Cruises Coordinator	559	-	559	6,047	6,724	(677)
Professional fees	6,490	15,000	(8,510)	386,498	658,731	(272,233)
Legals	5,411	-	5,411	239,813	76,027	163,787
Consultancy	1,079	15,000	(13,921)	141,037	564,904	(423,867)
Accounting (D.Smith Bal/Audk)	-	-	-	5,648	17,800	(12,152)
Insurance	10,010	-	10,010	105,898	130,487	(24,788)
Hull & Machinery Caledonia	9,496	-	9,496	81,057	87,800	(6,743)
Hull & Machinery Hawk	514	-	514	5,357	5,080	277
Protection & Indemnity	-	-	-	13,054	23,200	(10,146)
COPIR	-	-	-	-	7,000	(7,000)
MII	-	-	-	1,907	3,082	(1,175)
Director's Insurance/Life/Office	-	-	-	4,524	4,525	(1)
Sales & Marketing	5,429	2,500	2,929	159,525	137,040	22,485
General	318	2,500	(2,182)	63,095	130,729	(67,634)
Travel	39	-	39	9,138	374	8,764
Refinancing	5,072	-	5,072	87,292	5,936	81,356
Hawk Mooring	-	-	-	7,538	9,445	(1,907)
Charter Cost	49,463	81,412	(31,949)	866,729	997,085	(130,356)
Variable Costs	46,027	27,526	18,501	256,679	193,581	63,098
Catering	28,655	9,576	19,079	93,050	67,636	25,414
Alcohol	1,092	1,277	(185)	5,489	7,324	(1,835)
Supplies	1,191	2,038	(847)	9,779	12,401	(2,622)
Merchandise	-	-	-	7,554	1,250	6,304
Commissions	4,715	13,634	(8,919)	20,276	72,054	(51,778)
Excursions/PAX Extras/Tips	7,651	-	7,651	42,519	2,416	40,103
Onboard Entertainment	-	1,000	(1,000)	-	4,500	(4,500)
Petty Cash to Ship	2,722	-	2,722	78,013	26,000	52,013
Food Costs	3,436	53,886	(50,450)	610,051	803,504	(193,454)
Crew Charter	-	30,130	(30,130)	302,551	418,607	(116,056)
Combined Net Pays	-	30,130	(30,130)	302,551	418,607	(116,056)
Crew Provisions	-	2,240	(2,240)	11,783	32,493	(20,711)
Crew Changes	3,152	-	3,152	43,284	26,651	16,633
Pilot Fees	-	1,000	(1,000)	1,995	4,500	(2,505)
Fuel	284	18,191	(17,907)	152,374	202,855	(50,482)
Docking	-	2,325	(2,325)	58,978	48,273	10,705
Docking	-	1,700	(1,700)	55,443	34,935	20,508
Power	-	-	-	3,534	5,000	(1,466)
Garbage	-	625	(625)	-	8,338	(8,338)
Marine Operations	-	-	-	75,589	60,420	15,169

Canadian Sailing Expeditions Inc.
Weekly Cash Receipts and Disbursements
Weeks #41 & #42

	CURRENT WEEK			ACCUMULATED POSITION		
	Weeks #41 & #42			Weeks 1 - 42		
	Apr 6 - Apr 19			Jun 30-Apr 19		
	2008/2009			2008/2009		
Management	-	-	-	3,833	17,250	(13,417)
Travel	-	-	-	1,835	11,875	(10,040)
Repositioning	-	-	-	33,419	41,000	(7,581)
Director Marine Operations	-	-	-	10,722	21,868	(11,146)
Lifboat Lease	-	-	-	19,745	17,793	1,952
Caledonia POS System	-	-	-	4,035	5,055	(1,020)
Petty Cash to Ship	-	-	-	2,000	-	2,000
Repairs and Maintenance	2,571	5,000	(2,429)	57,576	141,109	(83,533)
Repairs Electrical	-	-	-	2,197	6,905	(4,708)
Repairs Plumbing	-	-	-	239	5,100	(4,861)
Repairs Rigging	-	-	-	2,573	8,292	(5,718)
Repairs Mechanical	-	-	-	8,057	9,588	(1,531)
Repairs Paint	-	-	-	705	7,180	(6,475)
Repairs Drydock	-	-	-	-	-	-
Repairs Weldock	-	-	-	-	50,000	(50,000)
Anchor Repair	-	-	-	75	-	75
Communications	-	-	-	170	1,500	(1,330)
Repairs General	2,571	5,000	(2,429)	43,560	52,546	(8,986)
Financing Related	655	100	554	59,648	96,093	(36,445)
Bank Charges	655	100	554	3,331	3,824	(493)
DSP Interest	-	-	-	50,930	87,069	(36,139)
Cash Management Charges	-	-	-	5,386	5,200	186
Line of Credit Interest	-	-	-	-	-	-
TO TRUST ACCOUNT/USD ACCOUNT	-	-	-	1,711	-	1,711
HST Paid on Expenses	1,172	-	1,172	94,449	17,582	76,867
	107,803	115,392	(7,588)	2,285,181	2,451,914	(366,733)
CASH, END OF PERIOD	105,898	(505,095)	610,993	105,898	(505,095)	610,993
US\$ Account Reconciled Balance	16,322					
CAD Account Reconciled Balance	86,004					
SHIP Account Reconciled Balance	1,686					
US\$ Exchange Difference (cumulative)	1,885					
TOTAL BALANCES - BANKS	105,898					

	Week 41 Forecasted Apr 4 - 10	Week 42 Forecasted Apr 11 - 17	Week 43 Forecasted Apr 18 - 24	Week 44 Forecasted Apr 25-May 1	Week 45 Forecasted May 2 - 8	Week 46 Forecasted May 9 - 15	Week 47 Forecasted May 16 - 22	Week 48 Forecasted May 23 - 29	Week 49 Forecasted May 30-Jun 5	Week 50 Forecasted June 6 - 12	Week 51 Forecasted June 13 - 19	Week 52 Forecasted June 20 - 26	Week 53 Forecasted Jun 27-Jul 3	Forecasted June 2009
Power	500	500	500	500	2,000	100	100	100	100	100	100	100	100	500
Pilot Fees	313	313	313	313	1,250	100	100	100	100	100	100	100	100	2,408
Garbage				2,408				2,408					2,408	2,408
Hawk				1,700				1,700					1,700	1,700
Check Molding				100				100					100	100
Construction				100				100					100	100
Hull & Machinery Hawk				605				605					605	605
HST														
TOTAL CASH DISBURSEMENTS	57,541	55,247	90,341	133,787	336,917	26,275	61,189	18,125	64,687	17,181	17,450	48,183	22,999	128,243
CASH, END OF PERIOD	68,528	68,515	34,947											132,932

TOTAL CASH DISBURSEMENTS

CASH, END OF PERIOD

EXHIBIT 3

Canadian Sailing Expeditions Inc. Monthly Cash Receipts and Disbursement

Rev Date: 7-Apr-09

	Week 41 Forecasted Apr 4 - 10	Week 42 Forecasted Apr 11 - 17	Week 43 Forecasted Apr 18 - 24	Week 44 Forecasted Apr 25-May 1	Week 45 Forecasted May 2 - 8	Week 46 Forecasted May 9 - 15	Week 47 Forecasted May 16 - 22	Week 48 Forecasted May 23 - 29	Week 49 Forecasted May 30-Jun 5	Week 50 Forecasted June 6 - 12	Week 51 Forecasted June 13 - 19	Forecasted June 2009
CASH, BEGINNING OF PERIOD	65,492	65,526	65,515	34,947	34,958	7,767	59,423	41,432	19,235	44,315	21,134	19,235
CASH, END OF PERIOD	65,526	65,515	34,947	34,958	7,767	59,423	41,432	19,235	44,315	21,134	21,134	2,216
CASH RECEIPTS:												
DIP Funds	53,954	55,011	54,150	24,894	188,096		125,000		250,000	90,000		90,000
Cruise Revenue	2,823	2,823	2,823	2,823	10,494							
Revenue - P&A Extras												
HST												
TOTAL CASH RECEIPTS:	56,778	58,334	58,773	27,807	189,193	125,000	125,000	250,000	90,000	90,000		90,000
CASH DISBURSEMENTS:												
Accounts Payable				17,000	17,000							
Administrative Expenses												
General and Office	2,560	2,360	360	660	5,910	2,550	350	660	5,610	2,350	350	5,250
Telephone equipment		1,000		310	310	1,000	1,000	310	1,000	1,000		1,000
Office Phones/Long Distance		1,000		1,000	1,000	1,000	1,000	1,000	1,000	1,000		1,000
Cell		350	350	350	350	350	350	350	350	350		350
General Office	2,200	5,696	625	5,696	42,962	1,425	5,696	625	5,696	13,362		2,200
Rent	30,025	2,875	2,875	2,875	5,750	2,875	2,875	2,875	2,875	5,750		5,831
Office Salaries	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875		2,875
Special Projects	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875		2,875
Administration	625	625	625	625	625	625	625	625	625	625		2,156
Benefits	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000		800
Accrued Current Payroll Liabilities	28,000	7,500	7,500	20,000	42,500	6,000	6,000	6,000	6,000	6,000		22,500
Professional fees	7,500	7,500	7,500	20,000	42,500	7,500	7,500	7,500	7,500	7,500		22,500
Legals	7,500	7,500	7,500	20,000	42,500	7,500	7,500	7,500	7,500	7,500		22,500
Consultancy												
Accounting (Audit)				11,700	11,700		11,700	11,700	11,700	11,700		
Insurance				10,000	10,000		10,000	10,000	10,000	10,000		
Hull & Machinery Caledonia				1,700	1,700		1,700	1,700	1,700	1,700		
Protection & Indemnity												
WQIS												
Sales & Marketing Operating Expenses	1,250	1,250	1,250	1,250	5,000	1,250	1,250	1,250	1,250	1,250		3,750
General	1,250	1,250	1,250	1,250	5,000	1,250	1,250	1,250	1,250	1,250		3,750
Financing Related	550	550	550	35,558	37,206	50	50	21,332	21,482			
Bank Charges	50	50	50	200	200	50	50	200	200			
DIP Interest Payments	500	500	500	35,008	35,008	50	50	21,282	21,282			
Cash Management Charges												
SHIP OPERATIONS	1,120	1,120	66,120	4,453	72,813	11,000	43,333	7,300	61,833	7,300		14,800
Crew	1,120	1,120	66,120	4,453	72,813	11,000	43,333	7,300	61,833	7,300		14,800
Combined Net Pays												
Employee Holdbacks												
Crew Provisions												
Crew Changes												
Management												
Director Marine Operations												
Travel												
Repositioning (Fuel)												
Repairs General												
Caledonia P&A System Lease												
Life-saving Equipment Lease												
Catering												
Alcohol												
Supplies												
Guest Supplies												
Communications												
Complement												
Petty Cash to Ship (see note below)												
Communications												
Docking												
Power												
Pilot Fees												
Garbage												
Hawk Mooring												
Container Storage												
Hull & Machinery Hawk												
HST												
TOTAL CASH DISBURSEMENTS	57,541	55,247	90,341	147,513	350,643	32,275	67,189	24,126	60,887	160,277	23,181	23,450
CASH, END OF PERIOD	65,526	65,515	34,947	34,958	7,767	59,423	41,432	19,235	44,315	21,134	21,134	2,216