



ISLAND CRUISING

yacht ownership **at its best!**



yacht management • yachtcare services • maintenance & repair • yacht purchasing assistance



Island Cruising proudly offers a full Yacht Management Program designed to meet the individual needs of each yacht owner. Our customized programs have been developed for the yacht owner who wishes to enjoy the finer aspects of boating with the option of offsetting the costs of ownership and having a professionally maintained yacht.

Yacht Management Program



Charter Yacht Management Plus

Our marketing and reservations staff are experienced in getting you as many, or as few, weeks of charter as you would like, to either maximize earnings, or cover basic costs. All of our Charter Yachts automatically receive the pampering your investment deserves from our internationally acclaimed Yachtcare Program.

Yachtcare

If chartering your boat isn't for you, our Yachtcare Program can cover everything from monthly deck washes and bilge checks to major reconstruction. Our Yachtcare Program is designed for maximum protection of your investment. In order to ensure your protection, we have implemented strict maintenance schedules and checks which are carried out by our experienced and conscientious staff. Give us a call to discuss a program which best suits your needs.

Yacht Purchase & Sales

Although we are  a yacht broker, we work closely with you and local yacht brokers and dealers to ensure you receive the best value and a properly commissioned yacht. We also work with you to help ensure that you choose the yacht which best suits the needs of you and your family while retaining maximum charter revenue potential. Ask us about  financing available on new and used yacht purchases.



Frequently Asked Questions

What kind of boat should I look for?

The boat to look for will depend greatly on your personal desires. If you're looking for a vessel to generate maximum charter income, you should choose a boat with a popular and well-known name for comfortable coastal cruising. Names such as Beneteau, Bavaria, C&C, Catalina, Hunter and Jeanneau work very well as charter sail boats. Grand Banks, Grand Mariner, CHB, Sea Ray, Carver and Bayliner, as well as many others, are very desirable charter power yachts. The size ranges we require vary from year to year depending on market trends and the size of our fleet. Call for information on the sizes we looking for this year.

If maximum charter income is not your greatest concern then you can choose any boat that fits your personal desires. We have a Yacht Purchase Management Program to help you find the exact boat to suit your needs.

When is the best time to place a boat in the fleet?

The earlier the better. We do a major review of all our marketing every October/November. Newsletters and new brochures are out by January, and bookings for some of our more popular boats are sometimes made a year in advance. In short, the sooner we sign your boat on, the more time we have to market it.

What is the length of my contract?

The contracts with our boat owners run annually from April 31 to March 1. These dates work very well when we start preparing and marketing for the New Year.

What expenses am I responsible for?

As the boat owner you are responsible for moorage, maintenance and insurance. Moorage and insurance are set costs (see price list). Maintenance is a variable cost and depends greatly on the type of boat you own. A rough estimate of maintenance costs over a five year period would be 3-5% of the value of a new boat annually and 5-7% of the value of a used boat annually. Scheduled maintenance procedures such as a spring re-commissioning, winterization and winter yacht care are executed to always ensure your yacht is in charter ready condition. Any other major work is quoted on and pre-approved by you.

What kind of revenue can I expect?

Revenue will vary depending on the program you are in and the size and type of vessel you own. Typically your yacht should do between 12 and 14 weeks of charter per season. Example revenue statements are enclosed to give you a better idea of what your boat will net to you on a typical one-week charter. Generally speaking, most boats cover all of their moorage, maintenance and insurance within the first five to ten weeks of charter. Any extra revenue is to be used as you see fit.

Can I work on my own boat?

Certainly. As long as the quality meets our charter standards, you can do as much or as little work on the boat as you wish. We do not allow our owners to execute turnarounds, winterization or spring re-commissioning.

Frequently Asked Questions

When do I get paid?

On the fifteenth of each month we mail out your revenue statements and invoices for the previous month along with a monthly statement and a cheque, when applicable.

How do you keep track of charter revenue, maintenance, owner re-enumeration, etc.?

We have invested in a top-of-the-line computerized reservation and accounting system that has proven to be nothing short of unbelievable in managing our business affairs. This increased efficiency in database management, accounting and yacht management means more profit for everyone.

How do you know if charterers can handle my yacht?

Over 60% of our charter customers are repeat customers who have a proven track record with us. We have a series of screening processes for all charter guests, which start with the initial phone contact. From this first call we try and lead them into the most appropriate sailing vacation for their level of expertise. If a bareboat charter is what they want, they must be competent. To prove this, they must fill out a sailing résumé and complete a practical orientation on the water before departing. If they are determined to be unable to safely carry out their responsibilities as skipper of the boat, they are required to hire an instructor to operate the boat for them or bring them up to speed so they can handle the boat themselves.

How do potential charter guests or students hear about you?

We have developed an extensive national and international marketing program which encompasses numerous media ads, boat shows, promotional programs for agents and writers, an up-to-date website as well as newsletters and mail outs. Our Partnership with Swiftsure Sailing Academy in Calgary links us with many universities, schools and Yacht Clubs across Western Canada.

Will I earn any tax advantages?

Yes, especially when purchasing a new yacht. Our programs are structured to take advantage of certain tax laws, and when initiated before the purchase of a new yacht, can be highly beneficial. There are also benefits to purchasing a used yacht and although all these programs should be verified by your accountant, we can point you in the right direction.

What is involved in a turnaround?

Our turnarounds are the most extensive on the market today. The boat is thoroughly cleaned inside and out, the bottom is checked by a diver, propane and water tanks are filled, all systems are checked to be in proper working order by our on-staff engineers and a complete inventory check is completed to ensure all items are on board. New laundry, linens, sleeping bags, a starter pack and a complementary fruit basket are placed aboard. Guests receive complementary pick-up at airport and ferry terminals and given complete yacht orientation. The entire procedure is documented on checklists and double-checked to ensure completion before guests arrive. We will be happy to show you the maintenance logs we've developed for each individual boat where all this information and more is stored. No other charter company comes close to providing as extensive and in-depth a turnaround and guest service program as Island Cruising, and we do it all, at the same commission level as our competitors!

When can I use my own boat?

Anytime. Just call to reserve.





The Big Question

How do I get on the program?

Give us a call to discuss your specific needs and to find out which boat would be best suited for joining our fleet.

Exactly how does your remuneration system work?

Most companies operate on a revenue split based on percentage, usually a 60/40 split. This means 60% of the charter revenue goes to the owner, 40% to the charter company. We have altered this system slightly in order for you to take advantage of certain tax breaks. Instead of a 60/40 split for Cruise & Learn rental, we take a smaller commission of 20% of the revenue received for the 5 day charter. (See Operating Expense Schedule on page 6, for exact commission.

All other expenses are entered into your revenue statement as direct operating expenses including turnaround, minor service allowance and diving. (See direct operating expenses on page 6, for an outline of the services and costs.) By breaking these expenses out of the usual 40% commission, it puts your boat into a tax class with a higher write-off.

The end result is that on an average 7 day charter, the split is still 60/40 plus or minus a percentage point, but your tax situation is improved.

Please note that the commission charged on brand new vessels for their first year of charter is a 55/45 split to the owner. We do a full marketing drive so that the revenue stream is ramped up quickly. We also request the owner to participate in promotions so that we can get a following for the yacht. Should you prefer to have a 60/40 split, we are willing to discuss your preference.

Added benefits:

All services are discounted by 10% to charter boat owners and storage is available at a minimum cost for personal items.

The Numbers

Rental Income - Owner Revenue Statement & Operations Expense

Statement For: Happy Owner
Yacht Name: Funtime
Yacht Size: 40' Hanse
Revenue Month: July

Revenue Type	Week #	Charter Length	Gross Amount	Incentive	Amount Received
Charter	22	7 days	\$4,165.00		\$4,165.00
Total =			\$4,165.00		\$4,165.00
Island Cruising Commission			20.00%	less:	\$833.00
Gross Revenue Due to Owner			\$3,332.00		

Cruise & Learn Income Statement and Operations Expenses

Statement For: Happy Owner
Yacht Name: Funtime
Yacht Size: 40' Hanse
Revenue Month: July

Student	Week #	Course Cost	Incentive	Gross Amount																																				
C&L Happy 1	19	\$1,495.00	\$105.59	\$1,389.41																																				
C&L Happy 2	19	\$1,495.00	\$105.59	\$1,389.41																																				
C&L Happy 3	19	\$1,495.00	\$40.35	\$1,454.65																																				
C&L Happy 4	19	\$1,495.00	\$169.00	\$1,326.00																																				
Total =		\$5,980.00	\$420.53	\$5,559.47																																				
Island Cruising Commission		20.00%	less:	\$1,111.89																																				
Gross Revenue Due to Owner			\$4,447.58																																					
		<table><tr><th>Operating Expenses:</th><th>#</th><th>\$ Amount</th></tr><tr><td>Turnaround Costs</td><td>1</td><td>280</td></tr><tr><td>Minor Service Allowance</td><td>1</td><td>75</td></tr><tr><td>Starter Pack</td><td>1</td><td>50</td></tr><tr><td>Diving</td><td>1</td><td>40</td></tr><tr><td>Laundry - Linens etc</td><td>5</td><td>30</td></tr><tr><td>Dry Cleaning - Bags etc.</td><td>4</td><td>48</td></tr><tr><td>Instructor</td><td>1</td><td>1,250</td></tr><tr><td>Cruise & Learn Expenses</td><td>1</td><td>150</td></tr><tr><td>Fuel</td><td>1</td><td>33</td></tr><tr><td>Provisions</td><td>5</td><td>475</td></tr><tr><td>C & L Materials</td><td>4</td><td>400</td></tr></table>			Operating Expenses:	#	\$ Amount	Turnaround Costs	1	280	Minor Service Allowance	1	75	Starter Pack	1	50	Diving	1	40	Laundry - Linens etc	5	30	Dry Cleaning - Bags etc.	4	48	Instructor	1	1,250	Cruise & Learn Expenses	1	150	Fuel	1	33	Provisions	5	475	C & L Materials	4	400
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C & L Materials	4	400																																						
Less Operating Costs			\$2,831																																					
Net Revenue Due to Owner			\$1,616.58																																					
GST collected and submitted on Owner's portion (5% of net to owner) under GST # R12341 8949				\$80.83																																				

40' Cash Flow

Revenue weeks													12	Total Revenue Weeks	% of Gross				
Cruise & Learn													4						
	1	1	2	2	3	3													
		1	1	1			1												
Charter Revenue	3,681	3,681	7,362	8,330	12,495	11,865						\$	47,414.00						
Cruise & Learn Revenue		1,617	1,617	1,617			1,617					\$	4,849.73						
Gross Monthly Revenue	3,681	5,298	8,979	9,947	12,495	11,865	1,617					\$	52,263.73	Total Monthly Revenue					
Average Revenue per week												\$	3,266.48	Average Revenue per week					
													Annual Expenses						
													Expenses						
Moorage	528	528	528	528	528	528	528	528	528	528	528	\$	6,336.00	Total Moorage	12.12%				
Insurance		3,750										\$	3,750.00	Total Insurance	7.18%				
Annual Haulout/Winterization			1,500								300	\$	1,800.00	Annual Haulout	3.44%				
*General Maintenance	250	250	250	250	250	250	250	250	250	250	250	\$	3,000.00	General Maintenance	5.74%				
40% Office Commission			1,472	1,472	2,945	3,332	4,998	4,746				\$	18,965.60	Total Office Commission	36.29%				
Winter Yachtcare	100	100	100							100	100	\$	600.00	Total Annual Expenses	1.15%				
Monthly totals													\$ 878 \$ 4,628 \$ 2,378 \$ 2,250 \$ 2,250 \$ 3,723 \$ 4,110 \$ 5,776 \$ 5,524 \$ 878 \$ 1,178 \$ 878 \$ 34,451.60	Total Monthly Expenses	65.92%				
Net Revenue													-\$ 878 -\$ 4,628 -\$ 2,378 \$ 1,431 \$ 3,047 \$ 5,256 \$ 5,837 \$ 6,719 \$ 6,341 \$ 739 -\$ 1,178 -\$ 878 \$ 17,812.13	Net Revenue	34.08%				
													SPRING	SUMMER	SEPT	WINTER			
													\$3,681	\$4,165	\$3,955	\$3,122			
													Moorage based on \$13.20 per foot per month						
													Insurance based on 1.50% of value of vessel						
													* Maintenance is easily the biggest variable in yacht ownership and can range anywhere from 2-10% of the value of the boat per year.						

Charter Yacht Ownership vs. Private Ownership

A new 40' 3 cabin sail yacht - charter ready			\$295,000
With down payment			\$75,000
Should have a cash flow similar to this if well maintained			
Expenses	Charter yacht	Private ownership	
Loan repayment	\$26,046	\$26,046	
Moorage	\$6,336	\$6,336	
Insurance	\$3,750	\$3,300	
Maintenance	\$5,400	\$4,800	
Total Expenses		41,532	40,482
Revenue		17,812	
Net cost before rebates		23,720	40,482
RC rebates PST & GST recap		35,400	
Capital Cost allowance (15%) 1/2 in the first year		22,125	
Net cash flow in first year		\$33,805	\$40,482



A Few Remaining Questions

Can I send business or friends out to use the yacht?

Yes, for any guests you send, you only pay the turnaround and admin costs associated with the trip. If your friends or associates are new to sailing, we can arrange a skipper for a cruise they will never forget.

What are the tax benefits to buying a new yacht?

Although we are not tax experts, we can suggest a few recognized tax savings and recap practices used in the industry.

Most of the plans to be initiated before the purchase of your yacht and all of the suggestions should be verified by your accountant.

Tax benefits include:

- Full Recap of GST and PST paid on purchase.
- Capital costs Allowances (depreciation) which can be written off against your personal income when set up correctly.
- Write-offs against vessel maintenance and interest.

Can you produce a cash flow projection for me?

Yes, if you have a yacht in mind you would like to put into charter, we will be happy to produce a basic annual cash flow projection.

If you are seriously looking into the purchase of a new or used yacht and would like an in-depth five year financial analysis based on a particular vessel, we can have our accountant draw one up. This projection is quite detailed and takes into account your vessel financing, your marginal tax rate, your capital cost allowance and all other tax benefits as well as income and expense projections, to give you annual cash flows and personal income tax deductions.

There is a charge for this in-depth projection that is refundable upon placement of your vessel into the fleet. Please call for a confidential questionnaire to fill out for your personal charter yacht financial analysis.

What are the financial benefits to putting a yacht into charter as opposed to private ownership?

For a rough idea of the financial benefits of charter as opposed to private ownership, please see the table on page 6.

owning a boat was never this easy!

CHARTER BOAT OWNERSHIP

We work closely with you to choose the yacht that matches the needs of you and your family while retaining maximum charter revenue potential. We professionally maintain your investment and generate revenue too!

FRACTIONAL OWNERSHIP

Escape to an ownership style with the highest quality, lowest investment and perfect amount of time set aside to enjoy it in! We professionally manage the vessel and its financial plan so you can relax and simply enjoy cruising with family, business associates or corporate clients on the beautiful West Coast!

If you'd rather your boat didn't charter our yacht care program can cover everything from monthly deck washes and bilge checks to major reconstruction. See full services below.

YACHTCARE

The goal of our yachtcare program is to protect your investment by implementing strict maintenance schedules and checks and having them carried out by experienced and conscientious staff.

SERVICES AVAILABLE

Engine Outboard Electrical Heaters, Sail Repairs, Rigging, Propane, Bright Work, Detailing, Diving, Fiberglass, Haul Outs, Plumbing, Parts Supply, Stainless Steel Fabrication, Upholstery
Ask us about our monthly or annual packages!

bareboat charters • skippered charters • boating courses • yacht management services
Member of the BC Bareboat Association, the International Sail & Power Association and the Saanich Peninsula Chamber of Commerce
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