



Canadian Space Agency  
Agence spatiale  
canadienne



# **Canadian Space Agency**

**2020-2021**

**Quarterly Financial Report**

**For the Quarter Ended**

**June 30, 2020**

## Management Statement for the Quarter Ended June 30, 2020

### 1. Introduction

This quarterly financial report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This quarterly financial report should be read in conjunction with the [2020-2021 Main Estimates](#)<sup>1</sup>.

#### 1.1 Mandate and Program Activities

The Canadian Space Agency's (CSA) mandate is *to promote the peaceful use and development of space, to advance the knowledge of space through science and to ensure that space science and technologies provide social and economic benefits for Canadians.*

More information is available on the CSA's [mandate](#) and on the departmental results framework in the [2020-21 Departmental Plan](#)<sup>1</sup>.

<sup>1</sup> *The financial data presented as planned expenditures in the Main Estimates (ME) and the Departmental Plan may differ from the authorities available presented in this Quarterly Financial Report (QFR). The Departmental Plan data includes estimated adjustments to the ME for the entire year, whereas the QFR presents only the authorities granted to this date through the Estimates process (i.e. the ME and the Supplementary Estimates).*

#### 1.2 Basis of Presentation

This quarterly financial report (QFR) has been prepared by management using an expenditure basis of accounting. The Statement of Authorities annexed to this report includes the CSA's spending authorities granted by Parliament and those used by the CSA, consistent with the Main Estimates and Supplementary estimates voted as at June 30 for fiscal year 2020-2021 compared to 2019-2020. This QFR has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

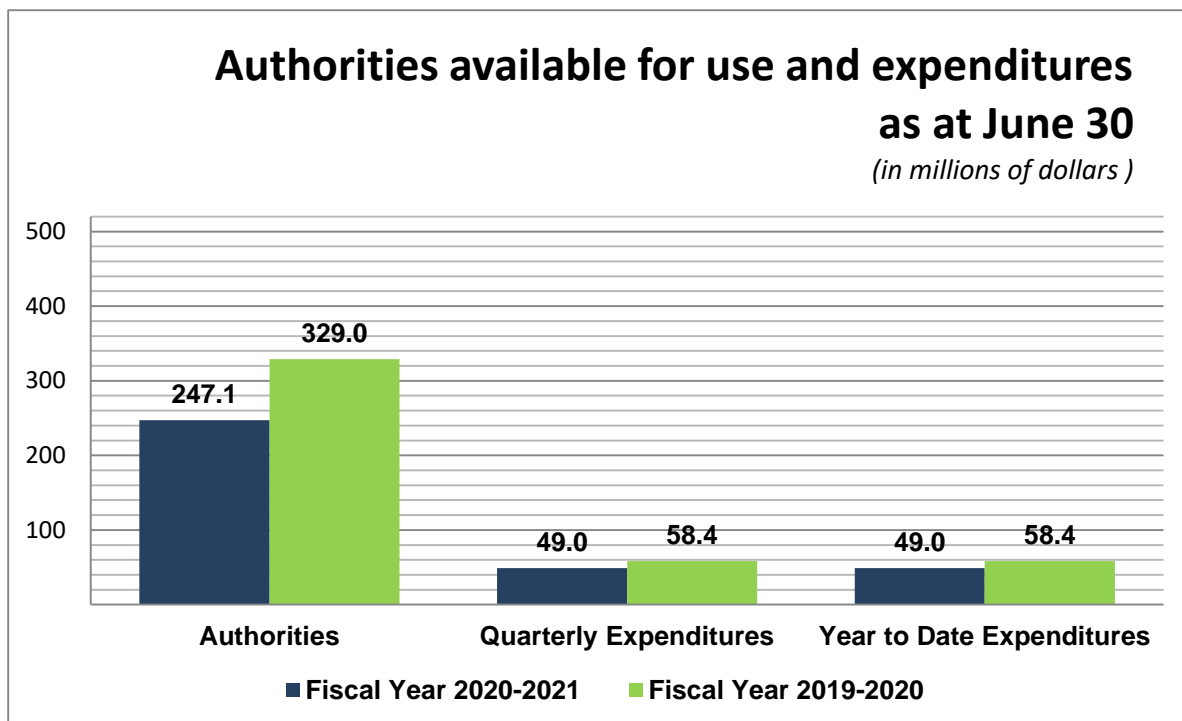
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. The partial accrual method of accounting includes disbursements as well as some accruals for salaries and salary allowances.

This QFR report has not been subject to an external audit. However, it was reviewed by the members of the CSA Audit Committee, who are satisfied with its presentation and content.

## 2. Highlights of the Quarterly Financial Results

This section highlights the significant elements that contributed to the changes to the authorities available for the fiscal year, as well as to the quarterly and year-to-date expenditures for the quarter ended June 30, 2020.

The following graph provides an overview of the variations in the available authorities and the expenditures. Additional details on these variations are provided in sections 2.1 and 2.2 as well as in the appended annexes.



Totals may not add up due to rounding.

## 2.1 Significant Changes in the Authorities (Total Votes Available for Use) between fiscal years 2020-2021 and 2019-2020.

The total votes available for use as at June 30, 2020 is \$247.1 million, which represents a decrease of \$81.8 million compared to the same period in the previous year.

Authorities (in thousands of dollars)	2020-2021	2019-2020	Variance	%
Vote 1 - Operating expenditures	146,884	181,394	(34,510)	(19%)
Vote 5 - Capital expenditures	38,809	78,547	(39,738)	(51%)
Vote 10 - Grants and contributions	50,974	58,696	(7,722)	(13%)
Contributions to employee benefit plans	10,470	10,312	158	2%
Spending of proceeds from the disposal of surplus Crown assets	1	2	(1)	(61%)
<b>Total budgetary authorities</b>	<b>247,138</b>	<b>328,951</b>	<b>(81,813)</b>	<b>(25%)</b>

The decrease of \$34.5 million in Vote 1 - Operating expenditures is mainly explained by the following items:

- An increase of \$14.3 million for Lunar Exploration Accelerator Program (LEAP) related activities.
- An increase of \$6.9 million for International Space Station (ISS) related activities.
- An increase of \$2.5 million as a result of funding received from Treasury Board for collective agreements ratification.
- A decrease of \$8.6 million for Radarsat Constellation Mission (RCM) project related activities.
- A decrease of \$49.0 million in the authorities available for use is due to the reduced supply of the Main Estimates. Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the Fall. CSA is expected to receive full supply for the 2020-21 Main Estimates in December 2020.
- The residual difference consists of multiple variations inherent to the Canadian Space Program (CSP) Resource Management. They result from the fact that budgetary requirements by vote are not linear from one year to the next, requiring vote transfers or fund carry forwards to another fiscal year.

The decrease of \$39.7 million in Vote 5 - Capital expenditures is mainly explained by the following items:

- An increase of \$12.2 million for International Space Station (ISS) related activities.
- An increase of \$1.5 million for Lunar Exploration Accelerator Program (LEAP) related activities.

- A decrease of \$13.0 million in the authorities available for use is due to the reduced supply of the Main Estimates. Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the Fall. CSA is expected to receive full supply for the 2020-21 Main Estimates in December 2020.
- A decrease of \$29.9 million for Radarsat Constellation Mission (RCM) project related activities.
- The residual difference consists of multiple variations inherent to the Canadian Space Program (CSP) Resource Management. They result from the fact that budgetary requirements by vote are not linear from one year to the next, requiring vote transfers or fund carry forwards to another fiscal year.

The decrease of \$7.7 million in Vote 10 - Grants and Contributions expenditures is mainly explained by the following items:

- An increase of \$6.5 million compared to the same period last year for the contribution program under the Cooperation Agreement between Canada and the European Space Agency, for the Mars program Sample Return (MSR).
- An increase of \$1.5 million for Lunar Exploration Accelerator Program (LEAP) related activities.
- A decrease of \$17.0 million in the authorities available for use is due to the reduced supply of the Main Estimates. Due to the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the Standing Orders of the House of Commons were amended to extend the study period into the Fall. CSA is expected to receive full supply for the 2020-21 Main Estimates in December 2020.
- The residual difference consists of multiple variations inherent to the Canadian Space Program (CSP) Resource Management. They result from the fact that budgetary requirements by vote are not linear from one year to the next, requiring vote transfers or fund carry forwards to another fiscal year.

## **2.2 Significant Changes in the Quarterly and Year-to-Date Expenditures (Votes Used) between fiscal years 2020-2021 and 2019-2020**

The quarterly and year-to-date expenditures for the quarter ended June 30, 2020 are of \$49.0 million which represents a quarterly and a year to date decrease of \$9.5 million compared to the same period in the previous year.

### **Expenditures by Vote as at June 30**

Expenditures by Vote (in thousands of dollars)	2020-2021		2019-2020		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Vote 1 - Operating expenditures	24,958	24,958	26,166	26,166	(1,208)	(1,208)
Vote 5 - Capital expenditures	3,577	3,577	21,750	21,750	(18,173)	(18,173)
Vote 10 - Grants and contributions	17,811	17,811	7,920	7,920	9,891	9,891
Contributions to employee benefit plans	2,617	2,617	2,578	2,578	39	39
Spending of proceeds from the disposal of surplus Crown assets	-	-	-	-	-	-
<b>Total budgetary expenditures by Vote</b>	<b>48,963</b>	<b>48,963</b>	<b>58,414</b>	<b>58,414</b>	<b>(9,451)</b>	<b>(9,451)</b>

The decrease of \$1.2 million in the quarterly and year to date expenditures in Vote 1 – Operating expenditures, is mainly explained by the following:

→ The variations in the payment schedules related to the Junior Astronauts initiative.

The decrease of \$18.2 million in the quarterly and year to date expenditures in Vote 5 - Capital expenditures, is mainly explained by the following:

→ The variations in the payment schedules for the RADARSAT Constellation Mission (RCM).

The increase of \$9.9 million in the quarterly and year to date expenditures in Vote 10 – Grants and contributions, is mainly explained by the following:

→ The variations in the payment schedules to the European Space Agency (ESA).

### **Expenditures by Standard Object as at June 30**

Expenditures by Standard Object (in thousands of dollars)	2020-2021		2019-2020		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	19,518	19,518	19,797	19,797	(279)	(279)
Transportation and communications	239	239	983	983	(744)	(744)
Information	268	268	432	432	(164)	(164)
Professional and special services	8,231	8,231	8,382	8,382	(151)	(151)
Rentals	251	251	255	255	(4)	(4)
Repair and maintenance	234	234	222	222	12	12
Utilities, materials and supplies	492	492	763	763	(271)	(271)
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	1,919	1,919	19,655	19,655	(17,736)	(17,736)
Transfer payments	17,811	17,811	7,920	7,920	9,891	9,891
Other subsidies and payments	-	-	5	5	(5)	(5)
<b>Total budgetary expenditures by Standard Object</b>	<b>48,963</b>	<b>48,963</b>	<b>58,414</b>	<b>58,414</b>	<b>(9,451)</b>	<b>(9,451)</b>

The \$17.7 million decrease in the quarterly expenditures and year to date expenditures for the Acquisition of machinery and equipment standard object is primarily due to:

→ The variations in the payment schedules for the RADARSAT Constellation Mission (RCM).

The \$9.9 million increase in the quarterly and year to date expenditures for the Transfer payments standard object is primarily due to:

The variations in the payment schedules to the European Space Agency (ESA).

### **3. Risks and Uncertainties**

The year-to-date expenditures for the 1<sup>st</sup> quarter of 2020-2021 represent 15% of the planned expenditures for the year ending March 31, 2021 whereas 25% of the fiscal year has passed. The level of expenditures is similar to the 2019-2020 fiscal year (18%) and to the 2018-2019 fiscal year (12%). The situation presents no concerns since the cumulative expenditures will be restored at year-end when the accruals are recorded, in accordance with the full accrual method of accounting, combined with the deferral of budgets to the following year.

COVID-19, declared a pandemic in March 2020, had an impact on our first quarter financial performance. The pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Government of Canada has announced a new set of economic measures to help stabilize the economy during this challenging period. In this context, the future impact on the Canadian and global economies, including our business, for the rest of 2020 and thereafter remains highly uncertain.

The specific nature of the Canadian Space Program confronts the CSA with issues related to the advanced technologies used in space missions as well as the international aspect of some projects. For Canada, activities in space must be carried out in partnership with other spacefaring nations, using innovative and cost-efficient technologies. The international nature and technical challenges associated with developing and implementing disruptive technologies, in collaboration with multiple partners, generate risks in the delivery of projects, and, therefore financial risks associated with the use of funds such as the deferral of funds and costs increases.

Risks also arise from the Canada / European Space Agency (ESA) Cooperation Agreement. They include variations in amounts payable resulting from changes in the Gross National Product (GNP) statistics, the fluctuation of the Canadian dollar against the euro (exchange rate), inflation and the enforcement of the ESA's industrial policy. These risks have an impact on both costs and cash flow profiles.

To mitigate these risks, the CSA regularly reviews its project portfolio, activity plans, schedules and financial management strategies to adjust to changes brought on by the space programs of its key partners (National Aeronautics and Space Administration (NASA), ESA and other space agencies). In addition, rigorous project management practices are in place. These initiatives allow the CSA to track and report on the progress of its commitments, to assess the effectiveness of its work, and to align its resources with its priorities.

Furthermore, the CSA manages its financial risks and uncertainties related to Phoenix by adopting risk mitigating strategies. There are a number of actions that the CSA has taken to date to help stabilize the pay system, and to ensure that the employees are being paid





**CANADIAN SPACE AGENCY**  
**Quarterly Financial Report**  
**For the quarter ended June 30, 2020**  
**Statement of Authorities** (unaudited)  
(in thousands of dollars)

Annex 1

	<b>Fiscal Year 2020-2021</b>			<b>Fiscal Year 2019-2020</b>		
	Total available for use for the year ending March 31, 2021 (1)	Used during the quarter ended June 30, 2020	Year to date used at quarter-end	Total available for use for the year ending March 31, 2020 (1)	Used during the quarter ended June 30, 2019	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	146,884	24,958	24,958	181,394	26,166	26,166
Vote 5: Capital expenditures	38,809	3,577	3,577	78,547	21,750	21,750
Vote 10: Grants and contributions	50,974	17,811	17,811	58,696	7,920	7,920
Contributions to employee benefit plans	10,470	2,617	2,617	10,312	2,578	2,578
Spending of proceeds from the disposal of surplus Crown assets	1	-	-	2	-	-
<b>Total budgetary authorities</b>	<b>247,138</b>	<b>48,963</b>	<b>48,963</b>	<b>328,951</b>	<b>58,414</b>	<b>58,414</b>

(1) Includes only Authorities available for use and granted by Parliament at quarter-end.

**CANADIAN SPACE AGENCY**

Annex 2

**Quarterly Financial Report**

**For the quarter ended June 30, 2020**

**Departmental budgetary expenditures by Standard Object (unaudited)**

(in thousands of dollars)

	<b>Fiscal Year 2020-2021</b>			<b>Fiscal Year 2019-2020</b>		
	Planned expenditures for the year ending March 31, 2021	Expended during the quarter ended June 30, 2020	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2020	Expended during the quarter ended June 30, 2019	Year to date used at quarter-end
<b>Expenditures:</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>
Personnel	81,214	19,518	19,518	77,708	19,797	19,797
Transportation and communications	4,330	239	239	4,281	983	983
Information	1,486	268	268	1,824	432	432
Professional and special services	148,889	8,231	8,231	144,238	8,382	8,382
Rentals	2,972	251	251	2,983	255	255
Repair and maintenance	2,484	234	234	3,379	222	222
Utilities, materials and supplies	3,631	492	492	1,702	763	763
Acquisition of land, buildings and works	-	-	-	650	-	-
Acquisition of machinery and equipment	10,324	1,919	1,919	30,443	19,655	19,655
Transfer payments	67,965	17,811	17,811	58,696	7,920	7,920
Other subsidies and payments	2,732	-	-	3,047	5	5
<b>Total budgetary expenditures</b>	<b>326,027</b>	<b>48,963</b>	<b>48,963</b>	<b>328,951</b>	<b>58,414</b>	<b>58,414</b>