



Canadian Space
Agency

Agence spatiale
canadienne



Canadian Space Agency

2017-2018

Quarterly Financial Report

For the Quarter Ended

June 30, 2017

Management Statement for the Quarter Ended June 30, 2017

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 [2017-2018 Main Estimate](#)¹.

1.2 Mandate and Program Activities

The objectives of the Canadian Space Agency (CSA) are *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 Program Activities in the [2017-18 Departmental Plan](#)¹.

¹ *The financial data presented as planned expenditures in the Main Estimates (ME) and 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 date through the Estimates process (i.e. the ME and the Supplementary Estimates).*

1.3 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 years 2017-2018 compared to 2016-2017. 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.

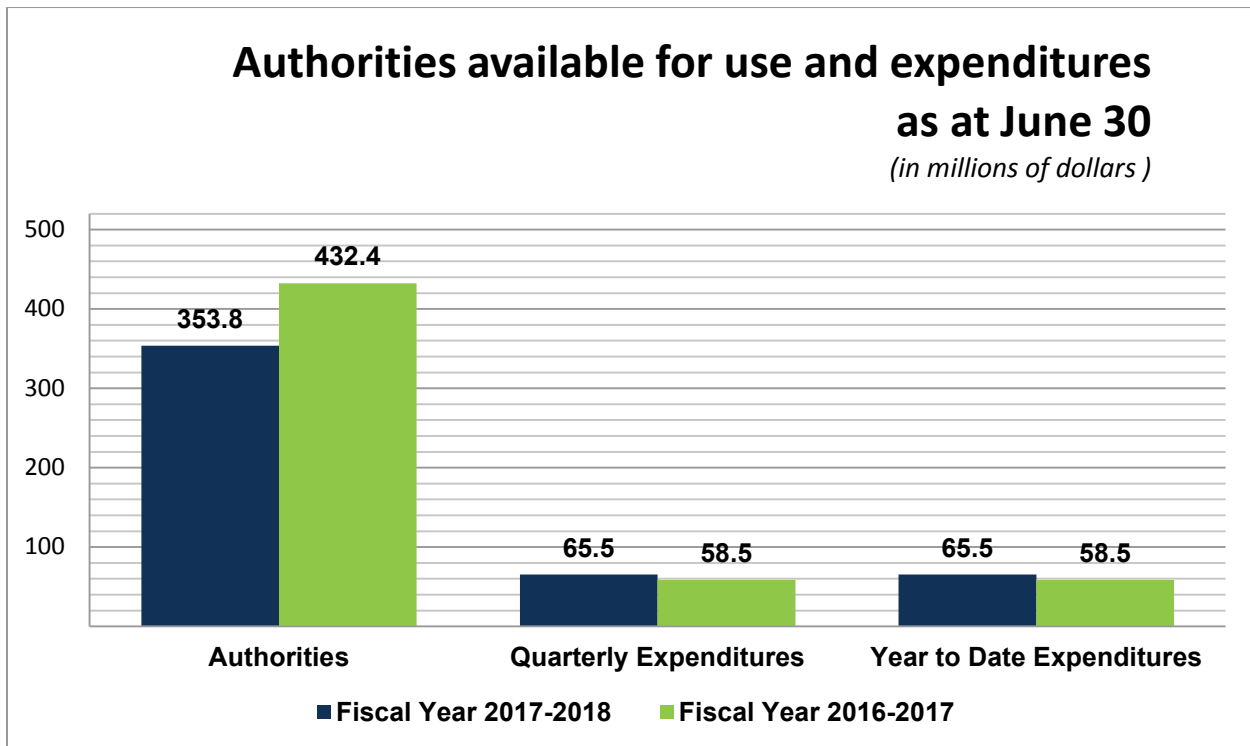
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, that is, a partial accrual method of accounting. Expenditure basis accounting thus 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 has been 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 factors 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, 2017.

The following graph provides an overview of variations in available authorities and 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 Authorities (Total Vote Available for Use) between fiscal 2017-2018 and 2016-2017.

The total vote available for use as at June 30, 2017 is \$353.8 million, and represents a decrease of \$78.6 million compared to the same period of the previous year.

Authorities (in thousands of dollars)	2017-2018	2016-2017	Variance	%
Vote 1 - Operating expenditures	161,269	184,498	(23,229)	(13%)
Vote 5 - Capital expenditures	122,420	192,112	(69,692)	(36%)
Vote 10 - Grants and contributions	60,966	45,748	15,218	33%
Contributions to employee benefit plans	9,155	10,037	(882)	(9%)
Spending of proceeds from the disposal of surplus Crown assets	28	21	7	33%
Total budgetary authorities	353,838	432,416	(78,578)	(18%)

The decrease of \$23.2 million in Vote 1 - Operating Expenditures is mainly explained by the following items:

- A decrease of \$9.5 million between 2016-2017 and 2017-2018 due to funding received in 2016–17 for the provision of value-added satellite reports/images for humanitarian needs.
- A decrease of \$9 million due to different cash flow requirements from two projects; replacement of cameras for the Mobile Servicing System (MSS RCAM) as well as the Dextre Deployable Vision System (DDVS).
- A decrease of \$3 million due to a budgetary transfer from the Operating credit to the Grants and Contribution credit for the Space technologies development program.
- A decrease of \$1.4 million between the two years due to the reduction announced in the 2016 Federal Budget for professional services, travel and advertising.

The decrease of \$69.7 million in Vote 5 - Capital Expenditures is mainly explained by the following items:

- A decrease of \$90.7 million related to the RADARSAT Constellation Mission (RCM). The variation between the two years is due to different needs for cash flows according to new milestones schedules, without affecting the launch that is still planned for 2018.
- A decrease of \$4.8 million between 2016-2017 and 2017-2018 due to a one-time funding ending in 2016–17 for the Maritime Monitoring and Messaging Micro-Satellite (M3MSat) project.
- An increase of \$10.3 million between the two years, due to different cash flow requirements for activities related to the space station.

- An increase of \$7.5 million for items in Budget 2016 related to the security enhancement at John H. Chapman Space Centre as well as the purchase and installation of absorber material for the David Florida Laboratory (DFL) Anechoic Chamber.

The increase of \$15.2 million in Vote 10 - Grants and Contributions Expenditures is mainly explained by the following items:

- An increase of \$10 million over the same period last year, due to funding from the 2015 Federal Budget for the Contribution Program under the Canada and the European Space Agency Cooperation Agreement for the Advanced Research in Telecommunications Systems (ARTES) program.
- An increase of \$3 million due to a budgetary transfer from the Operating credit to the Grants and Contribution credit for the Space technologies development program
- An increase of \$2.6 million between 2016-2017 and 2017-2018 based on the cash requirements of the Global Grants and Contributions Program to Support research, awareness and learning in Space Science and Technology, for the Canadian CubeSats initiative.

2.2 Significant Changes in Quarterly and Year-to-Date Expenditures (Votes Used) between fiscal 2017-2018 and 2016-2017

Quarterly and year-to-date expenditures for the quarter ended June 30, 2017 are of \$65.5 and represent an increase, quarterly and year to date, of \$7 million compared to the same period of the previous year.

Expenditures by Vote at June 30

Expenditures by Vote (in thousands of dollars)	2017-2018		2016-2017		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Vote 1 - Operating expenditures	24,777	24,777	22,717	22,717	2,060	2,060
Vote 5 - Capital expenditures	30,497	30,497	25,793	25,793	4,704	4,704
Vote 10 - Grants and contributions	7,913	7,913	7,444	7,444	469	469
Contributions to employee benefit plans	2,289	2,289	2,509	2,509	(220)	(220)
Spending of proceeds from the disposal of surplus Crown assets	12	12	-	-	12	12
Total budgetary expenditures by Vote	65,488	65,488	58,463	58,463	7,025	7,025

The increase of \$2 million in the quarterly and year to date expenditures in Vote 1 – Operating expenditures, is mainly explained by the following:

- The increase of \$1.5 million due to variations in the payment schedules of the implementation cycle of Government initiatives on Earth observation.
- An increase of \$0.5 million due to retroactive payments after the ratifications of multiple collective agreements in which the funding is still to come.

The increase of \$4.7 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 RCM project.

No significant gap in the quarterly and year to date expenditures in Vote 10 – Grants and contributions.

Expenditures by Standard Object at June 30

Expenditures by Standard Object <i>(in thousands of dollars)</i>	2017-2018		2016-2017		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	17,972	17,972	16,874	16,874	1,098	1,098
Transportation and communications	754	754	629	629	125	125
Information	515	515	455	455	60	60
Professional and special services	8,408	8,408	8,316	8,316	92	92
Rentals	369	369	395	395	(26)	(26)
Repair and maintenance	660	660	343	343	317	317
Utilities, materials and supplies	303	303	364	364	(61)	(61)
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	28,559	28,559	23,553	23,553	5,006	5,006
Transfer payments	7,913	7,913	7,444	7,444	469	469
Other subsidies and payments	35	35	90	90	(55)	(55)
Total budgetary expenditures by Standard Object	65,488	65,488	58,463	58,463	7,025	7,025

The increase of \$7 million in quarterly and year to date expenditures by standard object (all Votes included) is mainly explained by the following items:

- The \$1 million increases in quarterly expenditures for the Personnel standard object is primarily due to:
 - An increase of \$0.6 million compared to the previous year in the recording of payroll transactions.
 - An increase of \$0.5 million compared to the previous year due to retroactive payments after the ratification of multiple collective agreements.

- The \$5 million increase in quarterly expenditures for the Acquisition of machinery and equipment standard object is mainly explained by the variations in the payment schedules for the RCM project.

3. Risks and Uncertainties

The specific nature of the Canadian Space Program confronts us with issues related to the advanced technologies used in our space missions and issues related to the international aspect of some of our projects. These specific characteristics of the space sector create a risk of delays in the realization of projects and therefore, risk of deferral of the use of funds.

The year-to-date expenditures for the 1st quarter of 2017-2018 represent 19% of our authorities whereas 25% of our fiscal year has passed. This situation is similar to that of the previous fiscal years (14% for 2016-2017 and 16% for 2015-2016) and represents no concerns. The situation concerning the cumulative expenditures will be restored at fiscal year-end when the accruals will be recorded, according to the full accrual method of accounting, combined with the deferral of budgets to the following year.

Government organizations are increasingly using space assets to deliver their mandate. Where there is a large diversity of missions and partnership opportunities to choose from, there is a risk that gaps may emerge between users' needs and services provided. In this context, the CSA has implemented an interdepartmental governance model that facilitates the identification and mitigation of potential gaps between supply and demand, while ensuring that adequate financial resources will be allocated to space activities.

Risks also arise from the Canada / ESA Cooperation Agreement such as variations in amounts payable caused by 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 all of these risks, the CSA regularly reviews its project portfolio, activity plans, schedules and financial management strategies to adjust to changes brought to the space programs of its key partners (National Aeronautics and Space Administration (NASA), ESA and other space agencies). In addition, the CSA continued the implementation of its governance framework and investment monitoring, which effectively improves the management and control process already in place.

4. Significant Changes in Relation to Operations, Personnel and Programs

On June 17, 2016, the Canadian Space Agency (CSA) launched the fourth astronaut recruitment campaign in Canadian history. After a one-year selection process, the CSA announced on July 1st 2017, the appointment of two new astronauts, Joshua Kutryk and Jennifer Sidey.

Treasury Board approved the Canadian Space Agency's 2017-2018 to 2021-2022 Investment Plan. Along with this approval, Treasury Board approved the Organizational Project Management Capacity at a level 3 – "Evolutionary" for the Canadian Space Agency. This reflects a more capable and mature governance and project management capability. This also represents the highest improvement ever over a three-year period in the history of assessments in the Government of Canada.

Approval by Senior Officials

Approved by,

The original version was signed by
Sylvain Laporte, August 16, 2017

Sylvain Laporte Date
President
Longueuil, Quebec

The original version was signed by
Marie-Claude Guérard, August 16, 2017

Marie-Claude Guérard, CPA CGA Date
Chief Financial Officer
Longueuil, Quebec

CANADIAN SPACE AGENCY
Quarterly Financial Report
For the quarter ended June 30, 2017
Statement of Authorities (unaudited)
(in thousands of dollars)

Annex 1

	Fiscal Year 2017-2018			Fiscal Year 2016-2017		
	Total available for use for the year ending March 31, 2018 (1)	Used during the quarter ended June 30, 2017	Year to date used at quarter-end	Total available for use for the year ending March 31, 2017 (1)	Used during the quarter ended June 30, 2016	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	161,269	24,777	24,777	184,498	22,717	22,717
Vote 5: Capital expenditures	122,420	30,497	30,497	192,112	25,793	25,793
Vote 10: Grants and contributions	60,966	7,913	7,913	45,748	7,444	7,444
Contributions to employee benefit plans	9,155	2,289	2,289	10,037	2,509	2,509
Spending of proceeds from the disposal of surplus Crown assets	28	12	12	21	-	-
Total budgetary authorities	353,838	65,488	65,488	432,416	58,463	58,463

(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, 2017

Departmental budgetary expenditures by Standard Object (unaudited)

(in thousands of dollars)

	Fiscal Year 2017-2018			Fiscal Year 2016-2017		
	Planned expenditures for the year ending March 31, 2018	Used during the quarter ended June 30, 2017	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2017	Used during the quarter ended June 30, 2016	Year to date used at quarter-end
Expenditures:	\$	\$	\$	\$	\$	\$
Personnel	67,470	17,972	17,972	68,389	16,874	16,874
Transportation and communications	4,497	754	754	4,249	629	629
Information	3,044	515	515	2,775	455	455
Professional and special services	121,464	8,408	8,408	138,185	8,316	8,316
Rentals	2,950	369	369	3,361	395	395
Repair and maintenance	3,137	660	660	7,675	343	343
Utilities, materials and supplies	1,851	303	303	1,817	364	364
Acquisition of land, buildings and works	445	-	-	595	-	-
Acquisition of machinery and equipment	81,096	28,559	28,559	155,220	23,553	23,553
Transfer payments	60,966	7,913	7,913	45,748	7,444	7,444
Other subsidies and payments	6,918	35	35	4,402	90	90
Total budgetary expenditures	353,838	65,488	65,488	432,416	58,463	58,463