



Canadian Space
Agency

Agence spatiale
canadienne



Canadian Space Agency

2022-2023

Quarterly Financial Report

For the Quarter Ended

September 30, 2022

**Management Statement
for the Quarter Ended September 30, 2022**

Canada

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 [2022-2023 Main Estimates](#)¹.

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 [2022-23 Departmental Plan](#)¹.

¹ *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 September 30, for fiscal year 2022-2023 compared to 2021-2022. 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 money 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.

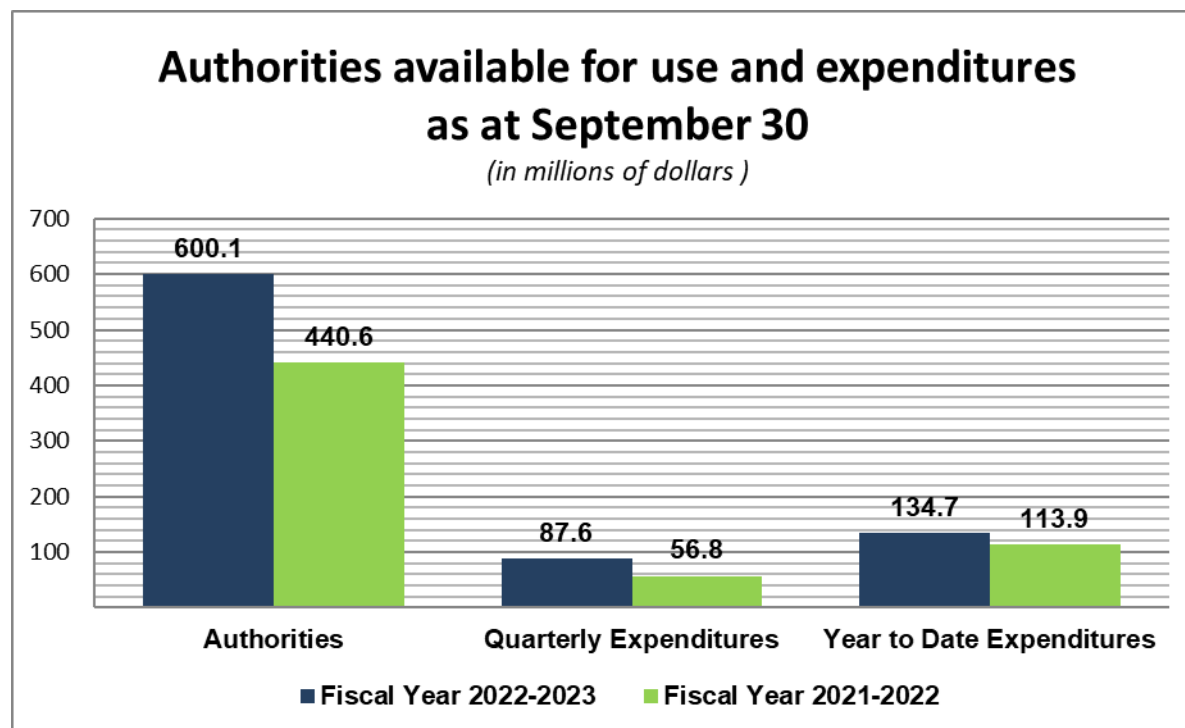
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. 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 September 30, 2022.

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 2022-2023 and 2021-2022

The total votes available for use as at September 30, 2022, is \$600.1 million, which represents an increase of \$159.5 million compared to the same period in the previous year.

| Authorities (in thousands of dollars) | 2022-2023 | 2021-2022 | Variance | % |
|--|----------------|----------------|----------------|------------|
| Vote 1 - Operating expenditures | 227,955 | 231,379 | (3,424) | (1%) |
| Vote 5 - Capital expenditures | 273,721 | 103,443 | 170,278 | 165% |
| Vote 10 - Grants and contributions | 85,581 | 94,630 | (9,049) | (10%) |
| Contributions to employee benefit plans | 12,271 | 11,086 | 1,185 | 11% |
| Proceeds from disposal of surplus Crown assets | 583 | 53 | 530 | 1000% |
| Total budgetary authorities | 600,111 | 440,591 | 159,520 | 36% |

The decrease of \$3.4 million in Vote 1 – Operating expenditures is mainly explained by the following items:

- A decrease of \$12.6 million for Canadarm3 project related activities.
- A decrease of \$4.4 million for Radarsat Constellation Mission (RCM) related activities.

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- An increase of \$8.7 million for activities related to the Lunar Exploration Accelerator Program (LEAP).
- An increase of \$4.6 million relating to the 2022-2023 operating budget carry forward received, which has increased versus that received in 2021-2022.
- 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 increase of \$170.3 million in Vote 5 – Capital expenditures is mainly explained by the following items:

- An increase of \$183.5 million for Canadarm3 project-related activities.
- An increase of \$5.3 million for activities related to Gateway External Robotics Interfaces (GERI).
- An increase of \$2.7 million for activities related to the Quantum Encryption and Science Satellite (QEYSSat) project.
- A decrease of \$7.1 million for activities related to the Lunar Exploration Accelerator Program (LEAP).
- A decrease of \$13.7 million relating to the 2022-2023 capital budget carry forward received, which has decreased versus that received in 2021-2022.
- A decrease of \$2.5 million for activities related to the Microfluidic Sample Preparation project (MicroPrep).
- 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 \$9 million in Vote 10 – Grants and Contributions is mainly explained by the following items:

- A decrease of \$9.0 million for International Space Station (ISS) related activities.
- A decrease of \$7.1 million in anticipated cash requirements relating to the agreement between Canada and the European Space Agency (ESA).
- An increase of \$2.6 million for activities related to the Lunar Exploration Accelerator Program (LEAP).

- An increase of \$2 million for activities related to the Space Technology Development Program (STDP).
- An increase of \$1.1 million for activities related to the CubeSats Canadian initiative for science, technology, engineering and math (CUBICS).
- 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 2022-2023 and 2021-2022

Cumulative expenditures for the three months ended September 30, 2022, are \$134.7 million and represent a cumulative increase of \$20.8 million over the same period last year. Quarterly expenditures as at September 30, 2022, are \$87.6 million and represent an increase of \$30.8 million from the same quarter last year.

Expenditures by Vote as at September 30

| Expenditures by Vote (in thousands of dollars) | 2022-2023 | | 2021-2022 | | Variance | |
|--|---------------|----------------|---------------|----------------|---------------|---------------|
| | Quarterly | Year to date | Quarterly | Year to date | Quarterly | Year to date |
| Vote 1 - Operating expenditures | 46,374 | 75,578 | 44,694 | 75,935 | 1,680 | (357) |
| Vote 5 - Capital expenditures | 33,633 | 39,481 | 3,819 | 7,536 | 29,814 | 31,945 |
| Vote 10 - Grants and contributions | 4,784 | 14,007 | 5,505 | 24,877 | (721) | (10,870) |
| Contributions to employee benefit plans | 2,819 | 5,638 | 2,772 | 5,543 | 47 | 95 |
| Spending of proceeds from disposal of surplus Crown assets | - | - | - | - | - | - |
| Total budgetary expenditures by Vote | 87,610 | 134,704 | 56,790 | 113,891 | 30,820 | 20,813 |

The increase of \$1.7 million in quarterly and the decrease of \$357 thousand in year-to-date expenditures in Vote-1 - Operating Expenses is primarily due to:

- Variations in the payment schedule related to the Canadarm3 project and an increase in salary expenses following an increase in staff within the CSA.

The increase of \$29.8 million in quarterly and \$31.9 million in cumulative expenditures in Vote 5 - Capital Expenditures is primarily due to:

- An increase in the payment schedule for the Canadarm3 project associated with the start of the second definition phase (capitalizable).

The decrease of \$721 thousand in quarterly expenditures and \$10.9 million in cumulative expenditures in Vote 10 - Grants and Contributions is primarily due to:

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

Expenditures by Standard Object as at September 30

| Expenditures by Standard Object (in thousands of dollars) | 2022-2023 | | 2021-2022 | | Variance | |
|--|---------------|----------------|---------------|----------------|---------------|---------------|
| | Quarterly | Year to date | Quarterly | Year to date | Quarterly | Year to date |
| Personnel | 23,709 | 46,144 | 21,788 | 43,419 | 1,921 | 2,725 |
| Transportation and communications | 1,212 | 1,643 | 481 | 724 | 731 | 919 |
| Information | 265 | 406 | 305 | 504 | (40) | (98) |
| Professional and special services | 52,579 | 65,496 | 24,485 | 37,498 | 28,094 | 27,998 |
| Rentals | 1,030 | 1,676 | 548 | 1,210 | 482 | 466 |
| Repair and maintenance | 539 | 1,068 | 339 | 700 | 200 | 368 |
| Utilities, materials and supplies | 286 | 568 | 256 | 486 | 30 | 82 |
| Acquisition of land, buildings and works | - | - | - | - | - | - |
| Acquisition of machinery and equipment | 1,349 | 1,844 | 1,115 | 2,503 | 234 | (659) |
| Transfer payments | 4,784 | 14,007 | 5,504 | 24,876 | (720) | (10,869) |
| Other subsidies and payments | 1,857 | 1,852 | 1,969 | 1,971 | (112) | (119) |
| Total budgetary expenditures by Standard Object | 87,610 | 134,704 | 56,790 | 113,891 | 30,820 | 20,813 |

The \$1.9 million increase in quarterly expenditures and \$2.7 million in cumulative quarterly expenditures for the personal current item is primarily due to:

- An increase in salary expenses following an increase in staff within the CSA, among other things, to support the implementation of the Canadarm3 project.

The \$28.1 million increase in quarterly expenditures and \$28.0 million in year-to-date expenditures for the Professional and Special Services standard object are primarily caused by:

- An increase in the payment schedule for the Canadarm3 project associated with the start of the second definition phase.

3. Risks and Uncertainties

The year-to-date expenditures for the 2nd quarter of 2022-2023 represent 22% of the planned expenditures for the year ending March 31, 2023, whereas 50% of the fiscal year has passed. The level of expenditure is lower than it was in the 2021-2022 fiscal year (26%) and lower than the 2020-2021 fiscal year (38%). The current situation presents no concerns and is principally explained by an increased budget for the Canadarm3 project during the first quarter, while associated expenditures will be made in subsequent quarters. 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.

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 space-faring 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. Also, the possibility of a disruption of services or unauthorized disclosure of information resulting from a cybersecurity event poses an additional risk to the agency's operations. These elements translate into financial risks associated with the use of funds such as the deferral of funds and costs increases.

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Annex 1

Statement of Authorities (unaudited)

(in thousands of dollars)

| | Fiscal Year 2022-2023 | | | Fiscal Year 2021-2022 | | |
|--|---|--|----------------------------------|---|--|----------------------------------|
| | Total available for use for the year ending March 31, 2023 (1) | Used during the quarter ended September 30, 2022 | Year to date used at quarter-end | Total available for use for the year ending March 31, 2022 (1) | Used during the quarter ended September 30, 2021 | Year to date used at quarter-end |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Vote 1: Operating expenditures | 227,955 | 46,374 | 75,578 | 231,379 | 44,694 | 75,935 |
| Vote 5: Capital expenditures | 273,721 | 33,633 | 39,481 | 103,443 | 3,819 | 7,536 |
| Vote 10: Grants and contributions | 85,581 | 4,784 | 14,007 | 94,630 | 5,505 | 24,877 |
| Contributions to employee benefit plans | 12,271 | 2,819 | 5,638 | 11,086 | 2,772 | 5,543 |
| Spending of proceeds from the disposal of surplus Crown assets | 583 | - | - | 53 | - | - |
| Total budgetary authorities | 600,111 | 87,610 | 134,704 | 440,591 | 56,790 | 113,891 |

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

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Annex 2

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Departmental budgetary expenditures by Standard Object

(unaudited)

(in thousands of dollars)

| | Fiscal Year 2022-2023 | | | Fiscal Year 2021-2022 | | |
|--|---|--|----------------------------------|---|--|----------------------------------|
| | Planned expenditures for the year ending March 31, 2023 | Expended during the quarter ended September 30, 2022 | Year to date used at quarter-end | Planned expenditures for the year ending March 31, 2022 | Expended during the quarter ended September 30, 2021 | Year to date used at quarter-end |
| Expenditures: | \$ | \$ | \$ | \$ | \$ | \$ |
| Personnel | 93,184 | 23,709 | 46,144 | 87,722 | 21,788 | 43,419 |
| Transportation and communications | 9,121 | 1,212 | 1,643 | 10,453 | 481 | 724 |
| Information | 2,202 | 265 | 406 | 1,781 | 305 | 504 |
| Professional and special services | 390,154 | 52,579 | 65,496 | 227,655 | 24,485 | 37,498 |
| Rentals | 4,644 | 1,030 | 1,676 | 4,614 | 548 | 1,210 |
| Repair and maintenance | 5,662 | 539 | 1,068 | 5,465 | 339 | 700 |
| Utilities, materials and supplies | 1,327 | 286 | 568 | 1,410 | 256 | 486 |
| Acquisition of land, buildings and works | - | - | - | - | - | - |
| Acquisition of machinery and equipment | 5,643 | 1,349 | 1,844 | 4,212 | 1,115 | 2,503 |
| Transfer payments | 85,581 | 4,784 | 14,007 | 94,630 | 5,504 | 24,876 |
| Other subsidies and payments | 2,593 | 1,857 | 1,852 | 2,649 | 1,969 | 1,971 |
| Total budgetary expenditures | 600,111 | 87,610 | 134,704 | 440,591 | 56,790 | 113,891 |