



Canadian Space
Agency

Agence spatiale
canadienne



Canadian Space Agency

2015-2016

Quarterly Financial Report

For the Quarter Ended

June 30, 2015

Management Statement for the Quarter Ended June 30, 2015

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 [2015-16 Main Estimates](#)¹.

1.2 Mandate and Program Activities

The objects 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 technology provide social and economic benefits for Canadians.*

More information is available on the CSA's [mandate](#) and Program Activities in the [2015-16 Report on Plans and Priorities](#)¹.

¹ *The financial data presented as planned expenditures in the 2014-15 Main Estimates (ME) and Report on Plans and Priorities (RPP) may differ from the authorities available presented in this Quarterly Financial Report (QFR). The RPP 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 2014-15 and 2015-16. 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.

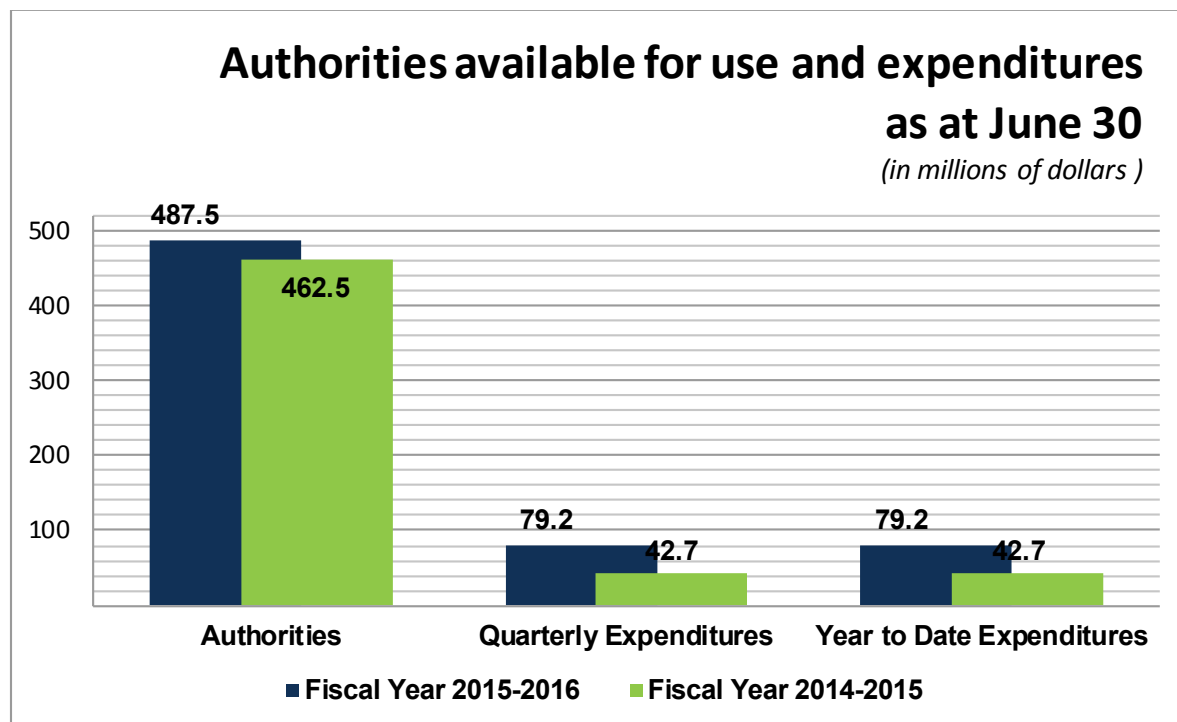
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, that is, a partial accrual method of accounting. 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, 2015.

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.



2.1 Significant Changes in Authorities (Total Vote Available for Use) between fiscal 2015-2016 and 2014-2015.

The total vote available for use as at June 30, 2015 is \$487.5 million, and represents an increase of \$25.0 million compared to the same period of the previous year.

Authorities (in thousands of dollars)	2015-2016	2014-2015	Variance	%
Vote 1 - Operating expenditures	169,994	155,266	14,728	9 %
Vote 5 - Capital expenditures	262,275	257,956	4,319	2 %
Vote 10 - Grants and contributions	45,356	39,307	6,049	15 %
Contributions to employee benefit plans	9,803	9,919	(116)	- 1 %
Spending of proceeds from the disposal of surplus Crown assets	44	25	19	78 %
Total budgetary authorities	487,472	462,473	24,999	5 %

The increase of \$14.7 million in Vote 1 - Operating Expenditures is mainly explained by the following items:

- An increase of \$8.0 million due to additional funding received in order to provide enhanced space-based Automatic Identification System data services to support the Government of Canada activities for safety and security.
- An increase of \$6.3 million resulting in a transfer from the Capital Expenditures Vote to present the budget required in the proper voted in accordance with the CSA Investment plan.
- An increase of \$0.7 million due to additional funding through the 2015-16 Supplementary Estimates (A) for repairs and upgrades to the David Florida Laboratory as part of the Economic Action Plan – Federal Infrastructure.

The increase of \$4.3 million in Vote 5 - Capital Expenditures is mainly explained by the following items:

- An increase of \$3.3 million due to additional funding through the 2015-16 Supplementary Estimates (A) for repairs and upgrades to the David Florida Laboratory as part of the Economic Action Plan – Federal Infrastructure.
- An increase of \$3.1 million obtained for the project Maritime Monitoring and Messaging Microsatellite (M3MSat) due to increased costs related to the change of launch services provider.
- An increase of \$3.0 million related to the RADARSAT Constellation Mission (RCM). The variation between the two years is due to different needs for cash flows.
- A decrease of \$6.8 million resulting in a transfer from the Capital Expenditures Vote to other budgetary voted to present the budget required in the proper voted in accordance with the CSA Investment plan.

- The residual difference is composed 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 other, requiring vote transfers or fund carry forwards to another fiscal year.

The increase of \$6.0 million in Vote 10 - Grants and Contributions Expenditures is mainly explained by the following items:

- An increase of \$7.2 million related to cash flow requirements for the Class Contribution and Grant Program to support research, awareness and learning in space science and technology.
- A decrease of \$1.2 million related to cash flow requirements for contributions under the Canada / European Space Agency (ESA) Cooperation Agreement.

2.2 Significant Changes in Quarterly and Year-to-Date Expenditures (Votes Used) between fiscal 2015-2016 and 2014-2015

Quarterly and year-to-date expenditures for the quarter ended June 30, 2015 are of \$79.2 million, and represent a \$36.5 million increase compared to the same period of the previous year

Expenditures by Vote

Expenditures and variations by Vote for the quarter ended June 30 :

Expenditures by Vote (in thousands of dollars)	2015-2016		2014-2015		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Vote 1 - Operating expenditures	24,923	24,923	24,501	24,501	422	422
Vote 5 - Capital expenditures	41,687	41,687	3,840	3,840	37,847	37,847
Vote 10 - Grants and contributions	10,111	10,111	11,838	11,838	(1,727)	(1,727)
Contributions to employee benefit plans	2,451	2,451	2,480	2,480	(29)	(29)
Spending of proceeds from the disposal of surplus Crown assets	-	-	4	4	(4)	(4)
Total budgetary expenditures by Vote	79,172	79,172	42,663	42,663	36,509	36,509

The \$37.8 million increase in the use of Vote 5 - Capital expenditures is mainly explained by the following items:

- The variations in the payment schedules and in the project development cycle, which are an inherent implementation characteristic of the Canadian Space Program, in particular the increase in expenditures related to the RCM project.

The \$1.7 million decrease in the use of Vote 10 – Grants and contributions is mainly explained by the following items:

- The variations in the payment schedules of the Class Grant Program to support research, awareness and learning in space science and technology.

Expenditures by Standard Object

Expenditures and variations by standard object for the quarter ended June 30:

Expenditures by Standard Object <i>(in thousands of dollars)</i>	2015-2016		2014-2015		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	18,443	18,443	19,719	19,719	(1,276)	(1,276)
Transportation and communications	630	630	572	572	58	58
Information	1,798	1,798	215	215	1,583	1,583
Professional and special services	6,614	6,614	5,577	5,577	1,037	1,037
Rentals	234	234	259	259	(25)	(25)
Repair and maintenance	312	312	180	180	132	132
Utilities, materials and supplies	285	285	373	373	(88)	(88)
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	40,682	40,682	1,397	1,397	39,285	39,285
Transfer payments	10,111	10,111	11,838	11,838	(1,727)	(1,727)
Other subsidies and payments	63	63	2,533	2,533	(2,470)	(2,470)
Total budgetary expenditures by Standard Object	79,172	79,172	42,663	42,663	36,509	36,509

- The \$1.3 million decrease in quarterly expenditures for the Personnel standard object is primarily due to a periodic variation in the recording of payroll transactions compared to the previous year.
- The \$1.6 million increase in quarterly expenditures for the Information standard object is due to additional funding received in order to provide enhanced space-based Automatic Identification System data services to support the Government of Canada activities for safety and security.
- The \$1.0 million increase in quarterly expenditures for the Professional and special services standard object is attributable to the variations in the payment schedules for services related to the implementation of the Canadian Space Program
- The \$39.3 million increase in quarterly expenditures for the Acquisition of machinery and equipment standard object is mainly explained by the variations in the payment schedules and in the project development cycle, which are an inherent implementation characteristic of the Canadian Space Program, in particular the increase in the RCM project expenses.
- The explanation for the \$1.7 million decrease in quarterly expenditures for the Transfer payments standard object is attributable to the variations in the payment schedules of the Class Grant Program to support research, awareness and learning in space science and technology.
- The \$2.4 million decrease in quarterly expenditures for the Other subsidies and payments standard object is due to a one-time transition payment for the implementation of salary payments in arrears by the Government of Canada.

3. Risks and Uncertainties

Characteristics specific to the implementation of the Canadian Space Program: International cooperation is essential to the achievement of the CSA's programs because partnerships with other space-faring nations make it possible to share technical expertise, knowledge and infrastructure. The CSA also relies on partnerships with Canadian businesses and universities to convert scientific and technological advances into innovative products and services. The domestic market is relatively small and the viability of Canada's space sector depends on its positioning on international markets. Furthermore, space projects make use of innovative technologies that will sometimes be tested for the first time in harsh space conditions.

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 2015-16 represent 16% of our authorities whereas 25% of our fiscal year has passed. This situation is similar to that of the previous fiscal years and represents no concerns.

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 a new interdepartmental governance model that will facilitate the identification and mitigation of potential gaps between supply and demand while ensuring that adequate financial resources will be allocated to space activities.

From the Canada / ESA Cooperation Agreement also arise risks such as variations in amounts payable caused by changes in the Gross National Product (GNP) statistics, the depreciation 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 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 new governance framework and investment monitoring, which will effectively improve the management and control process already in place.

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

On March 9, 2015, Mr. Sylvain Laporte became President of the CSA. Before being appointed head of the CSA, Mr. Laporte was the Chief Executive Officer of the Canadian Intellectual Property Office (CIPO). Acting assignments in place following the departure of the former President were canceled. Luc Brûlé returns as Vice-President and Gilles Leclerc returned to his substantive position as Director General, Space Exploration.

Approval by Senior Officials

Approved by,

The original version was signed by
Sylvain Laporte, August 19, 2015

Sylvain Laporte Date
President
Longueuil, Quebec

The original version was signed by
Marie-Claude Guérard, August 19, 2015

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

CANADIAN SPACE AGENCY
Quarterly Financial Report
For the quarter ended June 30, 2015
Statement of Authorities (unaudited)
(in thousands of dollars)

Annex 1

	Fiscal Year 2015-2016			Fiscal Year 2014-2015		
	Total available for use for the year ending March 31, 2016 (1)	Used during the quarter ended June 30, 2015	Year to date used at quarter-end	Total available for use for the year ending March 31, 2015 (1)	Used during the quarter ended June 30, 2014	Year to date used at quarter-end
	\$	\$	\$	\$	\$	\$
Vote 1: Operating expenditures	169,994	24,923	24,923	155,266	24,501	24,501
Vote 5: Capital expenditures	262,275	41,687	41,687	257,956	3,840	3,840
Vote 10: Grants and contributions	45,356	10,111	10,111	39,307	11,838	11,838
Contributions to employee benefit plans	9,803	2,451	2,451	9,919	2,480	2,480
Spending of proceeds from the disposal of surplus Crown assets	44	0	0	25	4	4
Total budgetary authorities	487,472	79,172	79,172	462,473	42,663	42,663

(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, 2015

Departmental budgetary expenditures by Standard Object (unaudited)

(in thousands of dollars)

	Fiscal Year 2015-2016			Fiscal Year 2014-2015		
	Planned expenditures for the year ending March 31, 2016	Used during the quarter ended June 30, 2015	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2015	Used during the quarter ended June 30, 2014	Year to date used at quarter-end
Expenditures:	\$	\$	\$	\$	\$	\$
Personnel	68,156	18,443	18,443	70,032	19,719	19,719
Transportation and communications	3,568	630	630	4,346	572	572
Information	603	1,798	1,798	2,227	215	215
Professional and special services	144,183	6,614	6,614	104,871	5,577	5,577
Rentals	1,531	234	234	3,631	259	259
Repair and maintenance	8,830	312	312	3,012	180	180
Utilities, materials and supplies	2,179	285	285	3,271	373	373
Acquisition of land, buildings and works	564	0	0	0	0	0
Acquisition of machinery and equipment	209,007	40,682	40,682	228,314	1,397	1,397
Transfer payments	45,356	10,111	10,111	39,307	11,838	11,838
Other subsidies and payments	3,495	63	63	3,462	2,533	2,533
Total budgetary expenditures	487,472	79,172	79,172	462,473	42,663	42,663