

Future-Oriented Statement of Operations (Unaudited)

CANADIAN SPACE AGENCY

	Forecast Results	Planned Results
For the Year Ended March 31	2018	2019
(in thousands of dollars)	\$	\$
Expenses		
Canada in Space	310,330	302,060
Internal Services	54,550	53,277
Total Expenses	364,880	355,337
Revenues		
Sale of goods and services	1,490	1,006
Location and use of public property	273	280
Sale of rights and privileges	103	50
Other revenues	9,704	101
Revenues earned on behalf of Government	(11,541)	(1,408)
Total Revenues	29	29
Net cost of operations before government funding and transfers	364,851	355,308

The accompanying notes are an integral part of these future-oriented financial statements.

Notes to the Future-Oriented Statement of Operations (Unaudited)

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1. Methodology and Significant Assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and the plans of the Canadian Space Agency "Agency" as described in the Departmental Plan.

The information in the forecast results for fiscal year 2017-2018 is based on actual results as at October 31, 2017 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2018-2019.

The main assumptions underlying the forecasts are as follows:

- ✓ The Agency's activities will remain substantially the same as for the previous year but are adjusted to reflect the funding level.
- ✓ Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience. The general historical pattern is expected to continue.

These assumptions are adopted as at December 18, 2017.

2. Variations and Changes to the Forecast Financial Information

While every attempt has been made to forecast final results for the remainder of 2017-2018 and for 2018-2019, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, the Canadian Space Agency has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include the following:

- ✓ The timing and amount of acquisitions and disposals of capital assets which may affect gains/losses on disposal of assets and amortization expense.
- ✓ The implementation of new collective agreements.
- ✓ Economic conditions, which may affect both the amount of revenue earned and the collectability of external accounts receivable as well as expenses due to variation in exchange rates.
- ✓ Further changes to the operating budget through additional new initiatives or technical adjustments in the year.

Once the Departmental Plan is tabled in Parliament, the Canadian Space Agency will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates.

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3. Summary of Significant Accounting Policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Expenses

Expenses are recorded on an accrual basis. Expenses for the Agency's operations are recorded when goods are received or services are rendered including services provided without charges for the employer contributions to health and dental insurance plans which are recorded as expenses at their estimated cost. Vacation pay and compensatory leave as well as severance benefits are accrued and expenses are recorded as the benefits are earned by employees under their respective terms of employment.

Transfer payments are recorded as expenses when the recipients have met all the eligibility criteria and the transfers are authorized by March 31. In the case of transfers that do not form part of an existing program, the transfers are considered to be authorized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.

Expenses also include provisions to reflect changes in the value of assets, including provisions for bad debt on accounts receivable.

Expenses also include amortization of tangible capital assets which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.

(b) Revenues

Revenues from regulatory fees are recognized based on the services provided in the year.

Revenues that are non-respendable are not available to discharge the Agency's liabilities. While the deputy head is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the entity's gross revenues.

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4. Parliamentary Authorities

The Agency is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Agency has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to requested authorities

	Forecast Results	Planned Results
	2018	2019
(in thousands of dollars)	\$	\$
Net cost of operations before government funding and transfers	364,851	355,308
Adjustments for items affecting net cost of operations but not affecting authorities		
Amortization of tangible capital assets	(41,602)	(46,335)
Services provided without charge by other government departments	(6,081)	(6,009)
Refund of previous years' expenditures	386	387
Decrease (increase) in severance benefits	(333)	36
Decrease (increase) in vacation pay and compensatory leave	(296)	52
Loss on disposal and write-offs of tangible capital assets	(1,007)	(62)
Change in non-monetary exchange CSA/NASA	(997)	(1,076)
Additional Data Credit RADARSAT-2	(9,600)	-
Other	1	14
	305,322	302,315
Adjustments for items not affecting net cost of operations but affecting authorities		
Acquisition of tangible capital assets	152,295	128,521
Decrease in prepaid expenses	(53,164)	(62,438)
	99,131	66,083
Requested authorities	404,453	368,398

(b) Requested authorities

	Forecast Results	Planned Results
	2018	2019
(in thousands of dollars)	\$	\$
Requested Authorities		
Vote 1 - Operating expenditures	181,563	173,631
Vote 5 - Capital expenditures	152,295	128,521
Vote 10 - Grants and contributions	60,966	56,411
Statutory amounts	9,629	9,835
Requested Authorities	404,453	368,398

The requested authorities planned for 2019 reflect main estimates as shown in the Departmental Plan (\$348.9 million) combined with expected estimates to be allocated from Treasury Board central votes.

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5. Comparative information

2017-2018 estimated comparative figures have been reclassified to conform with the new 2018-2019 Program Activity Architecture.