

# Statement of Management Responsibility Including Internal Control over Financial Reporting

CANADIAN SPACE AGENCY

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2018, and all information contained in these financial statements rests with the management of the Canadian Space Agency. These financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on the Canadian public sector accounting standards.

Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Agency's *Departmental Results Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of Internal Control over Financial Reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Agency; and, through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2018 was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the annex.

The effectiveness and adequacy of the Agency's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the Agency's operations, and by the Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the financial statements to the Deputy Head of the Agency.

The financial statements of the Canadian Space Agency have not been subject to an external audit.

The original version was signed by  
Sylvain Laporte, August 20, 2018

*Sylvain Laporte*  
President  
Longueuil, Canada

Date

The original version was signed by  
Jean-Claude Piedboeuf, August 14, 2018

*Jean-Claude Piedboeuf, B. Ing., Ph. D.* Date  
Chief Financial Officer  
Longueuil, Canada

# Statement of Financial Position (Unaudited)

## CANADIAN SPACE AGENCY

As at March 31 (in thousands of dollars)	2018 \$	2017 \$
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	90,416	94,384
Vacation pay and compensatory leave	4,566	4,149
Deferred revenue (note 5)	33	50
Severance benefits (note 6(b))	2,902	2,767
Contingent liabilities	-	350
Other liabilities (note 7)	2,646	2,484
<b>Total net liabilities</b>	<b>100,563</b>	<b>104,184</b>
<b>Assets</b>		
<b>Financial assets</b>		
Due from the Consolidated Revenue Fund	84,792	87,531
Accounts receivable and advances (note 8)	8,853	12,285
<b>Total gross financial assets</b>	<b>93,645</b>	<b>99,816</b>
<b>Financial assets held on behalf of Government</b>		
Accounts receivable and advances (note 8)	(129)	(1,725)
<b>Total financial assets held on behalf of Government</b>	<b>(129)</b>	<b>(1,725)</b>
<b>Total net financial assets</b>	<b>93,516</b>	<b>98,091</b>
<b>Agency's net debt</b>	<b>7,047</b>	<b>6,093</b>
<b>Non-financial assets</b>		
Prepaid expenses (note 9)	83,039	132,825
Tangible capital assets (note 10)	1,482,274	1,431,147
Other receivables (note 11)	5,794	7,059
<b>Total non-financial assets</b>	<b>1,571,107</b>	<b>1,571,031</b>
<b>Agency's net financial position</b>	<b>1,564,060</b>	<b>1,564,938</b>

Contractual obligations (note 12)

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

The original version was signed by  
Sylvain Laporte, August 20, 2018

Sylvain Laporte Date  
President  
Longueuil, Canada

The original version was signed by  
Jean-Claude Piedboeuf, August 14, 2018

Jean-Claude Piedboeuf, B. Ing., Ph. D. Date  
Chief Financial Officer  
Longueuil, Canada

# Statement of Operations and the Agency's Net Financial Position (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

(in thousands of dollars)

	2018 \$ Planned	2018 \$	2017 \$
<b>Expenses</b>			
Space Exploration	112,728	<b>118,059</b>	125,374
Space Data, Information and Services	78,441	<b>93,602</b>	87,439
Future Canadian Space Capacity	83,811	<b>88,003</b>	79,965
Internal Services	51,567	<b>54,151</b>	48,607
Expenses incurred on behalf of Government	-	(7)	(2)
<b>Total Expenses</b>	<b>326,547</b>	<b>353,808</b>	<b>341,383</b>
<b>Revenues</b>			
Sale of goods and services	1,145	<b>388</b>	531
Location and use of public property	335	<b>208</b>	272
Sale of rights and privileges	21	<b>119</b>	36
Other revenues	116	<b>9,660</b>	9,204
Revenues earned on behalf of Government	(1,589)	<b>(10,365)</b>	(10,007)
<b>Total Revenues</b>	<b>28</b>	<b>10</b>	<b>36</b>
<b>Net cost of operations before government funding and transfers</b>	<b>326,519</b>	<b>353,798</b>	<b>341,347</b>
<b>Government funding and transfers</b>			
Net cash provided by Government of Canada		<b>364,049</b>	407,669
Change in due from Consolidated Revenue Fund		(2,739)	(9,319)
Services provided without charge by other government departments (note 13(a))		<b>6,514</b>	5,499
Transfer of capital assets to another government department		(14,904)	-
Transfer of the transition payments for implementing salary payments in arrears		-	(2)
<b>Total Government funding and transfers</b>		<b>352,920</b>	<b>403,847</b>
<b>Net cost of operations after government funding and transfers</b>		<b>878</b>	<b>(62,500)</b>
<b>Agency's net financial position - Beginning of year</b>		<b>1,564,938</b>	1,502,438
<b>Agency's net financial position - End of year</b>		<b>1,564,060</b>	1,564,938

Other transactions with related parties (note 13(b))

Segmented information (note 14)

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

# Statement of Change in the Agency's Net Debt (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

(in thousands of dollars)

	2018	2017
	\$	\$
<b>Net cost of operations after government funding and transfers</b>	<b>878</b>	<b>(62,500)</b>
<b>Change due to tangible capital assets</b>		
Acquisition of tangible capital assets (note 10)	107,718	153,586
Amortization of tangible capital assets (note 10)	(40,680)	(43,604)
Proceeds from disposal of tangible capital assets	(1)	(7)
Net loss on disposal and write-offs of tangible capital assets	(1,006)	(5,457)
Transfer of capital assets to another government department	(14,904)	-
<b>Total change due to tangible capital assets</b>	<b>51,127</b>	<b>104,518</b>
<b>Change due to prepaid expenses</b>	<b>(49,786)</b>	<b>(42,950)</b>
<b>Change due to other receivables</b>	<b>(1,265)</b>	<b>(425)</b>
<b>Net increase (decrease) in the Agency's net debt</b>	<b>954</b>	<b>(1,357)</b>
<b>Agency's net debt - Beginning of year</b>	<b>6,093</b>	<b>7,450</b>
<b>Agency's net debt - End of year</b>	<b>7,047</b>	<b>6,093</b>

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

# Statement of Cash Flows (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

(in thousands of dollars)

	2018	2017
	\$	\$
<b>Operating Activities</b>		
<b>Net cost of operations before government funding and transfers</b>	<b>353,798</b>	341,347
<b>Non-cash items:</b>		
Amortization of tangible capital assets (note 10)	<b>(40,680)</b>	(43,604)
Net loss on disposal and write-offs of tangible capital assets	<b>(1,006)</b>	(5,457)
Services provided without charge by other government departments (note 13(a))	<b>(6,514)</b>	(5,499)
<b>Transition payments for implementing salary payments in arrears</b>	<b>-</b>	2
<b>Variations in Statement of Financial Position:</b>		
Decrease in accounts receivable and advances	<b>(1,836)</b>	(640)
Decrease in prepaid expenses	<b>(49,786)</b>	(42,950)
Decrease in other receivables	<b>(1,265)</b>	(425)
Decrease in accounts payable and accrued liabilities	<b>3,968</b>	11,814
Increase in vacation pay and compensatory leave	<b>(417)</b>	(533)
Decrease (increase) in deferred revenue	<b>17</b>	(41)
Decrease (increase) in severance benefits	<b>(135)</b>	835
Decrease (increase) in contingent liabilities	<b>350</b>	(350)
Increase in other liabilities	<b>(162)</b>	(409)
<b>Cash used in operating activities</b>	<b>256,332</b>	254,090
<b>Capital Investing Activities</b>		
Acquisition of tangible capital assets (note 10)	<b>107,718</b>	153,586
Proceeds from disposal of capital assets	<b>(1)</b>	(7)
<b>Cash used in capital investing activities</b>	<b>107,717</b>	153,579
<b>Net cash provided by Government of Canada</b>	<b>364,049</b>	407,669

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

# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 1. Authority and Objectives

The Canadian Space Agency "Agency" was decreed a "Department" on March 1st, 1989. The Agency is a division of the public service named in Schedule I.1 of the Financial Administration Act. The Agency is part of the Ministerial Portfolio of Innovation, Science and Economic Development, which represents the Agency in Parliament and in Cabinet.

The *Canadian Space Agency Act* that received Royal Assent in 1990 attributes four main functions to the Agency:

- Assist the Minister to coordinate the space policies and programs of the Government of Canada;
- Plan, direct, manage and implement programs and projects relating to scientific or industrial space research and development and the application of space technology;
- Promote the transfer and diffusion of space technology to and throughout Canadian industry; and
- Encourage commercial exploitation of space capabilities, technology, facilities and systems.

The objectives of the Canadian Space Agency 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".

According to the approved Program Alignment Architecture (PAA), the Statement of Operations and the Agency's Net Financial Position is detailed by the following Programs (Business Lines):

#### *Space Exploration*

This Program provides valuable Canadian science, signature technologies and qualified astronauts to international space exploration endeavours. This Program contributes to the Government of Canada's Science and Technology Strategy. It fosters the generation of knowledge as well as technological spin-offs that contribute to a higher quality of life for Canadians. It generates excitement within the population in general and contributes to nation-building. This Program appeals to the science and technology communities. It is targeted mostly towards Canadian academia and international space exploration partnerships. Canadian industry also benefits from the work generated within this Program. This Program is delivered with the participation of foreign space agencies and Government of Canada (GoC) organizations. This collaborative effort is formalized under international partnership agreements, contracts, grants or contributions.

#### *Space Data, Information and Services*

This Program includes the provision of space-based solutions (data, information and services) and the progression of their utilization. It also serves to install and run ground infrastructure that processes the data and operates satellites. This Program utilizes space-based solutions to assist Government of Canada (GoC) organizations in delivering growing, diversified or cost-effective programs and services within their mandates, which are related to key national priorities, such as sovereignty, defence, safety and security, resource management, environmental monitoring and the North. It also provides academia with data required to perform its own research. The services delivered through this Program are rendered, and the data and information are generated and processed, with the participation of the Canadian space industry, academia, GoC organizations, national and international organizations, such as foreign space agencies, not-for-profit organizations, as well as provincial and municipal governments. This collaborative effort is formalized under national and international partnership agreements and contracts.

#### *Future Canadian Space Capacity*

This Program attracts, sustains and enhances the nation's critical mass of Canadian space specialists, fosters Canadian space innovation and know-how, and preserves the nation's space-related facilities capability. In doing so, it encourages private-public collaboration that requires a concerted approach to future space missions. This Program secures the nation's future strategic and ongoing presence in space and helps preserve Canada's capability to deliver internationally renowned space assets for future generations. It is targeted at Canadian academia, industry and youth, as well as users of Canadian space solutions (Government of Canada (GoC) organizations) and international partners. This Program is conducted with the participation of funding agencies, GoC organizations along with government facilities and infrastructure, foreign space agencies, not-for-profit organizations and provincial governments. This collaborative effort is formalized under contracts, grants, contributions or national and international partnership agreements.

#### *Internal Services*

Internal Services are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet corporate obligations of an organization. Internal Services refers to the activities and resources of the 10 distinct service categories that support Program delivery in the organization, regardless of the Internal Services delivery model in a department. The 10 service categories are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

## 2. Summary of Significant Accounting Policies

These financial statements have been prepared using the Government's accounting policies stated below, 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) 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. Consequently, items recognized in the Statement of Financial Position and the Statement of Operations and Agency Net Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the two bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Agency Net Financial Position are the amounts reported in the Future-Oriented Statement of Operations included in the 2017-2018 Departmental Plan. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Agency Net Financial Position and in the Statement of Change in the Agency's Net Debt because these amounts were not included in the 2017-2018 Departmental Plan.

### *(b) Net cash provided by Government*

The Agency operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

### *(c) Due from the Consolidated Revenue Fund (CRF)*

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Agency is entitled to draw from the CRF without further authorities to discharge its liabilities.

### *(d) Revenues*

- ✓ Revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.
- ✓ Funds that have been received are recorded as deferred revenue, provided the Agency has an obligation to other parties for the provision of goods, services or the use of assets in the future (note 5).
- ✓ 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.

### *(e) Expenses*

Expenses are recorded on the accrual basis:

- ✓ Transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or entitlements for the transfer payment program.
- ✓ Vacation pay and compensatory leave are recorded as expenses as benefits are earned by employees under their respective terms of employment.
- ✓ Services provided without charge by other government departments for accommodation and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

## 2. Summary of Significant Accounting Policies (Continued)

### *(f) Employee future benefits (note 6)*

- i Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government of Canada. The Agency's contributions to the Plan are recorded to expenses in the year incurred and represent the Agency's total obligation to the Plan. The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficits are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- ii Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

### *(g) Accounts receivables and advances*

Accounts receivables and advances are stated at the lower of cost and net recoverable value. A provision is recorded for receivables where recovery is considered uncertain.

### *(h) Non-financial assets*

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in note 10. All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, works of art, museum collection and Crown land to which no acquisition cost is attributable; and intangible assets.

### *(i) Contingent liabilities*

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense recorded. If the likelihood is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

### *(j) Foreign currency transactions*

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the rate of exchange in effect at March 31<sup>st</sup>. Gains and losses resulting from foreign currency transactions are included in the item "others" in the Statement of Operations and the Agency's Net Financial Position.

### *(k) Measurement uncertainty*

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes at March 31. The estimated are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

### *(l) Related party transactions*

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i Services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.
- ii Certain services received on a without charge basis are recorded for the Agency's financial statement purposes at the carrying amount.



# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 3. Parliamentary Authorities

The Agency receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Financial Position, and the Statement of Operations and the Agency's Net Financial Position in one fiscal year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the Agency has different net results 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 current year parliamentary authorities used

(in thousands of dollars)	2018 \$	2017 \$
Net cost of operations before government funding and transfers	353,798	341,347
<i>Adjustments for items affecting net cost of operations but not affecting authorities</i>		
<i>Add (Less):</i>		
Amortization of tangible capital assets (note 10)	(40,680)	(43,604)
Services provided without charge by other government departments (note 13(a))	(6,514)	(5,499)
Refund of previous years' expenditures	884	312
Decrease (increase) in severance benefits	(135)	835
Increase in vacation pay and compensatory leave	(417)	(533)
Decrease (increase) in contingent liabilities	350	(350)
Net loss on disposal and write-offs of tangible capital assets	(1,006)	(5,457)
Change in non-monetary exchange CSA/NASA	(1,265)	(410)
Additional Data Credit RADARSAT-2	(9,600)	(9,074)
Other	112	100
	<u>295,527</u>	<u>277,667</u>
<i>Adjustments for items not affecting net cost of operations but affecting authorities</i>		
<i>Add (Less):</i>		
Acquisition of tangible capital assets (note 10)	107,718	153,586
Proceeds from disposal of tangible capital assets	(1)	(7)
Decrease in prepaid expenses	(49,786)	(42,950)
Transition payments for implementing salary payments in arrears	-	2
	<u>57,931</u>	<u>110,631</u>
<b>Current year authorities used</b>	<b>353,458</b>	<b>388,298</b>

#### (b) Authorities provided and used

(in thousands of dollars)	2018 \$	2017 \$
<b>Authorities provided</b>		
Vote 1 - Operating expenditures	181,863	184,498
Vote 5 - Capital expenditures	168,666	210,228
Vote 10 - Grants and contributions	60,966	55,942
Statutory amounts	9,512	8,681
	<u>421,007</u>	<u>459,349</u>
<b>Less:</b>		
Authorities available for use in future years	7	26
Lapsed : Operating	6,556	14,076
Lapsed : Capital	60,948	56,523
Lapsed : Grants and contributions	18	426
Lapsed: Proceeds from the disposal of surplus Crown assets	20	-
	<u>67,549</u>	<u>71,051</u>
<b>Current year authorities used</b>	<b>353,458</b>	<b>388,298</b>

# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 4. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	2018 \$	2017 \$
Accounts payable - External parties	21,595	46,475
Contractor's holdbacks	5,374	3,801
Accounts payable – Other government departments and agencies	1,019	704
Other accounts payable	2	20
<b>Total accounts payable</b>	<b>27,990</b>	<b>51,000</b>
Accrued liabilities	62,426	43,384
<b>Total accounts payable and accrued liabilities</b>	<b>90,416</b>	<b>94,384</b>

### 5. Deferred Revenue

Deferred revenue represents the balance at year-end of unearned revenues stemming from amounts received prior to services being performed as part of the activities of RADARSAT-2 to cover expenses related to the reception, archiving, cataloguing and satellite acquisition services and for the preparation of accommodations of MacDonald Dettwiler and Associates Ltd. (MDA) employees. Revenues are recognized in the period that the expenditures are incurred or the service is performed. Details of the transactions related to this account are as follows:

(in thousands of dollars)	2018 \$	2017 \$
Deferred revenue as at April 1st	50	9
Amounts received	1,813	1,820
Services rendered	(1,830)	(1,779)
<b>Deferred revenue as at March 31</b>	<b>33</b>	<b>50</b>

# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 6. Employee Future Benefits

#### (a) Pension benefits

The Agency's employees participate in the Public Service Pension Plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to the Economic Action Plan 2012, employee contributors have been divided into two groups - Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2017-2018 expense amounts to \$6.5 million (\$6.0 million in 2016-2017). For Group 1 members, the expense represents approximately 1.01 times (1.12 times in 2016-2017) the employee contributions and, for Group 2 members, approximately 1 time (1.08 times in 2016-2017) the employee contributions.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficits are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

#### (b) Severance benefits

Severance benefits provided to the Agency's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011, the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2018, substantially all settlements for immediate cash out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

(in thousands of dollars)	2018	2017
	\$	\$
Accrued benefit obligation, beginning of year	2,767	3,602
Adjustment for the year	403	(500)
Benefits paid during the year	(268)	(335)
Accrued benefit obligation, end of year	2,902	2,767

### 7. Other Liabilities

(in thousands of dollars)	2018	2017
	\$	\$
Contractor's holdbacks	2,646	2,484
	2,646	2,484

# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 8. Accounts Receivable and Advances

	2018	2017
(in thousands of dollars)	\$	\$
Receivables from other government departments and agencies	8,553	11,916
Receivables from external entities	132	331
Other receivables and advances	171	48
Allowance for doubtful accounts on receivables from external entities	(3)	(10)
<b>Gross accounts receivable</b>	<b>8,853</b>	<b>12,285</b>
Accounts receivable held on behalf of Government	(129)	(1,725)
<b>Net accounts receivable</b>	<b>8,724</b>	<b>10,560</b>

### 9. Prepaid Expenses

	2018	2017
(in thousands of dollars)	\$	\$
RADARSAT-2 prepaid services	82,193	131,932
Other prepaid expenses	846	893
	<b>83,039</b>	<b>132,825</b>

#### *RADARSAT-2 prepaid services*

Under a private-public partnership agreement, the Agency has invested \$445.9 million in the construction and launch of the RADARSAT-2 satellite. In exchange of its participation, the Agency received credits for the supply of data (imagery) to Canadian Government departments and agencies over the life of the mission. Since the satellite is operational, federal departments and organizations received imagery valued at \$385.4 million (\$326.1 million for 2016-2017). In addition, since 2015-2016, the Agency received additional credits valued at \$21.7 million (\$12.1 million for 2016-2017), resulting from a contractual arrangement with the supplier.

### 10. Tangible Capital Assets

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follow:

Asset category	Amortization period
Buildings, works and infrastructure	15-40 years
Material and equipment	9-20 years
Computer material	5-10 years
Computer software	3-15 years
Other equipment	3-30 years
Motor vehicles	5 years
Other vehicles	10 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement

Assets under construction are accounted for in the applicable capital asset category in the fiscal year in which they become available for use for the production of goods or the provision of services (commissioning) and are only amortized as of that date.

The space assets are not considered operational until they have attained orbit or their expected trajectory or the landing date on the International Space Station.

# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 10. Tangible Capital Assets (Continued)

Cost	Opening Balance as at April 1st, 2017	Acquisitions	Adjustments <sup>(1)</sup>	Disposals and Write-Offs	Closing Balance as at March 31, 2018
(in thousands of dollars)	\$	\$	\$	\$	\$
Land	85	-	-	-	85
Buildings, works and infrastructure	141,246	-	6,197	-	147,443
Material and equipment	41,785	222	446	(15)	42,438
Computer material	15,075	235	-	(341)	14,969
Computer software	12,117	70	228	-	12,415
Other equipment	1,372,623	-	-	(4,590)	1,368,033
Motor vehicles	109	34	-	-	143
Other vehicles	466	-	-	-	466
Leasehold improvements	-	-	742	-	742
Assets under construction	1,122,216	107,157	(22,517)	(7)	1,206,849
	<b>2,705,722</b>	<b>107,718</b>	<b>(14,904)</b>	<b>(4,953)</b>	<b>2,793,583</b>

  

Accumulated amortization	Opening Balance as at April 1st, 2017	Amortization	Adjustments	Disposals and Write-Offs	Closing Balance as at March 31, 2018
(in thousands of dollars)	\$	\$	\$	\$	\$
Buildings, works and infrastructure	97,671	4,652	-	-	102,323
Material and equipment	33,386	1,527	-	(15)	34,898
Computer material	12,681	588	-	(341)	12,928
Computer software	11,033	212	-	-	11,245
Other equipment	1,119,482	33,641	-	(3,590)	1,149,533
Motor vehicles	22	22	-	-	44
Other vehicles	300	38	-	-	338
	<b>1,274,575</b>	<b>40,680</b>	<b>-</b>	<b>(3,946)</b>	<b>1,311,309</b>

  

Net book value	Opening Balance as at April 1st, 2017	Closing Balance as at March 31, 2018
(in thousands of dollars)	\$	\$
Land	85	85
Buildings, works and infrastructure	43,575	45,120
Material and equipment	8,399	7,540
Computer material	2,394	2,041
Computer software	1,084	1,170
Other equipment	253,141	218,500
Motor vehicles	87	99
Other vehicles	166	128
Leasehold Improvements	-	742
Assets under construction	1,122,216	1,206,849
<b>Net Book Value</b>	<b>1,431,147</b>	<b>1,482,274</b>

(1) Adjustments include assets under construction of \$22,517,210 that were transferred to the other asset categories upon completion of the following assets: Buildings, works and infrastructure \$6,197,044; computer software \$674,052, other equipment \$14,903,951 and leasehold improvements \$742,163. It also includes a reallocation of \$445,732 between the assets category Machinery and equipment and Computer software.

During the year, a satellite in the amount of \$14,903,951 was transferred to the Department of National Defence.

# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 11. Other Receivables

	2018	2017
(in thousands of dollars)	\$	\$
Non-monetary exchange CSA/NASA	5,794	7,059
	<b>5,794</b>	<b>7,059</b>

#### *Non-monetary exchange CSA/NASA*

Under the International Space Station Agreement, which was executed in 1998, and ratified by Canada in year 2000, following the passing of the Civil International Space Station Agreement Implementation Act, in 1999 the Agency signed a barter agreement with NASA in August 2001, which the fair value was estimated at \$20.8 million U.S. This agreement provided that the Agency would exchange a part of its utilization rights on the International Space Station and agreed to assume repair costs for its Special Purpose Dexterous Manipulator. In return, NASA would provide to the Agency, astronaut training, satellite and launch services. The transactions under this barter agreement took place over the lifetime of the International Space Station. During fiscal years 2002 to 2018, the Agency received all of the astronaut training valued at \$10 million U.S. and launch services valued at \$6.3 million U.S., and NASA did exercise the option to access its proportion of Canada's utilization rights on the International Space Station valued at \$20.8 million U.S. As at March 31, 2018, the Agency recorded a net value of \$5.8 million CDN as other receivables which corresponds to the residual receivable in regards to the barter agreement and the effect of the variances in the exchange rates. In regards to this barter agreement or other agreements of the same kind that the Agency may enter into with its International Partners under the Agreement on the International Space Station, the Agency was granted an exemption by Treasury Board under the Policy on Accounting for Non-Monetary Transactions and does not have to charge the transactions to its appropriation.

### 12. Contractual Obligations

The nature of the Agency's activities may result in some large multi-year contracts and obligations whereby the Agency will be obligated to make future payments in order to carry out its transfer payment programs, for the construction of assets and for the acquisitions of goods and services. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2019	2020	2021	2022	2023 & thereafter	Total
(in thousands of dollars)	\$	\$	\$	\$	\$	\$
Transfer payments	32,241	27,304	17,643	13,636	15,452	<b>106,276</b>
Construction of assets	87,493	11,977	367	-	-	<b>99,837</b>
Acquisitions of goods and services	40,745	4,486	-	-	-	<b>45,231</b>
Total	160,479	43,767	18,010	13,636	15,452	<b>251,344</b>

Contractual obligations for transfer payments are related to the contributions to the European Space Agency. The construction of assets is mostly related to the construction of RADARSAT Constellation while obligations for the acquisition of goods and services are mostly related to the Canadian Space Station Program.

# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 13. Related Party Transactions

The Agency is related as a result of common ownership to all government departments, organizations, and Crown Corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

The Agency enters into transactions with these entities in the normal course of business and on normal trade terms.

#### *(a) Common services provided without charge by other government departments*

During the year, the Agency received services without charge from certain common services organizations, related to accommodation and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded at the carrying value in the Agency's Statement of Operations and the Agency's Net Financial Position as follows:

	2018	2017
(in thousands of dollars)	\$	\$
Employer's contribution to the health and dental insurance plans	6,355	5,446
Accommodation	159	53
	<b>6,514</b>	<b>5,499</b>

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all departments and agencies without charge. The costs of these services, such as payroll and cheque issuance services provided by Public Services and Procurement Canada, information technology (IT) infrastructure services in the areas of data centre and network services provided by Shared Services Canada and audit services provided by the Office of the Auditor General, are not included in the Agency's Statement of Operations and the Agency's Net Financial Position.

#### *(b) Other transactions with other government departments and agencies*

	2018	2017
(in thousands of dollars)	\$	\$
Expenses	32,683	26,024
Revenues	76	47

Expenses and revenues disclosed in section (b) exclude common services provided without charge, which are already disclosed in section (a).

# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 14. Segmented Information

Presentation by segment is based on the Agency's core responsibility. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for main core responsibilities, by major object of expense and by revenue type. The results for the period are as follows:

	Space Exploration	Space Data, Information and Services	Future Canadian Space Capacity	Internal Services	2018	2017
	\$	\$	\$	\$	\$	\$
<i>(in thousands of dollars)</i>						
<b>Operating expenses</b>						
Professional and special services	53,739	13,423	16,779	8,232	92,173	96,404
Salaries and employee benefits	23,285	10,829	13,318	31,067	78,499	66,743
Acquisition of machinery and material	562	59,799	250	1,044	61,655	57,090
Amortization of tangible capital assets	33,834	836	1,369	4,641	40,680	43,604
Travel and communications	3,585	640	543	847	5,615	4,141
Information	606	2,166	18	1,174	3,964	2,820
Rentals	232	464	534	2,228	3,458	3,449
Purchased repair and maintenance	67	60	121	1,618	1,866	1,642
Utilities, materials and supplies	266	41	213	1,041	1,561	1,555
Loss on disposal and write-offs of tangible capital assets	-	-	1 000	7	1,007	5,464
Other	6	123	10	2,252	2,391	3,022
Expenses incurred on behalf of Government	-	-	-	(7)	(7)	(2)
<b>Total operating expenses</b>	<b>116,182</b>	<b>88,381</b>	<b>34,155</b>	<b>54,144</b>	<b>292,862</b>	<b>285,932</b>
<b>Transfer payments</b>						
International organizations	-	-	41,767	-	41,767	34,500
Non-Profit Organizations	1,757	4,917	3,937	-	10,611	10,643
Industry	120	304	8,062	-	8,486	10,268
Individuals	-	-	82	-	82	40
<b>Total transfer payments</b>	<b>1,877</b>	<b>5,221</b>	<b>53,848</b>	<b>-</b>	<b>60,946</b>	<b>55,451</b>
<b>Total expenses</b>	<b>118,059</b>	<b>93,602</b>	<b>88,003</b>	<b>54,144</b>	<b>353,808</b>	<b>341,383</b>
<b>Revenues</b>						
Sale of goods and services	-	-	388	-	388	531
Lease and use of public property	-	26	-	182	208	272
Sale of rights and privileges	-	104	15	-	119	36
Gain on disposal of tangible assets	-	-	-	1	1	7
Other revenues	2	9,640	1	16	9,659	9,197
Revenues earned on behalf of Government	-	(9,770)	(403)	(192)	(10,365)	(10,007)
<b>Total Revenues</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>7</b>	<b>10</b>	<b>36</b>
<b>Net cost of operations</b>	<b>118,057</b>	<b>93,602</b>	<b>88,002</b>	<b>54,137</b>	<b>353,798</b>	<b>341,347</b>