

# 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, 2014, and all information contained in these statements rests with the management of the Canadian Space Agency. These financial statements have been prepared by management using the Government's accounting standards, which are based on the Government's accounting policies and Canadian accounting standards stated in the Public Sector Accounting Handbook.

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 Performance 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, 2014 was completed in accordance with the Treasury Board Policy on Internal Control. The results of this assessment and the 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 audited.

The original version was signed  
by Walter Natynczyk. August 19, 2014

*Walter Natynczyk*  
President  
Longueuil, Canada

Date

The original version was signed  
by Marie-Claude Guérard. August 19, 2014

*Marie-Claude Guérard, CPA, CGA*  
Chief Financial Officer  
Longueuil, Canada

Date



# Statement of Financial Position (Unaudited)

## CANADIAN SPACE AGENCY

As at March 31 2014 2013  
 (in thousands of dollars) \$ \$

### Liabilities

Accounts payable and accrued liabilities (note 4)	94,366	106,236
Vacation pay and compensatory leave	3,993	5,028
Deferred revenue (note 5)	63	9
Severance benefits (note 6(b))	3,192	5,365
Other liabilities (note 7)	513	502
<b>Total net liabilities</b>	<b>102,127</b>	<b>117,140</b>

### Assets

#### Financial assets

Due from the Consolidated Revenue Fund	70,917	82,981
Accounts receivable and advances (note 8)	8,156	2,585
<b>Total gross financial assets</b>	<b>79,073</b>	<b>85,566</b>

#### Financial assets held on behalf of Government

Accounts receivable and advances (note 8)	(994)	(1,121)
<b>Total financial assets held on behalf of Government</b>	<b>(994)</b>	<b>(1,121)</b>

#### Total net financial assets

	78,079	84,445
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#### Agency's net debt

	24,048	32,695
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#### Non-financial assets

Prepaid expenses (note 9)	244,188	265,951
Tangible capital assets (note 10)	1,099,495	967,494
Other receivables (note 11)	7,142	8,194
<b>Total non-financial assets</b>	<b>1,350,825</b>	<b>1,241,639</b>

#### Agency's net financial position

	1,326,777	1,208,944
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Contractual obligations (note 12)

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

The original version was signed  
by Walter Natynczyk.

August 19, 2014

The original version was signed  
by Marie-Claude Guérard.

August 19, 2014

*Walter Natynczyk*

Date

President  
Longueuil, Canada

*Marie-Claude Guérard, CPA, CGA*

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)

	2014 \$ Planned	2014 \$	2013 \$
<b>Expenses</b>			
Space Exploration	170,945	140,701	144,395
Future Canadian Space Capacity	61,114	56,709	56,702
Space Data, Information and Services	100,479	55,901	87,840
Internal Services	49,444	47,674	45,608
<b>Total Expenses</b>	<b>381,982</b>	<b>300,985</b>	<b>334,545</b>
<b>Revenues</b>			
Sale of goods and services	2,750	1,940	2,193
Sale of rights and privileges	824	477	1,011
Location and use of public property	337	410	305
Other revenues	-	88	134
Revenues earned on behalf of Government	(3,087)	(2,360)	(2,680)
<b>Total Revenues</b>	<b>824</b>	<b>555</b>	<b>963</b>
<b>Net cost of operations before government funding and transfers</b>	<b>381,158</b>	<b>300,430</b>	<b>333,582</b>
<b>Government funding and transfers</b>			
Net cash provided by Government	438,686	424,810	318,003
Change in due from Consolidated Revenue Fund	47,942	(12,064)	(1,875)
Services provided without charge by other government departments (note 13(a))	6,297	5,517	6,568
<b>Total Government funding and transfers</b>	<b>492,925</b>	<b>418,263</b>	<b>322,696</b>
<b>Net cost of operations after government funding and transfers</b>	<b>(111,767)</b>	<b>(117,833)</b>	<b>10,886</b>
<b>Agency's net financial position - Beginning of year</b>	<b>1,203,486</b>	<b>1,208,944</b>	<b>1,219,830</b>
<b>Agency's net financial position - End of year</b>	<b>1,315,253</b>	<b>1,326,777</b>	<b>1,208,944</b>

Segmented information (note 15)

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)

	2014 \$ Planned	2014 \$	2013 \$
<b>Net cost of operations after government funding and transfers</b>	(111,767)	(117,833)	10,886
<b>Change due to tangible capital assets</b>			
Acquisition of tangible capital assets (note 10)	284,891	206,036	114,881
Amortization of tangible capital assets (note 10)	(103,137)	(73,816)	(74,863)
Proceeds from disposal of tangible capital assets	-	(14)	-
Loss on disposal and write-offs of tangible capital assets	(1,940)	(209)	(4,704)
Gain on disposal of tangible capital assets	-	4	-
<b>Total change due to tangible capital assets</b>	179,814	132,001	35,314
<b>Change due to prepaid expenses</b>	(57,750)	(21,763)	(49,337)
<b>Change due to other receivables</b>	-	(1,052)	(30)
<b>Net increase (decrease) in the Agency's net debt</b>	10,297	(8,647)	(3,167)
<b>Agency's net debt - Beginning of year</b>	28,236	32,695	35,862
<b>Agency's net debt - End of year</b>	38,533	24,048	32,695

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)

2014  
\$

2013  
\$

### Operating Activities

<b>Net cost of operations before government funding and transfers</b>	<b>300,430</b>	<b>333,582</b>
<b>Non-cash items:</b>		
Amortization of tangible capital assets (note 10)	(73,816)	(74,863)
Loss on disposal and write-offs of tangible capital assets	(209)	(4,704)
Gain on disposal of tangible capital assets	4	-
Services provided without charge by other government departments (note 13(a))	(5,517)	(6,568)
<b>Variations in Statement of Financial Position:</b>		
Increase in accounts receivable and advances	5,698	234
Decrease in prepaid expenses	(21,763)	(49,337)
Decrease in other receivables	(1,052)	(30)
Decrease (increase) in accounts payable and accrued liabilities	11,870	(9,216)
Decrease (increase) in deferred revenue	(54)	67
Decrease (increase) in vacation pay and compensatory leave	1,035	(591)
Decrease in severance benefits	2,173	6,596
Decrease (increase) in other liabilities	(11)	7,952
<b>Cash used in operating activities</b>	<b>218,788</b>	<b>203,122</b>

### Capital Investing Activities

Acquisition of tangible capital assets (note 10)	206,036	114,881
Proceeds from disposal of capital assets	(14)	-
<b>Cash used in capital investing activities</b>	<b>206,022</b>	<b>114,881</b>

<b>Net cash provided by Government of Canada</b>	<b>424,810</b>	<b>318,003</b>
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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 under the *Financial Administration Act*, Section 2, paragraph (b).

For its part, the *Canadian Space Agency Act*, on legal notice of the *Prime Minister*, and under *Section 29 of the Act to establish the Canadian Space Agency* and to provide for other matters in relation to space, was sanctioned on May 10, 1990 under Chapter 13 of the Laws of Canada (L.C. 1990). His excellence, the Governor-in-Council, had fixed the effective date of this Act at December 14, 1990. The objectives of the Canadian Space Program (CSP) are to ensure the development and application of space science and technology to meet Canadian needs and to ensure the development of an international competitive space industry in Canada.

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.

#### *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 strategic and ongoing presence in space in the future and to 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.

#### *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 mandate, which is 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.

#### *Internal Services*

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups 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; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.



# 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 Statement of Operations and Agency Net Financial Position are the amounts reported in the future-oriented financial statements included in the *2013-2014 Report on Plans and Priorities*.

### *(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, employer contributions to the health and dental insurance plans and legal services 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: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees 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) Foreign currency transactions

Transactions involving foreign currencies are translated into Canadian dollar equivalents using the exchange rates in effect at the time of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the exchange rate in effect at year-end. 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.

### (i) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. The Agency does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

Asset category	Amortization period
Buildings, works and infrastructure	15-40 years
Material and equipment	10-20 years
Computer material	5-10 years
Computer software	3 years
Other equipment including furniture	2-30 years
Motor vehicles	5 years
Other vehicles	10 years

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.

### (j) Measurement uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of the statements, management believes the estimates and assumptions to be reasonable. 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.



# 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 that were authorized in a prior or in the current year or that will be in a future fiscal year. 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 and to current year parliamentary authorities used

(in thousands of dollars)	2014 \$	2013 \$
Net cost of operations before government funding and transfers	300,430	333,582
<i>Adjustments for items affecting net cost of operations but not affecting authorities</i>		
Amortization of tangible capital assets (note 10)	(73,816)	(74,863)
Services provided without charge by other government departments (note 13(a))	(5,517)	(6,568)
Refund of previous years' expenditures	881	1,194
Decrease in severance benefits	2,173	6,596
Decrease (increase) in vacation pay and compensatory leave	1,035	(591)
Loss on disposal and write-offs of tangible capital assets	(209)	(4,704)
Gain on disposal of tangible capital assets	4	-
Change in non-monetary exchange CSA/NASA	(1,051)	-
Other	526	55
	<u>224,456</u>	<u>254,701</u>
<i>Adjustments for items not affecting net cost of operations but affecting authorities</i>		
Acquisition of tangible capital assets (note 10)	206,036	114,881
Proceeds from disposal of tangible capital assets	(14)	-
Decrease in prepaid expenses	(21,763)	(49,337)
	<u>184,259</u>	<u>65,544</u>
<b>Current year authorities used</b>	<b>408,715</b>	<b>320,245</b>

#### (b) Authorities provided and used

(in thousands of dollars)	2014 \$	2013 \$
<b>Authorities provided</b>		
<i>Vote 25</i> - Operating expenditures	171,892	176,416
<i>Vote 30</i> - Capital expenditures	294,606	162,228
<i>Vote 35</i> - Grants and contributions	33,630	37,599
Statutory amounts	10,229	10,392
	<u>510,357</u>	<u>386,635</u>
<b>Less:</b>		
Authorities available for use in future years	25	4
Lapsed : Operating	6,883	7,805
Lapsed : Capital	93,786	51,651
Lapsed : Grants and contributions	948	6,930
	<u>101,642</u>	<u>66,390</u>
<b>Current year authorities used</b>	<b>408,715</b>	<b>320,245</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)	2014	2013
	\$	\$
Accrued liabilities	47,167	52,510
Accounts payable	24,194	27,636
Contractor's holdbacks	19,636	21,584
Accrued salaries and wages	1,987	3,194
Accounts payable – Other Departments	1,346	1,278
Other accounts payable	36	34
	<b>94,366</b>	<b>106,236</b>

In Canada's 2012 Economic Action Plan, the Government announced savings measures to be implemented by departments over the next three fiscal years starting in 2012–2013. As a result, the Agency has recorded at March 31, 2014, an obligation for termination benefits for an amount of \$219,895 (\$793,106 in 2012–2013) as part of accrued liabilities to reflect the estimated workforce adjustment costs.

### 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)	2014	2013
	\$	\$
Deferred revenue as at April 1st	9	76
Plus: Amounts received	1,839	1,483
Less: Services rendered	1,785	1,550
<b>Deferred revenue as at March 31</b>	<b>63</b>	<b>9</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, which is sponsored and administered by the Government. 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. Benefits are integrated with the Canada and Quebec Pension Plans and are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. Employee contributors were divided in two groups following the amendment of the Public Service Superannuation Act brought by the implementation of provisions related to the 2012 Economic Action Plan. Group 1 contributors are defined as existing members who were required to contribute to the cost of the plan prior to January 1, 2013; Group 2 contributors are defined as new members required to contribute as of January 1, 2013. The 2013-2014 expenses amount to \$7.2 million (\$7.4 million in 2012-2013), which represents approximately for Groups 1 and 2, 1.6 and 1.5 times (1.7 and 1.6 times in 2012-2013) employees' contributions.

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.

### (b) Severance benefits

The Agency provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Severance benefits, as at March 31, are as follows:

(in thousands of dollars)	2014 \$	2013 \$
Accrued benefits obligation, beginning of year	5,365	11,961
Plus: Expense (adjustment) for the year	1,040	(1,928)
Less: Benefits paid during the year	(3,213)	(4,668)
Accrued benefits obligation, end of year	3,192	5,365

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of the benefits earned to date or collect the full or remaining value of the benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.



# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 7. Other Liabilities

(in thousands of dollars)	2014 \$	2013 \$
Contractor's holdbacks	416	405
Participation of provinces – RADARSAT-1	97	97
	<b>513</b>	<b>502</b>

#### *Participation of provinces – RADARSAT-1*

This account was established to account for moneys received for both cost-sharing and advance payments for RADARSAT scenes. RADARSAT-1 was an Earth Observation satellite to monitor environmental change and planets natural resources. The end of the RADARSAT-1 mission was declared in June 2013, however, the data is always available and it provides information to both commercial and scientific users in the fields of agriculture, cartography, hydrology, forestry, oceanography, ice studies and coastal monitoring.

### 8. Accounts Receivable and Advances

(in thousands of dollars)	2014 \$	2013 \$
Receivables from other federal departments and organizations	7,615	1,813
Receivables from external entities	549	768
Employee advances	8	27
Less: Allowance for doubtful accounts on receivables from external entities	(16)	(23)
<b>Gross accounts receivable</b>	<b>8,156</b>	<b>2,585</b>
Accounts receivable held on behalf of Government	(994)	(1,121)
<b>Net accounts receivable</b>	<b>7,162</b>	<b>1,464</b>

### 9. Prepaid Expenses

(in thousands of dollars)	2014 \$	2013 \$
RADARSAT-2 prepaid services	243,681	265,533
Other prepaid expenses	507	418
	<b>244,188</b>	<b>265,951</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 \$202.2 million (\$180.4 million for 2012-13).



# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 10. Tangible Capital Assets

Cost	Opening Balance as at April 1st, 2013	Acquisitions	Adjustments (1)	Disposals and Write-Offs	Closing Balance as at March 31, 2014
(in thousands of dollars)	\$	\$	\$	\$	\$
Land	85	-	-	-	85
Buildings, works and infrastructure	129,461	-	4,866	-	134,327
Material and equipment	42,177	60	(731)	(1,236)	40,270
Computer material	14,544	48	3,101	(558)	17,135
Computer software	9,006	126	1,143	-	10,275
Other equipment	1,861,936	205	(1,835)	(497,327)	1,362,979
Motor vehicles	53	-	-	-	53
Other vehicles	454	-	-	(22)	432
Assets under construction	463,864	205,597	(6,314)	(158)	662,989
	<b>2,521,580</b>	<b>206,036</b>	<b>230</b>	<b>(499,301)</b>	<b>2,228,545</b>

Accumulated amortization	Opening Balance as at April 1st, 2013	Amortization	Adjustments (1)	Disposals and Write-Offs	Closing Balance as at March 31, 2014
(in thousands of dollars)	\$	\$	\$	\$	\$
Buildings, works and infrastructure	79,172	4,680	-	-	83,852
Material and equipment	30,199	1,812	(610)	(1,217)	30,184
Computer material	12,913	1,104	2,307	(528)	15,796
Computer software	7,415	901	-	-	8,316
Other equipment	1,424,085	65,284	(1,466)	(497,326)	990,577
Motor vehicles	42	6	(1)	-	47
Other vehicles	260	29	-	(11)	278
	<b>1,554,086</b>	<b>73,816</b>	<b>230</b>	<b>(499,082)</b>	<b>1,129,050</b>

Net book value	Opening Balance as at April 1st, 2013	Closing Balance as at March 31, 2014
(in thousands of dollars)	\$	\$
Land	85	85
Buildings, works and infrastructure	50,289	50,475
Material and equipment	11,978	10,086
Computer material	1,631	1,339
Computer software	1,591	1,959
Other equipment	437,851	372,402
Motor vehicles	11	6
Other vehicles	194	154
Assets under construction	463,864	662,989
<b>Net Book Value</b>	<b>967,494</b>	<b>1,099,495</b>

(1) Adjustments include assets under construction of \$6,313,706 that were transferred to the other asset categories upon completion of the following assets: buildings, works and infrastructure \$4,866,170; material and equipment \$304,008 and computer software \$1,143,528.

During the year, material and equipment in the amount of \$230,995 was transferred from another Department to the Agency. The net book value is zero since the asset was fully amortized; this transfer is included in the "Adjustments" column.



# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

For the Year Ended March 31

### 11. Other Receivables

	2014	2013
(in thousands of dollars)	\$	\$
Non-monetary exchange CSA/NASA	7,126	8,177
Other non-monetary exchange	16	17
	<b>7,142</b>	<b>8,194</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 2014, the Agency received all of the astronaut training valued at \$12.6 million CDN and launch services valued at \$4.8 million CDN, 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 CDN. As at March 31, 2014, the Agency recorded a net value of \$7.1 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 transaction(s) to its appropriation.

### 12. Contractual Obligations

The nature of the Agency's activities can 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:

	2015	2016	2017	2018	2019 & thereafter	Total
(in thousands of dollars)	\$	\$	\$	\$	\$	\$
Construction of assets	199,849	118,715	95,143	61,541	65,600	540,848
Transfer payments	27,748	22,615	21,295	19,799	32,008	123,465
Acquisitions of goods and services	36,271	13,288	-	-	-	49,559
Total	263,868	154,618	116,438	81,340	97,608	713,872

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



# Notes to the Financial Statements (Unaudited)

## CANADIAN SPACE AGENCY

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### 13. Related Party Transactions

The Agency is related as a result of common ownership to all government departments, organizations, and Crown Corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the Agency received common services without charge from other government departments as disclosed below.

*(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 in the Agency's Statement of Operations and Agency Net Financial Position as follows:

	2014	2013
(in thousands of dollars)	\$	\$
Employer's contribution to the health and dental insurance plans	5,309	6,018
Legal Services	-	341
Accommodation	208	209
	<b>5,517</b>	<b>6,568</b>

The Government has centralized some of its administrative activities in order to optimise the efficiency and the cost-effectiveness of the program delivery to the public. The Government uses central agencies and common services organizations so that one department performs services for all departments and organizations without charge. The costs of these services, such as payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included in the Agency's Statement of Operations and the Agency's Net Financial Position.

*(b) Other transactions with related parties*

	2014	2013
(in thousands of dollars)	\$	\$
Expenses - other government departments and organizations	24,383	25,198
Revenues - other government departments and organizations	-	47

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

### 14. Transfer payments - Conditionally repayable contributions

Recoverable transfer payments relate to contributions made to outside parties which are repayable based on conditions specified in the contribution agreement that have come into being. Under the CASSIOPE mission, the repayable amounts are estimated at \$50.2 million over a fifteen year period starting 2019. The CASSIOPE satellite was launched in September 2013.



# Notes to the Financial Statements (Unaudited)

CANADIAN SPACE AGENCY

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## 15. Segmented Information

Presentation by segment is based on the Agency's Program Alignment Architecture (PAA). 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 programs, by major object of expense and by revenue type. The results for the period are as follows:

	Space Exploration	Future Canadian Space Capacity	Space Data, Information and Services	Internal Services	2014	2013
	\$	\$	\$	\$	\$	\$
<i>(in thousands of dollars)</i>						
<b>Operating expenses</b>						
Professional and special services	48,564	10,399	12,761	7,237	78,961	80,338
Amortization of tangible capital assets	66,278	1,413	2,041	4,084	73,816	74,863
Salaries and employee benefits	21,450	11,593	12,317	26,494	71,854	75,076
Acquisition of machinery and material	701	814	22,187	779	24,481	48,207
Rentals	145	2,403	304	1,957	4,809	4,155
Travel and communications	2,496	516	567	769	4,348	4,167
Information	14	10	2,250	1,466	3,740	1,881
Utilities, materials and supplies	132	404	203	1,360	2,099	3,383
Purchased repair and maintenance	16	197	48	821	1,082	1,151
Loss on disposal and write-offs of tangible capital assets	-	-	-	209	209	4,704
Other	53	129	244	2,498	2,924	3,070
<b>Total operating expenses</b>	<b>139,849</b>	<b>27,878</b>	<b>52,922</b>	<b>47,674</b>	<b>268,323</b>	<b>300,995</b>
<b>Transfer payments</b>						
International organizations	-	24,621	-	-	24,621	26,240
Industry	-	589	-	-	589	90
Individuals	-	-	-	-	-	38
Non-Profit Organizations	852	3,621	2,979	-	7,452	7,182
<b>Total transfer payments</b>	<b>852</b>	<b>28,831</b>	<b>2,979</b>	<b>-</b>	<b>32,662</b>	<b>33,550</b>
<b>Total expenses</b>	<b>140,701</b>	<b>56,709</b>	<b>55,901</b>	<b>47,674</b>	<b>300,985</b>	<b>334,545</b>
<b>Revenues</b>						
Sale of goods and services	-	1,940	-	-	1,940	2,193
Sale of rights and privileges	-	-	477	-	477	1,011
Lease and use of public property	-	-	39	371	410	305
Other revenues	18	5	-	65	88	134
Revenues earned on behalf of Government	(1)	(1,940)	(39)	(380)	(2,360)	(2,680)
<b>Total Revenues</b>	<b>17</b>	<b>5</b>	<b>477</b>	<b>56</b>	<b>555</b>	<b>977</b>
<b>Net cost of operations</b>	<b>140,684</b>	<b>56,704</b>	<b>55,424</b>	<b>47,618</b>	<b>300,430</b>	<b>333,568</b>



# Notes to the Financial Statements (Unaudited)

CANADIAN SPACE AGENCY

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## 16. Comparative information

Comparative figures have been reclassified in order to comply with the current year's presentation.