Canadian Space Agency | Agence spatiale canadienne

Canadian Space Agency

2024-2025

Quarterly Financial Report

For the Quarter Ended

June 30, 2024

Management Statement
for the Quarter Ended June 30, 2024

Canadian Space Agency
Quarterly Financial Report
For the quarter ended June 30, 2024

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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 2024-2025 Main Estimates[1].

1.1 Mandate and Program Activities

The Canadian Space Agency's (CSA) mandate is *to promote the peaceful use and development of space, to advance the knowledge of space through science and to ensure that space science and technologies provide social and economic benefits for Canadians.*

More information is available on the CSA's mandate and on the departmental results framework in the 2024-25 Departmental Plan[1].

[1] *The financial data presented as planned expenditures in the Main Estimates (ME) and the Departmental Plan may differ from the authorities available presented in this Quarterly Financial Report (QFR). The Departmental Plan data includes estimated adjustments to the ME for the entire year, whereas the QFR presents only the authorities granted to this date through the Estimates process (i.e. the ME and the Supplementary Estimates).*

1.2 Basis of Presentation

This quarterly financial report (QFR) has been prepared by management using an expenditure basis of accounting. The Statement of Authorities annexed to this report includes the CSA's spending authorities granted by Parliament and those used by the CSA, consistent with the Main Estimates and Supplementary estimates voted as at June 30, for fiscal year 2024-2025 compared to 2023-2024. This QFR has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before money can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

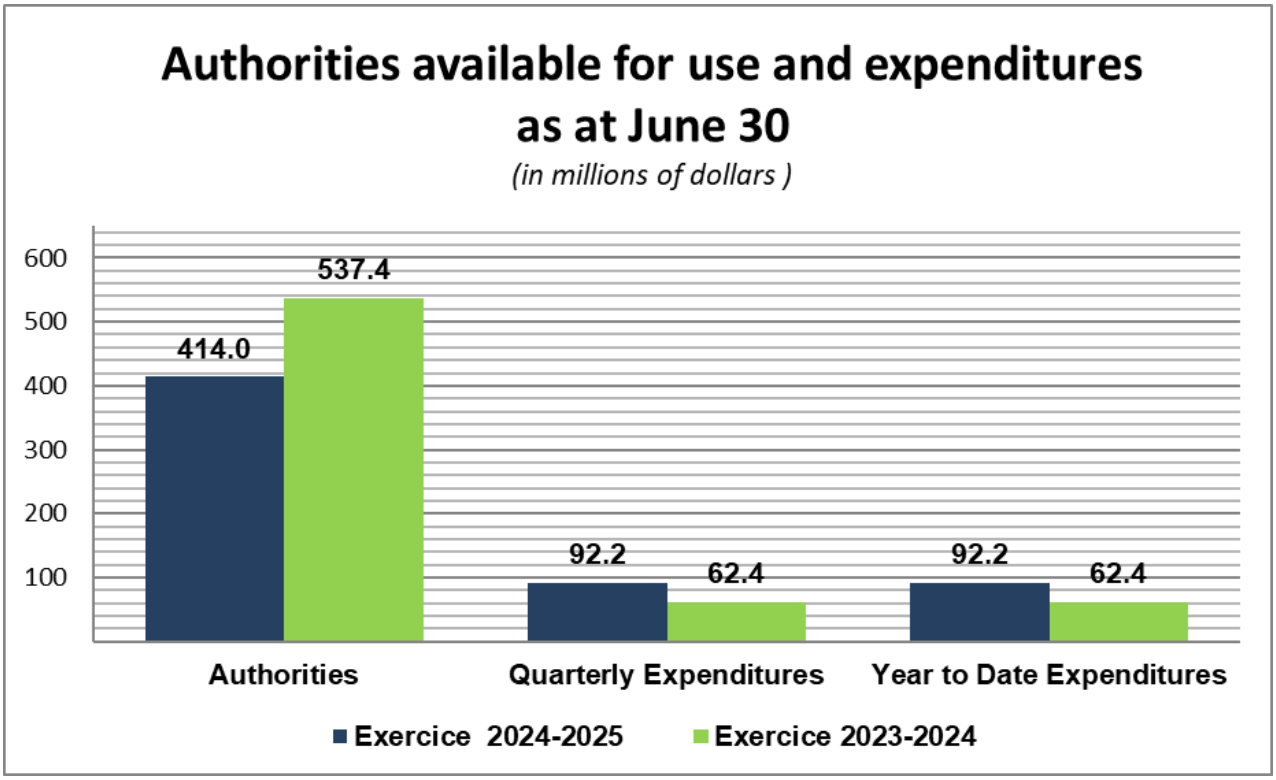
The CSA uses the full accrual method of accounting to prepare and present its annual financial statements, which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis, which is, a partial accrual method of accounting. The partial accrual method of accounting includes disbursements as well as some accruals for salaries and salary allowances.

This QFR report has not been subject to an external audit. However, it was reviewed by the members of the CSA Audit Committee, who are satisfied with its presentation and content.

2. Highlights of the Quarterly Financial Results

This section highlights the significant elements that contributed to the changes to the authorities available for the fiscal year, as well as to the quarterly and year-to-date expenditures for the quarter ended June 30, 2024.

The following graph provides an overview of the variations in the available authorities and the expenditures. Additional details on these variations are provided in sections 2.1 and 2.2 as well as in the appended annexes.



Totals may not add up with the Annexes due to rounding.

2.1 Significant Changes in the Authorities (Total Votes Available for Use) between fiscal years 2024-2025 and 2023-2024

The total votes available for use as at June 30, 2024, is $414 million, which represents a decrease of $123.4 million compared to the same period in the previous year (-23%).

Authorities *(in thousands of dollars)*	**2024-2025**	**2023-2024**	**Variance**	**%**
Vote 1 - Operating expenditures	242,285	221,482	20,803	9%
Vote 5 - Capital expenditures	80,060	225,848	(145,788)	(65%)
Vote 10 - Grants and contributions	79,468	77,912	1,556	2%
Contributions to employee benefit plans	12,154	12,160	(6)	(0%)
Proceeds from disposal of surplus Crown assets	59	2	57	2,850%
Total budgetary authorities	**414,026**	**537,404**	**(123,378)**	**(23%)**

Authorizations related to Vote 1 (operating expenditures)

At June 30, 2024, authorizations totalled $242.3 million, compared with $221.5 million at June 30, 2023, an increase of $20.8 million (9%).

The increase is mainly explained by the following items:

- An increase of $25.9 million for activities related to the International Space Station (ISS) project.
- An increase of $3.8 million in salaries related to compensation received from Treasury Board for collective agreements.
- A decrease of $9.0 million for the CSA's contribution to the government spending refocusing exercise.

Authorizations related to Vote 5 (capital expenditures)

At June 30, 2024, authorizations totalled $80.1 million, compared with $225.8 million at June 30, 2023, a significant decrease of $145.8 million (-65%).

The decrease is mainly explained by the following items:

- An increase of $33.4 million in activities related to Gateway Station External Robotic Interfaces (GERI).
- A decrease of $150.6 million due to different cash flow requirements for Canadarm3 project related activities.
- A decrease of $2 million to refocus government spending.
- A decrease of $1.3 million for activities related to the International Space Station (ISS) project.
- The residual difference consists of multiple variations inherent to the Canadian Space Program (CSP) Resource Management. They result from the fact that budgetary requirements by vote are not linear from one year to the next, requiring vote transfers or fund carry forwards to another fiscal year.

Authorizations related to Vote 10 (Grants and contributions)

At June 30, 2024, authorizations totalled $79.5 million, compared with $77.9 million at June 30, 2023, an increase of $1.6 million (2%).

The increase is mainly explained by the following items:

- An increase of $2 million for the Contribution Program under the Canada-European Space Agency (ESA) Cooperation Agreement.

- A decrease of $0.9 million in the overall grants and contributions program to support research, awareness and education in space science and technology, as CSA's contribution to the government's refocusing exercise.

2.2 Significant Changes in the Quarterly and Year-to-Date Expenditures (Votes Used) between fiscal years 2024-2025 and 2023-2024

Cumulative expenditures as at June 30, 2024 are $92.2 million and represent a cumulative increase of $29.8 million over the same period last year.

Expenditures by Vote as at June 30

Expenditures by Vote *(in thousands of dollars)*	2024-2025		2023-2024		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Vote 1 - Operating expenditures	38,092	38,092	31,300	31,300	6,792	6,792
Vote 5 - Capital expenditures	42,403	42,403	15,606	15,606	26,797	26,797
Vote 10 - Grants and contributions	8,671	8,671	12,488	12,488	(3,817)	(3,817)
Contributions to employee benefit plans	3,039	3,039	3,040	3,040	(1)	(1)
Spending of proceeds from disposal of surplus Crown assets	-	-	-	-	-	-
Total budgetary expenditures by Vote	**92,205**	**92,205**	**62,434**	**62,434**	**29,771**	**29,771**

Expenditures related to Vote 1 (operating expenditures)

The $6.8 million increase in quarterly expenses (22%) was mainly due to higher salary expenses following an increase in the CSA's workforce and the ratification of collective agreements.

Expenditures related to Vote 5 (capital expenditures)

The $26.8 million increase in quarterly expenses (172%) was mainly due to the variations in the payment schedules for the Canadarm3 project.

Expenditures related to Vote 10 (Grants and contributions)

The $3.8 million decrease in quarterly expenses (-31%) was mainly due to the variations in the payment schedules to the European Space Agency (ESA).

Expenditures by Standard Object as at June 30

Expenditures by Standard Object *(in thousands of dollars)*	2024-2025		2023-2024		Variance	
	Quarterly	Year to date	Quarterly	Year to date	Quarterly	Year to date
Personnel	30,889	30,889	24,335	24,335	6,554	6,554
Transportation and communications	784	784	984	984	(200)	(200)
Information	213	213	284	284	(71)	(71)
Professional and special services	48,077	48,077	22,325	22,325	25,752	25,752
Rentals	622	622	535	535	87	87
Repair and maintenance	2,375	2,375	401	401	1,974	1,974
Utilities, materials and supplies	280	280	278	278	2	2
Acquisition of land, buildings and works	-	-	-	-	-	-
Acquisition of machinery and equipment	293	293	798	798	(505)	(505)
Transfer payments	8,671	8,671	12,488	12,488	(3,817)	(3,817)
Other subsidies and payments	1	1	6	6	(5)	(5)
Total budgetary expenditures by Standard Object	**92,205**	**92,205**	**62,434**	**62,434**	**29,771**	**29,771**

Total CSA expenses reported in the 1st quarter of 2024-2025 amounted to $92.2 million, compared with $62.4 million for the same period last year. This represents a year-on-year increase of $29.8 million (48%).

Significant variances, by standard object, are as follows:

Personnel

The increase of $6.6 million in quarterly expenses (27%) was mainly due to higher salary expenses following an increase in the CSA's workforce and the ratification of collective agreements.

Professional and special services

The increase of $25.8 million in quarterly expenses (115%) was mainly due to the variations in the payment schedules for the Canadarm3 project.

Repair and maintenance

The increase of $2 million in quarterly expenses (492%) was mainly due to major work carried out at our headquarters, the John H. Chapman Space Center.

Transfer payments

The $3.8 million decrease in quarterly expenses (-31%) was mainly due to the variations in the payment schedules to the European Space Agency (ESA).

3. Risks and Uncertainties

The year-to-date expenditures for the 1st quarter of 2024-2025 represent 22% of the planned expenditures for the year ending March 31, 2024, whereas 25% of the fiscal year has passed. The level of expenditures is higher than it was in the 2023-2024 fiscal year (12%) and also higher than the 2022-2023 fiscal year (8%). The current situation presents no concerns. Cumulative expenditures will be restored at year-end when the accruals are recorded, in accordance with the full accrual method of accounting, combined with the deferral of budgets to the following year.

The specific nature of the Canadian Space Program confronts the CSA with issues related to the advanced technologies used in space missions as well as the international aspect of some projects. For Canada, activities in space must be carried out in partnership with other spacefaring nations, using innovative technologies. The international nature and technical challenges associated with developing and implementing disruptive technologies, in collaboration with multiple partners, generate risks in the delivery of projects. Also, the possibility of a disruption of services or unauthorized disclosure of information resulting from a cybersecurity event poses an additional risk to the CSA's operations. These elements translate into financial risks associated with the use of funds such as the deferral of funds and costs increases.

Risks also arise from the Canada / European Space Agency (ESA) Cooperation Agreement. They include variations in amounts payable resulting from changes in the Gross National Product (GNP) statistics, the fluctuation 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 on by the space programs of its key partners (National Aeronautics and Space Administration (NASA), ESA and other space agencies). In addition, rigorous project management practices are in place, as well as cybersecurity risk mitigation measures. These initiatives allow the CSA to track and report on the progress of its commitments, to assess the effectiveness of its work, and to align its resources with its priorities.

Furthermore, the CSA manages its financial risks and uncertainties related to Phoenix by adopting risk-mitigating strategies. There are a number of actions that the CSA has taken to date to help stabilize the pay system, and to ensure that the employees are being paid accurately and on time. As one of the departments whose accounts have not been migrated to the Pay Centre, the CSA continues to offer on-site compensation services. The compensation team, whose size fluctuates to meet demand, monitors closely for payroll inaccuracies and communicates directly with employees to provide clarifications and to take, when needed, swift actions to rectify issues. The team also participates actively in various working groups and other forums led by Treasury Board Secretariat (TBS) and/or Public Services and Procurement Canada (PSPC). Beyond this, the staff in Finance regularly performs salary reconciliations to monitor and correct expense variances.

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

There were no significant changes in operations, personnel or programs in the first quarter of 2024-2025.

Approval by Senior Officials

Approved by,

The original version was signed by
Lisa Campbell on August 16, 2024

Lisa Campbell Date
President
Longueuil, Quebec

The original version was signed by
Janin Huard on August 13, 2024

Janin Huard Date
Acting Chief Financial Officer and Vice-President,
Corporate Strategy and Innovation
Longueuil, Quebec

CANADIAN SPACE AGENCY

Annex 1

Quarterly Financial Report

For the quarter ended June 30, 2024

Statement of Authorities (unaudited)

(in thousands of dollars)

	Fiscal Year 2024-2025			Fiscal Year 2023-2024		
	Total available for use for the year ending March 31, 2025 (1)	Used during the quarter ended June 30, 2024	Year to date used at quarter-end	Total available for use for the year ending March 31, 2024 (1)	Used during the quarter ended June 30, 2023	Year to date used at quarter-end
	$	**$**	**$**	**$**	**$**	**$**
Vote 1: Operating expenditures	242,285	38,092	38,092	221,482	31,300	31,300
Vote 5: Capital expenditures	80,060	42,403	42,403	225,848	15,606	15,606
Vote 10: Grants and contributions	79,468	8,671	8,671	77,912	12,488	12,488
Contributions to employee benefit plans	12,154	3,039	3,039	12,160	3,040	3,040
Spending of proceeds from the disposal of surplus Crown assets	59	-	-	2	-	-
Total budgetary authorities	**414,026**	**92,205**	**92,205**	**537,404**	**62,434**	**62,434**

(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, 2024

Departmental budgetary expenditures by Standard Object (unaudited)

(in thousands of dollars)

	Fiscal Year 2024-2025			Fiscal Year 2023-2024		
	Total available for use for the year ending March 31, 2025	Used during the quarter ended June 30, 2024	Year to date used at quarter-end	Total available for use for the year ending March 31, 2024	Used during the quarter ended June 30, 2023	Year to date used at quarter-end
Expenditures:	**$**	**$**	**$**	**$**	**$**	**$**
Personnel	100,228	30,889	30,889	92,163	24,335	24,335
Transportation and communications	8,543	784	784	9,721	984	984
Information	2,246	213	213	2,513	284	284
Professional and special services	206,455	48,077	48,077	336,103	22,325	22,325
Rentals	4,084	622	622	5,052	535	535
Repair and maintenance	3,857	2,375	2,375	4,902	401	401
Utilities, materials and supplies	1,272	280	280	2,330	278	278
Acquisition of land, buildings and works	125	-	-	568	-	-
Acquisition of machinery and equipment	5,187	293	293	3,081	798	798
Transfer payments	79,468	8,671	8,671	77,912	12,488	12,488
Other subsidies and payments	2,561	1	1	3,059	6	6
Total budgetary expenditures	**414,026**	**92,205**	**92,205**	**537,404**	**62,434**	**62,434**