



FINANCIAL STATEMENTS

2008-2009

CANADIAN SPACE AGENCY

Canadian Space Agency

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended on March 31, 2009 and all information contained in these statements rests with the Agency's management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. 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 to the *Public Accounts of Canada* and included in the Agency's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

A program of internal audit services to enhance accountability for the Agency's objectives also supports management.

The financial statements of the Agency have not been audited.

The original version was signed by	
<u>Steve Maclean</u>	<u>July 30, 2009</u>
Steve Maclean	Date
President	
Longueuil, Québec, Canada	

The original version was signed by	
<u>Jacques Côté</u>	<u>July 30, 2009</u>
Jacques Côté, CMA, FCMA	Date
Chief Financial Officer	

Canadian Space Agency
Statement of Operations (Unaudited)
For the Year Ended March 31
(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Expenses (note 4)		
Space Science and Exploration (SE)	221,919	199,611
Space Based Earth Observation (EO)	75,116	20,777
Generic Technological Activities (GTA) in support of EO, SE and SC	47,141	57,140
Satellite Communications (SC)	25,461	24,751
Space Awareness and Learning (AL)	<u>7,338</u>	<u>5,396</u>
Total Expenses	<u>376,975</u>	<u>307,675</u>
Revenues (note 5)		
Space Science and Exploration (SE)	130	51
Space Based Earth Observation (EO)	4,046	3,995
Generic Technological Activities (GTA) in support of EO, SE and SC	2,645	3,263
Satellite Communications (SC)	30	9
Space Awareness and Learning (AL)	<u>10</u>	<u>2</u>
Total Revenues	<u>6,861</u>	<u>7,320</u>
Net Cost of Operations	<u>370,114</u>	<u>300,355</u>

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

Canadian Space Agency
Statement of Financial Position (Unaudited)
As at March 31
(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
ASSETS		
Financial Assets		
Accounts receivable and advances (note 6)	3,397	5,102
Total Financial Assets	<u>3,397</u>	<u>5,102</u>
Non-Financial Assets		
Prepaid expenses (note 7)	438,460	450,349
Tangible capital assets (note 8)	989,378	1,042,084
Total Non-Financial Assets	<u>1,427,838</u>	<u>1,492,433</u>
TOTAL	<u>1,431,235</u>	<u>1,497,535</u>
LIABILITIES AND EQUITY OF CANADA		
Liabilities		
Accounts payable and accrued liabilities (note 9)	76,408	79,465
Deferred revenues (note 10)	441	458
Vacation pay and compensatory leave	3,686	3,385
Employee severance benefits (note 12)	10,669	9,838
Other liabilities (note 11)	15,219	15,642
Total liabilities	106,423	108,788
Equity of Canada	<u>1,324,812</u>	<u>1,388,747</u>
TOTAL	<u>1,431,235</u>	<u>1,497,535</u>

Contractual obligations (note 13)

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

Canadian Space Agency
Statement of Equity of Canada (Unaudited)
For the Year Ended March 31
(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Equity of Canada, beginning of year	1,388,747	1,392,122
Net cost of operations	(370,114)	(300,355)
Current year appropriations used (note 3)	305,979	291,661
Revenue not available for spending	(6,837)	(7,257)
Refunds of previous year's expenses	(653)	(2,604)
Change in net position in the Consolidated Revenue Fund (note 3(c))	2,607	10,943
Services provided without charge by other government departments (note 14(a))	5,083	4,237
Equity of Canada, end of year	<u>1,324,812</u>	<u>1,388,747</u>

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

Canadian Space Agency
Statement of Cash Flow (Unaudited)
For the Year Ended March 31
(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Operating activities		
Net cost of operations	370,114	300,355
Non-cash items:		
Amortization of tangible capital assets (note 8)	(111,774)	(108,573)
Loss on write-offs of tangible capital assets	(24)	(2,084)
Net gain on disposal of tangible capital assets	6	15
Services provided without charge by other government departments (note 14(a))	(5,083)	(4,237)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(1,705)	1,465
Increase (decrease) in prepaid expenses	(11,889)	48,186
Decrease in accounts payable and accrued liabilities	3,057	6,501
Decrease (increase) in deferred revenue	17	(446)
Decrease (increase) in vacation pay and compensatory leave	(301)	22
Decrease (increase) in employee severance benefits	(831)	126
Decrease in other liabilities	423	2,441
Cash used by operating activities	<u>242,010</u>	<u>243,771</u>
Capital investment activities		
Acquisition of tangible capital assets (note 8)	59,104	48,987
Proceeds from disposal of tangible capital assets	(18)	(15)
Cash used by capital investment activities	<u>59,086</u>	<u>48,972</u>
Financing activities		
Net Cash provided by Government of Canada (note 3(c))	<u>(301,096)</u>	<u>(292,743)</u>

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

Canadian Space Agency

Notes to the Financial Statements (Unaudited)

For the Year Ended March 31, 2009

1. Authorizations and Goals

The Canadian Space Agency (the "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 Activity Architecture (PAA), the Statement of operations was detailed by the following Program Activities (Business Lines):

Space Based Earth Observation (EO)

The program activity objective is to develop and operationalize the use of Space Based Earth Observation for the benefit of Canadians. In doing so, the Agency will maintain and expand Canada's leadership in Earth Observation science and technology.

Space Science and Exploration (SE)

The program activity objective is to better understand the solar system and the universe; expand our knowledge on the constituent elements and origins of life; and strengthen a human presence in space. In doing so, the Agency will sustain and increase Canada's contribution to humankind's scientific knowledge and advance supporting technologies.

Satellite Communications (SC)

The program activity objective is to provide all Canadians with the means to participate and fully benefit from the global information age. In doing so, the Agency will uphold Canada's status as a world leader in Satellite Communications.

Space Awareness and Learning (AL)

The program activity objective is to further public understanding and engagement with regards to space related issues. In doing so, the Agency will improve the scientific literacy of Canadians.

Generic Technological Activities (GTA) in support of EO, SE and SC

The program activity objective is to provide leadership, coordination or support to Earth Observation, Space Science and Exploration, and Satellite Communications programs through technological activities that are generic in their nature. In doing so, the Agency will devise new space related applications and allow the transfer of intellectual property and proven technologies to Canadian industry, academia, and government organizations.

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

a) Parliamentary Appropriations

The Agency is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the two bases of reporting.

b) Net Cash Provided by the 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 federal government.

c) Change in net position in the Consolidated Revenue Fund

Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the Agency. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

d) Revenues

- Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.
- Revenues that have been received but not yet earned are recorded as deferred revenues (see note 10).

e) Expenses

Expenses are recorded on the accrual basis:

- Grants are recognized in the year in which the conditions for payment are met;
- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement;
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment; and,
- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

f) Employee Future Benefits

- Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi employer plan administered by the Government of Canada. The Agency's contributions to the Plan are charged to expenses in the year incurred and represent the Agency's total obligation to the Plan. Current legislation does not require the Agency to make contributions for any actuarial deficiencies of the Plan.
- Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. 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 and Loans Receivables

These are stated as amounts expected to be ultimately realized. A provision is made for external receivables where recovery is considered uncertain.

h) Foreign Exchange

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 a foreign currency are translated into Canadian dollars using the rate of exchange in effect on 31 March. Gains and losses resulting from foreign currency transactions are included in "others" under revenues and expenses.

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 department does not capitalize intangibles, works of art and historical treasures that have cultural, esthetic or historical value, assets located on Indian Reserves and museum collections.

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

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

Property Category	Useful Life
Buildings	30-40 years
Works and Infrastructures	30 years
Material and Equipment	10-20 years
Computer Material	5-7 years
Computer Software	3 years
Other Equipment including furniture	3-15 years
Motor Vehicles	5 years
Other Vehicles	10 years
Assets under construction	Once in service, in accordance with asset type

j) Measurement Uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector 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 these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, 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.

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

3. Parliamentary Appropriations

The Agency receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations 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 appropriations used

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Net Cost of Operations	370,114	300,355
Adjustments for items affecting net results but not affecting appropriations		
Add (less):		
Amortization of tangible capital assets (note 8)	(111,774)	(108,573)
Revenues not available for spending	6,837	7,257
Services provided without charge by other government departments (note 14(a))	(5,083)	(4,237)
Refunds of previous year's expenses	653	2,604
Employee severance benefits	(831)	126
Vacation pay and compensatory leave	(301)	22
Loss on write-offs of tangible capital assets	(24)	(2,084)
Net gain on disposal of tangible capital assets	6	15
Other	(833)	(997)
Adjustments for items not affecting net results but affecting appropriations		
Add (less):		
Acquisitions of tangible capital assets (note 8)	59,104	48,987
Prepaid expenses	(11,889)	48,186
Current year appropriations used	<u>305,979</u>	<u>291,661</u>

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

(b) - Appropriations provided and used

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Appropriations provided		
Vote 25 - Operating expenditures	207,124	201,257
Vote 30 – Capital expenditures	118,413	112,078
Vote 35 - Grants and contributions	47,031	53,586
Statutory amounts	9,450	9,260
Less:		
Appropriations available for future years	(19)	(15)
Lapsed appropriations: Operating	(10,507)	(22,361)
Lapsed appropriations: Capital	(61,500)	(55,260)
Lapsed appropriations: Grants and contributions	(4,008)	(6,871)
Statutory amounts	<u>(5)</u>	<u>(13)</u>
Current year appropriations used	<u>305,979</u>	<u>291,661</u>

(c) - Reconciliation of net cash provided by Government to current year appropriations used

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Net cash provided by Government	301,096	292,743
Revenue not available for spending	6,837	7,257
Refunds of previous years' expenses	653	2,604
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable and advances	1,705	(1,465)
Variation in accounts payable and accrued liabilities	(3,057)	(6,501)
Variation in deferred revenue	(17)	446
Variation in other liabilities	(423)	(2,441)
Other	<u>(815)</u>	<u>(982)</u>
	<u>(2,607)</u>	<u>(10,943)</u>
Current year appropriations used	<u>305,979</u>	<u>291,661</u>

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

4. Expenses

The following table presents details of expenses by category:

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Operating Expenses		
Amortization of tangible capital assets (note 8)	111,774	108,573
Professional and special services	108,145	61,756
Salaries and employee benefits	72,335	65,591
Travel and Communications	8,874	7,756
Utilities, materials and supplies	6,290	4,833
Acquisition of machinery and material	18,547	2,111
Information	2,868	1,404
Purchased repair and maintenance	2,407	2,296
Rentals	586	636
Loss on write-offs of tangible capital assets	35	2,084
Other operating expenses	<u>3,184</u>	<u>3,262</u>
Total Operating Expenses	<u>335,045</u>	<u>260,302</u>
Transfer Payments		
International organizations	33,781	36,944
Industry	7,587	10,036
Individuals	292	278
Non-Profit Organizations	<u>270</u>	<u>115</u>
Total Transfer Payments	<u>41,930</u>	<u>47,373</u>
Total Expenses	<u>376,975</u>	<u>307,675</u>

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

5. Revenues

The following table presents details of expenses by category:

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Revenues		
Sale of rights and privileges	3,872	3,955
Sale of goods and services	2,572	3,221
Location and use of public property	364	23
Gain on disposal of tangible capital assets	18	15
Other non-tax revenue	<u>35</u>	<u>106</u>
Total Revenues	<u>6,861</u>	<u>7,320</u>

6. Accounts Receivables and Advances

The following table presents details of accounts receivable and advances:

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Other federal departments or agencies (note 14(b))	1,711	2,734
External entities	1,745	2,383
Employee advances	13	23
Less: Allowance for doubtful accounts on external receivables	<u>(72)</u>	<u>(38)</u>
Total	<u>3,397</u>	<u>5,102</u>

7. Prepaid Expenses

The following table presents details of prepaid expenses

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
RADARSAT-2 prepaid services	432,181	445,136
Prepaid transfer payments	5,942	4,863
Other prepaid expenses	<u>337</u>	<u>350</u>
Total	<u>438,460</u>	<u>450,349</u>

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

8. Tangible Capital Assets

(\$ in thousands)

Capital Asset Class	Cost			
	Opening Balance	Acquisitions	Transfers, Disposals and Write-Offs	Closing Balance
Land	85	-	-	85
Buildings	115,560	62	722	116,344
Works and infrastructures	279	-	-	279
Material and equipment	36,450	3,001	(556)	38,895
Computer material	12,401	3,961	(659)	15,703
Computer software	4,796	-	-	4,796
Other equipment	1,867,916	164	5,517	1,873,597
Motor vehicles	24	-	-	24
Other vehicles	213	37	-	250
Assets under construction	101,081	51,879	(6,868)	146,092
Total	2,138,805	59,104	(1,844)	2,196,065

Capital Asset Class	Accumulated Amortization			Net book Value		
	Opening Balance	Amortization	Disposals and Write-Offs	Closing Balance	2009	2008
Land	-	-	-	-	85	85
Buildings	56,479	3,866	-	60,345	55,999	59,081
Works and infrastructures	210	29	-	239	40	69
Material and Equipment	23,637	1,781	(705)	24,713	14,182	12,813
Computer material	9,790	1,288	(1,063)	10,015	5,688	2,611
Computer software	3,339	1,267	-	4,606	190	1,457
Other equipment	1,003,101	103,532	(40)	1,106,593	767,004	864,815
Motor vehicles	24	-	-	24	-	-
Other vehicles	141	11	-	152	98	72
Assets under construction	-	-	-	-	146,092	101,081
Total	1,096,721	111,774	(1,808)	1,206,687	989,378	1,042,084

Amortization expense for the year ended March 31, 2009 is \$111,774 (2008 – \$108,573).

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

9. Accounts Payable and Accrued Liabilities

The following table presents details of accounts payable and accrued liabilities

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Accrued liabilities	48,937	51,241
Accounts payable	21,336	22,752
Contractor's holdback	3,514	2,650
Accrued salaries and wages	1,802	1,540
Accounts payable – Other Departments (note 14(b))	815	1,141
Other accounts payable	<u>4</u>	<u>141</u>
Total	<u>76,408</u>	<u>79,465</u>

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

10. Deferred Revenue

The following table presents details of revenues

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Sodexo: Rent received in advance		
Opening Balance, April 1	-	1
Plus: Receipts	-	-
Less: Earned rent during the year	-	<u>1</u>
Closing Balance, March 31	-	-
RADARSAT-2: Special purpose account to record funds received for the payment of expenses related to the reception, archiving, cataloguing and satellite acquisition services.		
Opening Balance, April 1	449	-
Plus: Receipts	1,757	701
Less: Earned revenues during the year	<u>1,774</u>	<u>252</u>
Closing Balance, March 31	432	449
RADARSAT-2: Amount received to cover expenses for the accommodation and installation of MacDonald Dettwiler and Associates Ltd. (MDA) employees.		
Opening Balance, April 1	9	11
Plus: Receipts	-	-
Less: Earned revenues during the year	-	<u>2</u>
Closing Balance, March 31	9	9
Closing Balance Total	<u>411</u>	<u>458</u>

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

11. Other Liabilities

The following table presents details of other liabilities

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Non-monetary exchange CSA/NASA	12,435	11,712
Contractor's holdbacks	2,680	3,826
Participation of provinces – RADARSAT-1	<u>104</u>	<u>104</u>
Total	<u>15,219</u>	<u>15,642</u>

a) Non-Monetary Exchange

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. Currently, all the costs are not available and the fair value of the yielded services must be revaluated when the identification of total costs will be possible. This agreement provides that the Agency exchanges a part of its utilization rights on the Space Station, access to the Canadian Microgravity Isolation Mount, and agrees to assume repair costs for its Special Purpose Dexterous Manipulator. In return, NASA will provide to the Agency, astronaut training, satellite and launch services. The transactions under this Barter Agreement may take place over the lifetime of the Space Station. During the fiscal years 2002 to 2009, the Agency received a part of astronaut training valued at \$12,4 million CDN. As NASA did not exercise the option to access its proportion of Canada's utilization rights on the Space Station, a liability of \$12,4 million CDN has been created by the Agency. Relative 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 Space Station, the Treasury Board grants to the Agency an exemption under the Policy on Accounting for Non-Monetary Transactions and does not have to charge the transaction(s) to its appropriation.

b) Participation of provinces – RADARSAT-1

This specified purpose account was established to record moneys received for both cost-sharing and advance payments for RADARSAT scenes. RADARSAT-1 is an Earth Observation satellite to monitor environmental change and planets natural resources. It provides information to both commercial and scientific users in the fields of agriculture, cartography, hydrology, forestry, oceanography, ice studies and coastal monitoring.

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

12. Employee Benefits

a) Pension Benefits

The Agency's employees participate in the Public Service Pension 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/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. The 2008-2009 expense amounts to \$6.8 million (\$6.72 million in 2007-2008) which represents approximately 2 times (2.1 times in 2007-2008) the contributions by employees.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies 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 final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Accrued benefit obligation, beginning of year	9,838	9,964
Plus: Expense for the year	1,466	342
Less: Benefits paid during the year	<u>(635)</u>	<u>(468)</u>
Accrued benefit obligation, end of year	<u>10,669</u>	<u>9,838</u>

13. 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 when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(\$ in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 & Thereafter</u>	<u>Total</u>
Acquisitions of goods and services	71,972	33,037	34,348	-	-	139,357
Transfer payments	<u>32,493</u>	<u>24,295</u>	<u>19,993</u>	<u>16,743</u>	<u>51,134</u>	<u>144,658</u>
Total	<u>104,465</u>	<u>57,332</u>	<u>54,341</u>	<u>16,743</u>	<u>51,134</u>	<u>284,015</u>

Canadian Space Agency
Notes to the Financial Statements (Unaudited)
For the Year Ended March 31, 2009

14. Related Party Transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Agency received services, which were obtained without charge from other government departments as presented in part (a).

(a) Services provided without charge

During the year the Agency received without charge from other departments, accommodation, legal fees and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Agency's Statement of Operations as follows:

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Employer's contribution to the health and dental insurance plans	4,659	3,795
Legal Services	244	264
Accommodation	<u>180</u>	<u>178</u>
Total	<u>5,083</u>	<u>4,237</u>

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Agency's Statement of Operations.

(b) Payables and receivables outstanding at year-end with related parties

	<u>2009</u>	<u>2008</u>
	(\$ in thousands)	
Accounts receivable with other government departments and agencies (note 6)	1,711	2,734
Accounts payable to other government departments and agencies (note 9)	815	1,141

15. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.