

Future-Oriented Statement of Operations (Unaudited)

CANADIAN SPACE AGENCY

	Forecast Results	Planned Results
For the Year Ended March 31	2017	2018
(in thousands of dollars)	\$	\$
Expenses		
Space Exploration	122,753	112,728
Space Data, Information and Services	94,832	78,441
Future Canadian Space Capacity	78,373	83,811
Internal Services	56,067	51,567
Total Expenses	352,025	326,547
Revenues		
Sale of goods and services	1,090	1,145
Sale of rights and privileges	21	21
Location and use of public property	325	335
Other revenues	9,682	116
Revenues earned on behalf of Government	(11,083)	(1,589)
Total Revenues	35	28
Net cost of operations before government funding and transfers	351,990	326,519

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

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

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1. Methodology and Significant Assumptions

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

The information in the forecast results for fiscal year 2016-2017 is based on actual results as at October 31, 2016 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2017-2018.

The main assumptions underlying the forecasts are as follows:

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

These assumptions are adopted as at December 1, 2016.

2. Variations and Changes to the Forecast Financial Information

While every attempt has been made to forecast final results for the remainder of 2016-2017 and for 2017-2018, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

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

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

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

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

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3. Summary of Significant Accounting Policies

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

Significant accounting policies are as follows:

(a) Expenses

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

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

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

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

(b) Revenues

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

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

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4. Parliamentary Authorities

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

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

	Forecast Results	Planned Results
	2017	2018
(in thousands of dollars)	\$	\$
Net cost of operations before government funding and transfers	351,990	326,519
Adjustments for items affecting net cost of operations but not affecting authorities		
Amortization of tangible capital assets	(43,852)	(41,831)
Services provided without charge by other government departments	(5,976)	(5,724)
Refund of previous years' expenditures	365	365
Increase in accrued liabilities not charged to authorities	(4)	(1)
Decrease (increase) in severance benefits	(125)	163
Decrease (increase) in vacation pay and compensatory leave	(414)	174
Loss on disposal and write-offs of tangible capital assets	(5,436)	(72)
Change in non-monetary exchange CSA/NASA	(621)	(741)
Other	17	(12)
	295,944	278,840
Adjustments for items not affecting net cost of operations but affecting authorities		
Acquisition of tangible capital assets	202,033	130,619
Decrease in prepaid expenses	(54,819)	(40,071)
	147,214	90,548
Requested authorities	443,158	369,388

(b) Requested authorities

	Forecast Results	Planned Results
	2017	2018
(in thousands of dollars)	\$	\$
Requested Authorities		
Vote 1 - Operating expenditures	175,147	168,648
Vote 5 - Capital expenditures	202,033	130,619
Vote 10 - Grants and contributions	55,941	60,966
Statutory amounts	10,037	9,155
Requested Authorities	443,158	369,388

The requested authorities planned for 2018 reflect main estimates as shown in the Departmental Plan (\$354.2 million) combined with expected estimates to be allocated from Treasury Board central votes.