

# 2025 ANNUAL REPORT

Transparency, technology and trust  
in a changing landscape

MARCH 2026

[CPAB-CCRC.CA](https://cpab-ccrc.ca)



### ***Our vision***

The Canadian Public Accountability Board (CPAB) is a leading audit regulator that reinforces public confidence in Canada's capital markets.



### ***Our mission***

CPAB promotes audit quality through proactive regulatory oversight, facilitating dialogue with domestic and international stakeholders, and publishing practicable insights to inform capital market participants.



### ***Our core values***

Committed to serving the public  
Team driven and inclusive  
Innovative  
Courageous



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## A message from Richard Payette, Chair

Auditors are an essential pillar of Canada's financial system. Working alongside regulatory partners, CPAB plays a vital role in fostering confidence in financial reporting and safeguarding the investing public.

In 2025, CPAB's Board of directors oversaw the first year of our new [three-year strategic plan](#). We are pleased to report steady progress toward the plan's objectives, which are centred on advancing audit quality and strengthening investor protection.

A major milestone this year was the final approval of CPAB's disclosures project, enhancing transparency around our regulatory assessments. This achievement reflects our commitment to providing stakeholders with clear, relevant information that supports confidence in the audit process.

The board also oversaw significant progress on initiatives to support smaller firms, recognizing their critical role in Canada's audit ecosystem. These efforts are designed to help smaller firms meet evolving audit standards.

Looking ahead, we note an important leadership transition. Carol Paradine, CPAB's Chief Executive Officer since 2018, announced her retirement effective March 2026. On behalf of the board, I want to thank Carol for her outstanding leadership and dedication to reinforcing trust in Canadian capital markets and wish her well in future governance roles. We are pleased that Sonny Randhawa will succeed Carol as CEO in March 2026, ensuring strong leadership for the future.

I also want to thank my fellow board members for their support and engagement, and the entire CPAB team for their unwavering commitment to our mandate. Together, we remain focused on protecting the investing public and strengthening confidence in Canada's capital markets.

A handwritten signature in blue ink, reading "Richard Payette".

Richard Payette, FCPA, GCB.D  
Chair





## A message from Carol A. Paradine, CEO

Looking back on 2025, I am encouraged by the progress CPAB has made in advancing audit quality and strengthening public confidence in financial reporting. The evolving nature of capital markets and the audit environment, shaped by current global economic uncertainty and shifting geopolitical dynamics, has underscored the importance of resiliency and adaptability in our profession.

For CPAB, 2025 marked the first year of our three-year strategic plan and the introduction of a new level of transparency in our inspections reporting. Progress on the full plan is described later in this report.

This past year, we completed the final phase of our disclosures project, significantly expanding the information we share about our regulatory assessments. The first firm-specific public inspection reports were published in March 2026.

Quality audits are an important contributor to public confidence in the integrity of financial reporting. Firms that invest in strong quality management systems consistently demonstrate fewer significant findings. These firms are supported by cultures that prioritize ethics, public interest and open dialogue. As the audit profession embraces AI-enabled tools, we encourage firms to evolve their quality frameworks to effectively manage risks at both the firm and engagement levels so that audit integrity is maintained.



Supporting smaller firms remains a strategic priority. This year, we introduced resources to help these audit firms, which provide valued and trusted services to Canada's innovative, early-stage companies. These firms play a vital role in our economy, and CPAB is committed to supporting them as they navigate a changing environment while sustaining audit quality standards.

As I complete my term as CEO of CPAB in March 2026, I am pleased with the progress that we have made in strengthening audit quality, which has included the implementation by Canadian audit firms of the international standards on quality management, the strengthening of regulatory enforcement and improved inspection results.

We have acted to ensure that significant breaches in ethical standards have consequences. We have taken appropriate regulatory intervention where repeated instances of material non-compliance with auditing standards are observed.

I am very proud of our team and the work that every team member does to reinforce the protection of the investing public and of the professional and respectful manner in which they strive to do so.

I am confident that our team, under incoming CEO Sonny Randhawa, will continue to build on this foundation, guided by our commitment to audit quality, transparency and investor protection.

Thank you for your support and partnership as we look ahead to a new chapter for CPAB.

Carol A. Paradine, FCPA, FCA  
Chief Executive Officer



# Strategy

2025 marked the first year of [CPAB's 2025-2027 strategic plan](#), and we are off to a strong start, with a good foundation for the journey ahead. With two years remaining in our three-year plan, we are well-positioned to achieve our targets.

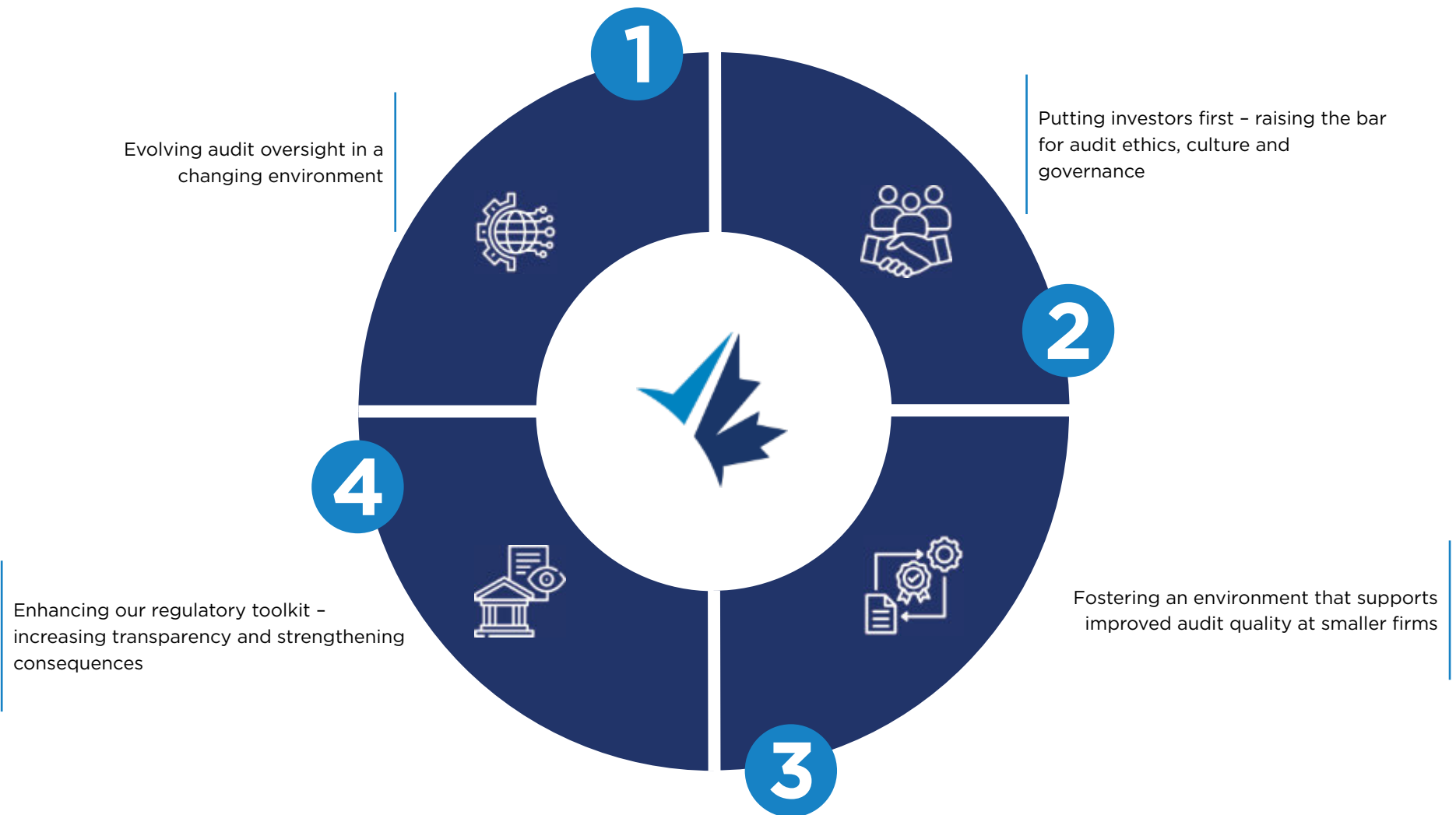


Figure 1



### **Strategic commitment one**

#### ***Evolving audit oversight in a changing environment***

##### **2025 highlights:**

- Further analyzed how audit firms are adapting their approach to the development or acquisition of technology tools that use artificial intelligence (AI).
- Shared technology-related inspection findings in our publications to increase awareness of certain areas where audit firms should be focused.
- Led the development of the International Forum of Independent Audit Regulators' (IFIAR) March 2025 [technology paper](#) that included a focus on monitoring the impact of technology on audit quality, building appropriate governance and oversight mechanisms into the use of AI and communicating our expectation that the audit firm retains responsibility for judgments made in the audit.
- Began using generative AI tools to improve the efficiency and effectiveness of some of our processes.
- Discussed insights from CPAB's fraud thematic reviews with audit committees and other stakeholders, including at our forums, summits and other events.
- Issued [risk alert on acquisition impairments](#).



### **Strategic commitment two**

#### ***Putting investors first – raising the bar for audit ethics, culture and governance***

##### **2025 highlights:**

- Performed system of quality management assessments for all annually inspected firms. Firm-specific private inspection reports include observations and recommendations specifically related to ethics, culture, governance and the firms' whistleblower programs.
- Enhanced CPAB's whistleblower program, which has been promoted via CPAB's communication channels.
- Shared our observations on firm culture and ethics with the [International Ethics Standards Board for Accountants](#) including participation in a global roundtable.
- Highlighted ethics, culture and governance in meetings with the boards of directors of the largest audit firms.



### ***Strategic commitment three***

***Fostering an environment that supports improved audit quality at smaller firms***

#### **2025 highlights:**

- Hosted Smaller Firm Series of Public Company Audit Summits in Toronto, Vancouver and Montréal, engaging more than 129 participants from 45 firms.
- Launched a dedicated [resource hub for smaller firms](#), featuring root cause analysis guidance and case study-driven publications.
- Expanded targeted outreach, including one-on-one meetings with participating audit firms and audit committees.
- Collaborated with other audit regulators to share our respective approaches to supporting audit quality at smaller audit firms.
- Enhanced the registration process by assessing an applicant firm's structure, system of quality management and audit experience and methodology.



### ***Strategic commitment four***

***Enhancing our regulatory toolkit – increasing transparency and strengthening consequences***

#### **2025 highlights:**

- Completed the rule and legislative process to allow for the publication of individual public inspection reports for each firm inspected.
- Implemented a process to obtain confirmation, from every firm inspected, that the engagement findings report was shared with the audit committee.
- Initiated a review of our regulatory tools to identify opportunities for improvements or enhancements.



## CPAB's regulatory disclosures

In March 2026, CPAB completed a project to provide greater transparency for the investing public, audit committee chairs and other stakeholders by starting to publish [individual firm inspection results](#).

Changes associated with this initiative include:

- Publishing individual public inspection reports, effective for inspections that commenced following the CPAB Rule change on March 24, 2025. The first firm-specific public inspection reports were published in March 2026.
- Mandating the disclosure of issuer-specific significant inspection findings to the reporting issuer's audit committee, effective March 2025. (Most firms registered with CPAB already voluntarily participated in this disclosure.)
- Disclosing significant enforcement actions imposed on a firm, a change that came into effect in January 2023.

To help stakeholders understand our newly expanded public disclosures, CPAB has launched a [webpage](#) with information on our regulatory reporting and answers to common questions.



## 2025 regulatory report

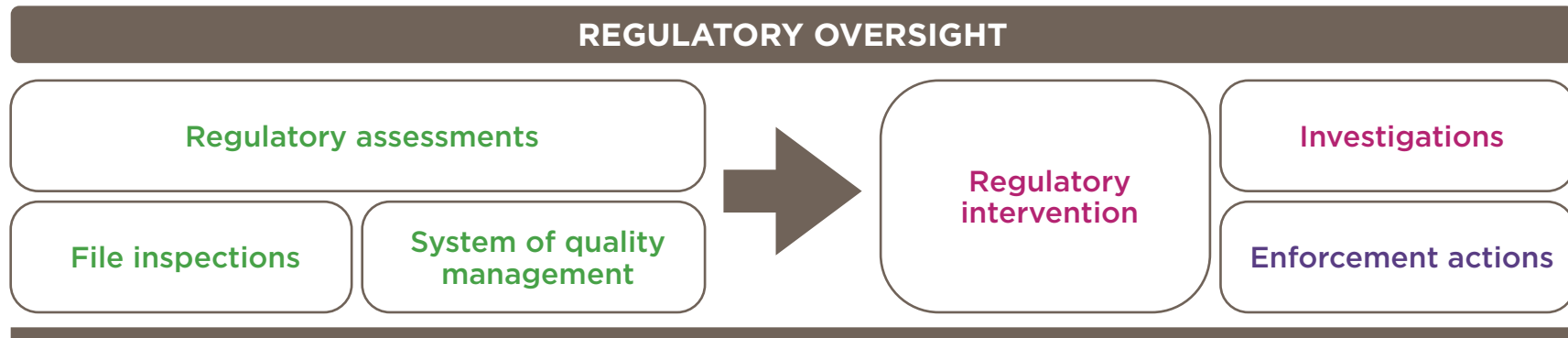


Figure 2

CPAB's regulatory oversight of [public accounting firms that audit Canadian reporting issuers](#) includes inspecting completed audits of financial statements, assessing the firm's system of quality management and regulatory intervention. All public accounting firms that audit a Canadian reporting issuer must register with CPAB.<sup>1</sup>

Our assessment of the system of quality management at firms focused on select aspects of the Canadian Standard on Quality Management 1. Given that risk assessment processes are foundational to implementing a system of quality management, we considered whether risk assessment processes incorporated all available sources of information. We also focused on the most recent testing results for the design, implementation and operation of areas that we considered to be high priority, which support each firm's 2025 self-evaluation. Our assessment also included reviews of the 2024 self-evaluation for all firms as most of the 2025 self-evaluations were not finalized at the time of our inspections.

<sup>1</sup>Securities legislation defines what constitutes a reporting issuer. Each of the 13 Canadian securities commissions maintains a list of the reporting issuers in their respective jurisdictions.



Figure 3

#### How CPAB chooses files and audit areas to review

CPAB's risk-based methodology for choosing audit files for inspection (and the specific focus areas for those files) is generally targeted towards higher-risk audit areas of more complex reporting issuers or areas where the audit firm or engagement team may have less expertise. It is not designed to select a representative sample of a firm's audit work. Our inspections do not look at every aspect of every file, therefore, the absence of significant findings<sup>2</sup> in our review of a particular audit file does not mean that all aspects of the audit were fully compliant with professional standards. Results are not intended to be extrapolated across a firm's entire audit portfolio, but instead viewed as an indication of how firms address their most challenging audit situations.

<sup>2</sup> A significant inspection finding is defined as a deficiency in the application of auditing or other relevant professional standards, as defined in Section 300 of CPAB's Rules, where the audit firm must perform additional audit work to support the audit opinion and/or is required to make significant changes to its audit approach. CPAB requires firms to carry out additional audit procedures to determine the need, if any, to restate the financial statements due to material error, or to substantiate that the firm obtained sufficient and appropriate audit evidence with respect to a material balance sheet item or transaction stream to support their audit opinion.



## 2025 INSPECTIONS RESULTS

**120**  
files inspected  
(2024: 131)



**23%** files with significant findings  
(2024: 24%)

## Themes identified in inspection findings

- ▶ Identifying and assessing the risks of material misstatement
- ▶ Evaluating the entity’s accounting policies
- ▶ Evaluating audit evidence
- ▶ Auditing accounting estimates
- ▶ Use of an auditor’s expert
- ▶ Ethical requirements, including independence
- ▶ Audit documentation, supervision and review
- ▶ Identification and response to fraud risks
- ▶ Services provided by a service organization
- ▶ Technology used in audits
- ▶ Audits of group financial statements

### Four largest firms

**62** files inspected  
(2024: 65)

**16%** files with significant findings  
(2024: 12%)

### Other annually inspected firms

**31** files inspected  
(2024: 36)

**13%** files with significant findings  
(2024: 17%)

### Non-annually inspected firms

**27** files inspected  
(2024: 30)

**48%** files with significant findings  
(2024: 57%)

Each year, CPAB inspects all firms that audit 100 or more reporting issuers. These include the four largest audit firms and eight additional firms known as the other annually inspected firms.

We inspect, at least every two years, firms which audit between 50 and 99 reporting issuers. The remaining firms are inspected periodically based on CPAB’s risk analysis.

Figure 4



## All firms: file inspections overview

In 2025, we inspected 120 files (2024: 131 files). Overall improvements noted in the inspection results and system of quality management at various annually inspected firms in 2024 led us to inspect fewer files in 2025. The mix of files inspected at non-annually inspected firms resulted in more firms inspected in 2025 than in the prior year.

We identified significant findings in 27 of the files we inspected (2024: 31 files). This 23% findings rate compares with 24% in 2024. We have observed a correlation between the firms that invest in a robust system of quality management and a lower level of significant findings.

The aggregate significant findings rate at the four largest firms increased to 16% (10 of 62 files), compared with 12% (eight of 65 files) in 2024. In 2025, each of the four largest firms had at least one significant finding (2024: two firms), contributing to the overall increase in significant findings across these firms.

The aggregate level of significant findings at other annually inspected audit firms decreased, with a findings rate of 13% (four of 31 files), compared with 17% (six of 36 files) in 2024. In 2025, six of the eight other annually inspected firms had no significant findings (2024: six of nine other annually inspected firms). This improvement contributed to the overall decrease in significant findings across these firms.

The aggregate significant findings rate at non-annually inspected firms decreased to 48% (13 of 27 files) compared with 57% (17 of 30 files) in 2024. The overall level of significant findings at these firms has remained unacceptably high over the past five years, prompting our 2025-2027 strategic objective on fostering an environment that supports improved audit quality at smaller firms. Continued focus on improving audit quality is necessary; however, we are encouraged by the decrease in significant findings noted over the last four years at non-annually inspected firms.

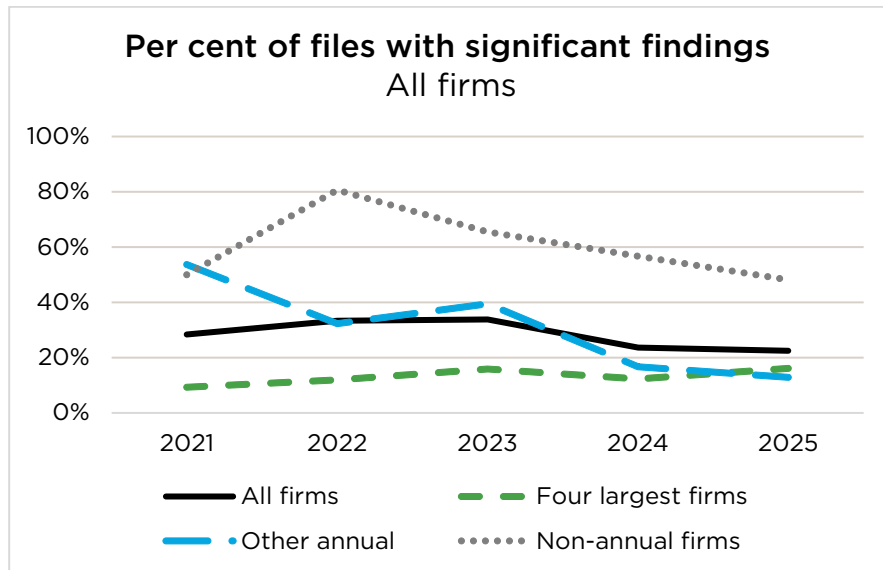


Figure 5

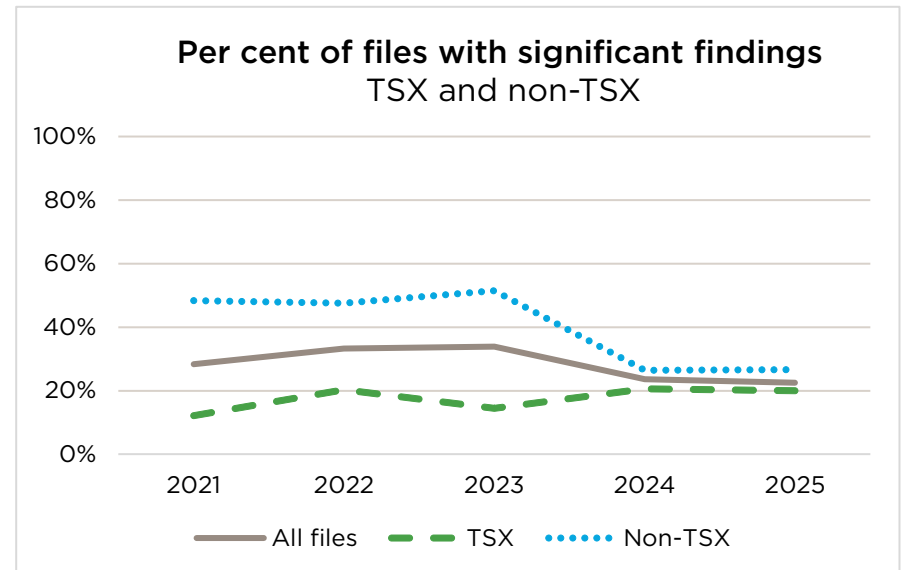


Figure 6

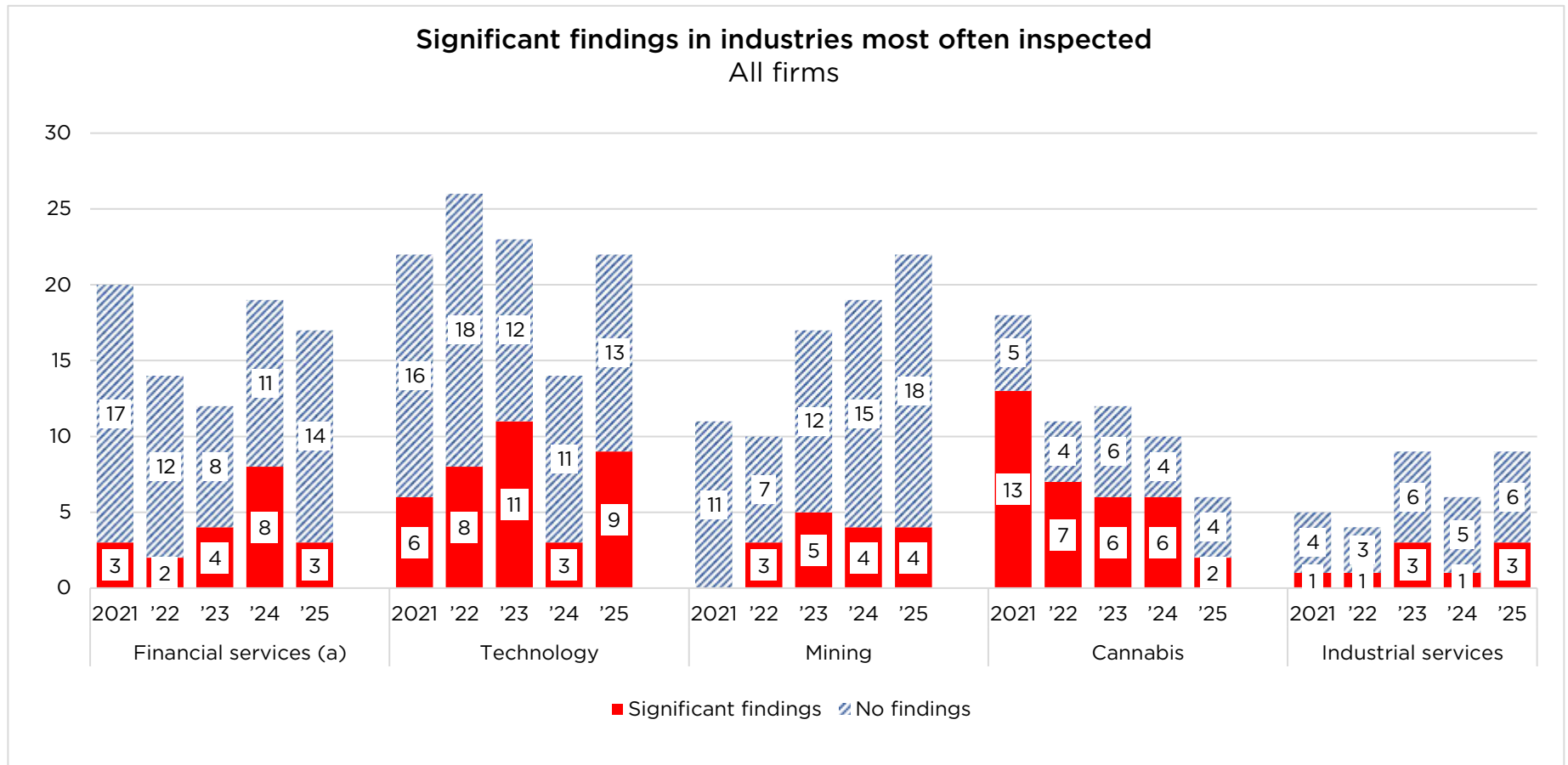


As illustrated in Figure 6, our inspections in 2025 included 75 files of Toronto Stock Exchange (TSX)-listed entities and 45 non-TSX-listed entities (2024: 63 TSX; 68 non-TSX). The rate of significant inspection findings at TSX and non-TSX entities has narrowed in the past two years, primarily driven by a decrease in significant findings at other annually inspected firms.

technology and industrial services industries, at 41% and 33% of files inspected, respectively (2024: 21% and 17%, respectively). The technology industry had the highest number of significant findings in 2025, primarily arising from more complex audit areas such as highly automated revenue recognition processes and business acquisitions. Reductions in the percentage of files with significant findings were noted in the financial services, mining and cannabis industries. We will continue to communicate our inspections findings and insights, including industry-related trends, through our [Strengthening audit quality publication series](#).

Figure 7 shows industries most often inspected and the number of significant findings. These industries account for 63% of files inspected in 2025 (2024: 52%). In 2025, significant findings have increased in the

All firms



<sup>a</sup> This group includes financial institutions, insurance companies and investment funds.

Figure 7



### How firms respond to CPAB findings

In addressing significant findings, CPAB requires an audit firm to carry out additional audit procedures to determine the need, if any, to restate the financial statements due to material error, or to substantiate that they obtained sufficient and appropriate audit evidence to support their audit opinion and to include the additional audit evidence in the audit file.

CPAB expects firms to remediate file deficiencies before the reporting issuer's next quarterly report. Where a restatement is required, the firm is expected to work with the reporting issuer to complete the restatement as soon as possible in order to provide updated information to investors.

### What firms are required to communicate to audit committees

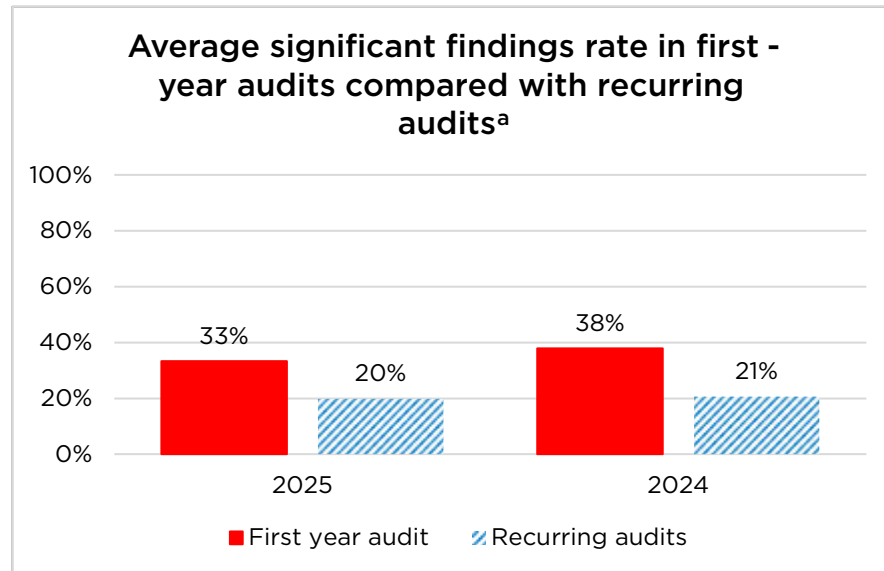
Under CPAB's mandatory [Protocol](#), audit firms are required to share with audit committees:

- CPAB's annual regulatory oversight report, and
- The Engagement Findings Report, if CPAB has inspected the reporting issuer's audit file, including a description of actions taken by the firm in response to any significant findings and CPAB's disposition.

CPAB encourages audit committees to discuss these reports with their auditor.



Significant findings are more common in a firm's first year auditing a reporting issuer. Figure 8 compares the average significant findings rates in first-year audits with recurring audits. We continue to encourage firms to consider additional quality risks that may arise upon acceptance of new audit engagements and to develop appropriate responses.



<sup>a</sup> In 2025, files that were the firm's first-year audit engagement accounted for 20% of files inspected (2024: 22%).

Figure 8

For more detail on the results of our inspections, please see [page 17](#) (four largest firms), [page 21](#) (other annually inspected firms) and [page 25](#) (non-annually inspected firms).

Please see [page 29](#) for information about our enforcement activities.

In 2025, we reviewed 13 files located in [foreign jurisdictions](#) (2024: 21) and identified a significant finding in five files (2024: three). Foreign jurisdiction inspections include our reviews of reporting issuer files at

<sup>3</sup> As defined by National Instrument (NI) 52-108, Auditor Oversight, published by the Canadian Securities Administrators and amended in January 2022.

foreign firms and significant component auditor<sup>3</sup> working papers at foreign firms. The number of component auditor inspections varies based on component auditor involvement in the file selected for inspection. Of the files reviewed in foreign jurisdictions, six were files at foreign firms (2024: three) and seven were foreign firm component auditors (2024: 18). We identified a significant finding in three foreign firm files (2024: two) and two foreign firm component auditors (2024: one). In 2025, we requested and were denied access to the working papers of one component auditor located in China, which prevents us from performing a complete review of that reporting issuer's audit. To date, CPAB has been unable to enter into an agreement with Chinese authorities to enable access to these working papers; however, we continue to seek such an arrangement.

### *System of quality management assessments*

The Canadian Standard on Quality Management 1 requires all firms to annually evaluate their system of quality management and conclude whether it provides the firm with reasonable assurance that the objectives of the system are being achieved. A strong system of quality management emphasizes the need to systemically embed audit quality processes (preventative and detective) into ongoing operations across the entire assurance portfolio so that audit deficiencies are identified and corrected in real time or, at a minimum, before the audit opinion is released. It is supported by a firm culture that demonstrates a commitment to quality, including reinforcing the importance of ethics and the profession's public interest responsibility.

Principal drivers that contribute to a robust culture include leadership that prioritizes ethical values within strategic decisions, communications and daily behaviours, as well as a strong culture and governance framework that integrates the firm's ethical values. This approach ensures that the desired culture is embedded and reflected across all service lines, partners, and staff throughout the firm.



For most firms inspected this year, we have observed improvements in the systems of quality management which correlate with the number and trend of significant findings.

Examples of areas where we identified recommendations for firms:

- Risk assessment: evidence of judgments applied, including the identification and significance of quality risks.
- Key performance indicators: defining and evaluating key performance indicators, specifically for leadership with accountabilities or responsibilities for the system of quality management.
- Whistleblower programs: implemented framework for handling whistleblower complaints, criteria for escalation and key performance indicators.
- Resourcing: sufficient involvement of senior engagement team members on audit engagements.
- Engagement coaching or monitoring programs: effectiveness of coaching and monitoring programs including an assessment of why significant findings were not detected through these programs (where applicable).
- Objectivity of engagement team members: assess long association of engagement team members.
- Training: ensure specialists who work on reporting issuer audit engagements are included in the same ethical and cultural training as assurance staff.
- Objectivity of individuals with responsibilities relating to the system of quality management: specifically for individuals involved in the monitoring and remediation process.
- Annual self-evaluation: evidence of judgments, including those relating to the assessment of whether findings indicate potential deficiencies.

Going forward, as the auditing profession increases its use of AI-enabled tools, we encourage each firm to assess whether they have evolved their system of quality management to effectively manage firm-level and engagement-level risks. In December 2025 we published [The evolving use of technology in the audit](#). Firms should consider whether they have implemented practices to support responsible and effective implementation of AI-enabled tools.

### *Restatements*

Since our 2024 annual report, four restatements were made as a result of significant findings identified during our current or prior-year inspections (2024: seven). Many of these restatements related to one or more of the themes identified in inspection findings, listed in Figure 9—in particular, evaluating the entity’s accounting policies, auditing accounting estimates or evaluating audit evidence.

See Appendix 2 on [page 37](#) for more detail on restatements since our 2024 annual report, including the audit areas resulting in restatements and the industries in which the affected reporting issuers operate.



## Themes identified in inspection findings

Themes identified in our inspection findings have occurred most frequently or are of heightened concern. A comparison of themes identified over the past three years is included in Figure 9.

Themes identified in inspection findings	2025	2024	2023
Identifying and assessing the risks of material misstatement	◆	*◆	◆
Evaluating the entity's accounting policies	◆+	◆	◆
Evaluating audit evidence	◆	*◆	◆
Auditing accounting estimates	◆	◆	◆
Use of an auditor's expert	*◆	◆	◆
Ethical requirements, including independence	◆	◆	◆
Audit documentation, supervision and review	◆	◆	◆
Identification and response to fraud risks	*◆+	*◆	◆
Services provided by a service organization <sup>a</sup>	◆	◆	*◆
Technology used in audits	◆+	*	*
Audits of group financial statements	*◆+	◆	◆
◆ Theme identified in significant findings * CPAB publication issued + Theme discussed in the 2025 interim inspections results report			

<sup>a</sup> Services provided by a service organization are relevant to the audit of a company's financial statements when those services, and the controls over them, are part of the company's information system used in the preparation of the financial statements.

As a result of our findings, CPAB regularly issues publications to provide more detail on the nature of deficiencies identified, our expectations, and the practices observed in audit files with no significant inspection findings. Audit risk alerts, publications issued as part of our *Strengthening audit quality* inspections insights and other publications are included in Figure 9. These and other publications continue to be relevant and are available in the [Resource Centre](#) section of our website.

Several of the themes in Figure 9 are discussed in the [2025 Interim Inspections Results](#) report or recent publications.

Ethical requirements, including independence, and supervision and review are discussed in the [2024 Interim Inspections Results](#) report. Services provided by a service organization are discussed in the [2023 Interim Inspections Results](#) report.

Other themes that continue to result in significant findings are described below.

### Auditing accounting estimates

Audit work related to accounting estimates continues to be an area with deficiencies and opportunities for improvement. Our findings are most prevalent in the auditors' evaluation of complex estimates, such as the impairment of assets, fair value estimates for acquisitions and revenue recognized over time. Inspection findings include instances where the engagement teams did not exercise an appropriate level of professional skepticism when auditing accounting estimates involving significant assumptions and judgments about future conditions or events.

Figure 9



Given the recurring nature of inspection findings in this area, combined with the increase in the level of estimation uncertainty due to the current economic environment, CPAB published an update in March 2026 to our 2021 auditing estimates publication [Strengthening Audit Quality: Auditing Accounting Estimates](#) to provide additional examples of how firms applied the requirements to complex estimates and areas where we continue to identify findings.

#### **Evaluating audit evidence: contradictory audit evidence**

Most of an auditor's work in forming its opinion consists of obtaining and evaluating audit evidence. This includes information that corroborates or contradicts management's assertions. Significant findings often relate to areas that are higher risk, which should cause the use of professional skepticism to increase. The exercise of professional judgment is based on the facts and circumstances that are known by the auditor and should include questioning contradictory evidence.

#### **Evaluating audit evidence: audit evidence produced by the entity or a service organization**

We continue to see an increase in reporting issuers engaged in new or evolving business models, many with highly automated processes with little or no manual intervention. In these circumstances, the main source of audit evidence is typically produced by the entity or a service organization. As a result, we have observed an increase in auditors implementing an audit approach that includes testing information technology (IT) applications and operating effectiveness of IT controls including controls at a service organization. While we are encouraged by the implementation of control testing and IT specialist involvement in such audit engagements, we have noted circumstances where further improvements are needed in the nature and quality of the audit work performed by these specialists.



## Four largest firms: *Deloitte LLP, Ernst & Young LLP, KPMG LLP & PricewaterhouseCoopers LLP*



Figure 10

### *File inspections*

We inspected 62 files (2024: 65) at the four largest firms and identified significant findings in 10 of those files (2024: eight), which is a findings rate of 16% (2024: 12%).

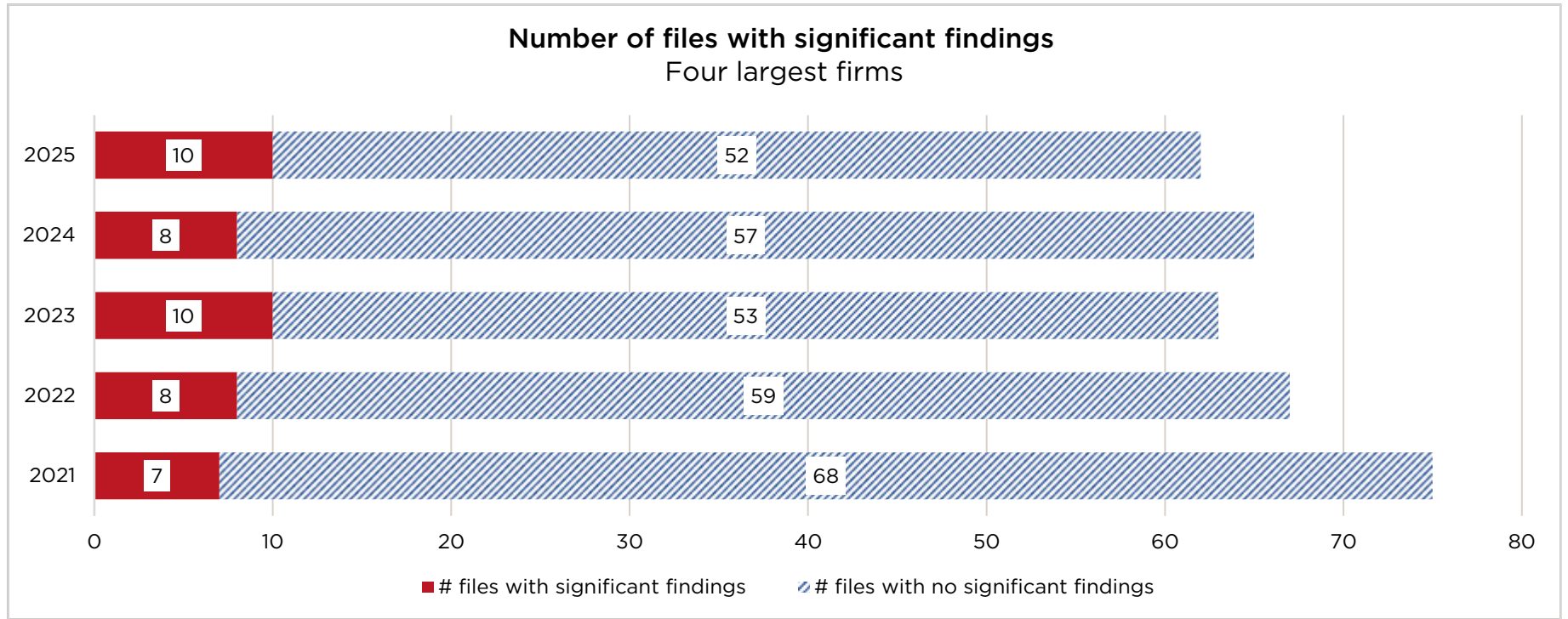


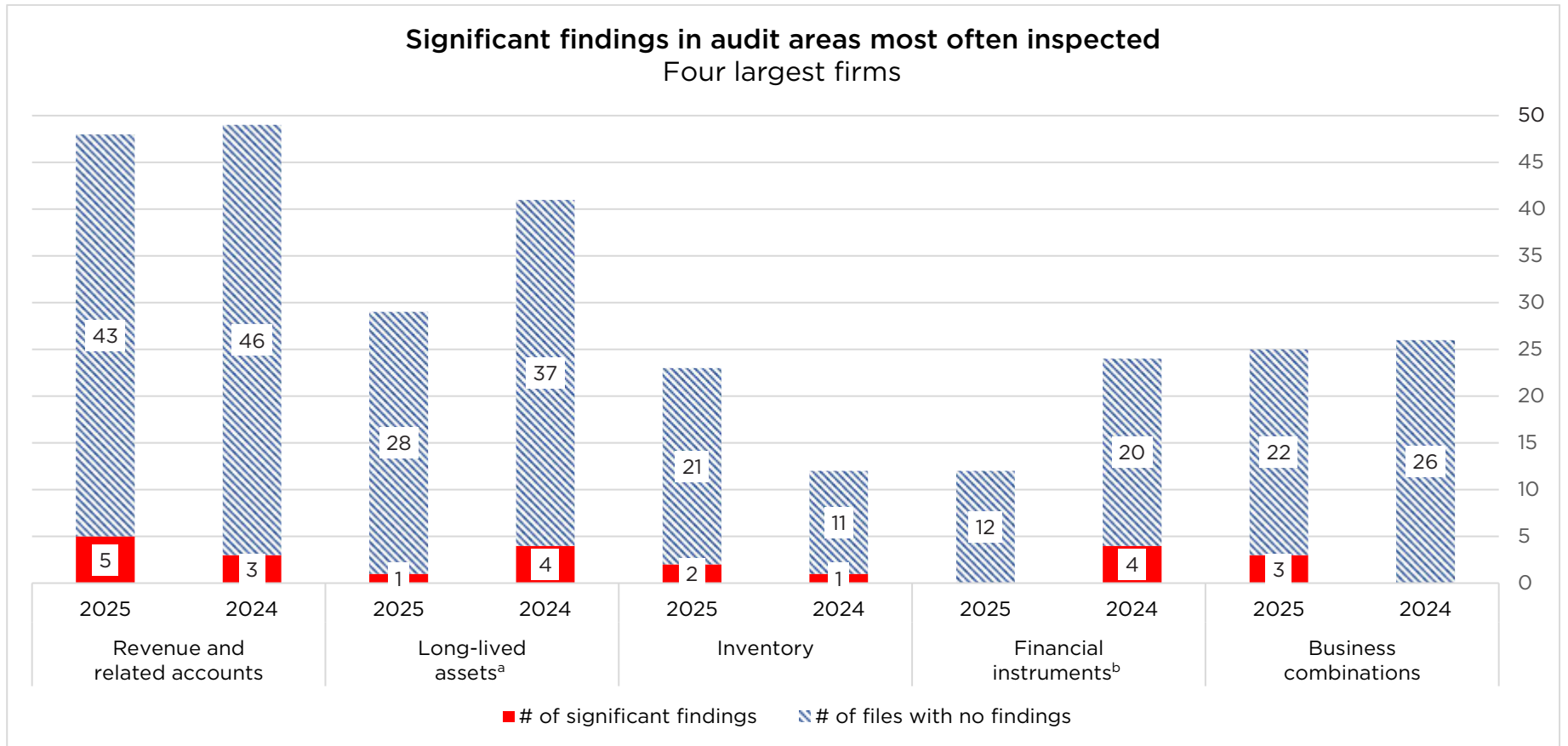
Figure 11

In 2025, enforcement actions remained in effect on one of the four largest firms as a result of elevated levels of significant findings over consecutive years.



### Significant findings in audit areas most often inspected Four largest firms

Four largest firms



<sup>a</sup> Includes goodwill; intangibles; property, plant & equipment; mineral properties; exploration & evaluation assets; equity investments and investments in joint ventures; investment properties; impairment testing.

<sup>b</sup> Includes investments; loans; allowance for credit losses; derivative assets/liabilities; claims liabilities; reinsurance assets.

Figure 12

Figure 12 reflects the top five audit areas we most frequently reviewed at the four largest firms in 2025 and 2024 and the total number of significant findings per audit area. These areas were selected because they were generally material to the reporting issuer’s financial statements or included complex issues or judgment.

For a list of the industries where we identified significant findings and the number of files inspected by industry at the four largest firms in 2025 and 2024, please see Figure 20 on [page 34](#) of this report. Significant findings have most notably increased in the industrial goods and technology industries when compared with 2024.



## System of quality management assessments

In 2025, our inspection approach focused on select aspects of the Canadian Standard on Quality Management 1. Given that risk assessment processes are foundational to implementing a system of quality management, we considered whether the firm's risk assessment process incorporated all available sources of information. Our review focused on areas that we considered to be high priority:

- Responses to address deficiencies identified in firms' monitoring and remediation processes.
- Governance structure and key performance indicators for leadership and engagement partners.
- Whistleblower programs.
- Use of alternative talent and resources such as service delivery centres, loaned staff and contractors.
- Acceptance and continuance.
- Technological resources.

In the current year, all of the four largest firms have improved their system of quality management and continue to show a commitment to improving audit quality culture.

We reviewed the 2024 self-evaluations performed by the firms, including information and judgments providing the basis for the evaluation. One firm concluded in 2024 that their system of quality management provides them with reasonable assurance, with the exception of deficiencies that were assessed as severe but not pervasive. The other three firms concluded that their system of quality management provides them with reasonable assurance that the objectives of the system of quality management were achieved.<sup>4</sup>

Recommendations have been made to each of the firms on areas that CPAB has identified for improvement.

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<sup>4</sup> Results of all four firms' annual evaluations are published in their transparency reports, available on their respective websites.



Other annually inspected firms: *Crowe MacKay LLP, Davidson & Company LLP, De Visser Gray LLP, DMCL LLP, Manning Elliott LLP, McGovern Hurley LLP, MNP LLP, Raymond Chabot Grant Thornton LLP*

## EIGHT<sup>a</sup> OTHER ANNUALLY INSPECTED FIRMS

The **8** other annually inspected firms audit **1,740** reporting issuers (2024: 1,840) or **1.25%** of Canadian reporting issuers by market capitalization (2024: 1%).

### Significant findings in:

**4** of **31** files inspected (2024: six of 36).

<sup>a</sup> For 2025, Smythe LLP's categorization changed from an *other annually inspected firm* to a *non-annually inspected firm* as its number of reporting issuer audits decreased to fewer than 100. As such, this firm's inspection results for 2025 are reported as a non-annually inspected firm. Results for 2021 through 2024 are reported as an other annually inspected firm.

Figure 13

### *File inspections*

We inspected 31 files (2024: 36) at the other annually inspected firms and identified significant findings in four of those files (2024: six). We observed advances in audit quality and improvement in systems of quality management at most of the eight other annually inspected firms. The improvements at these firms are encouraging, and they reinforce the importance of a strong system of quality management.

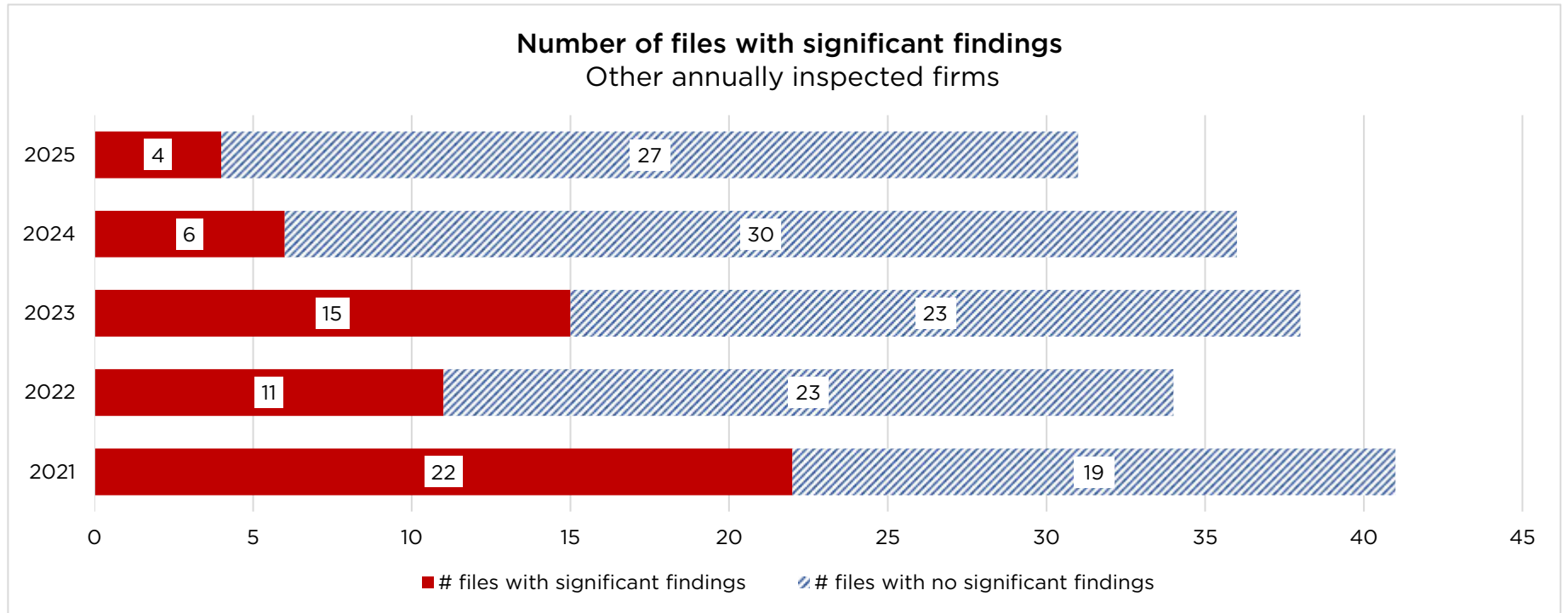
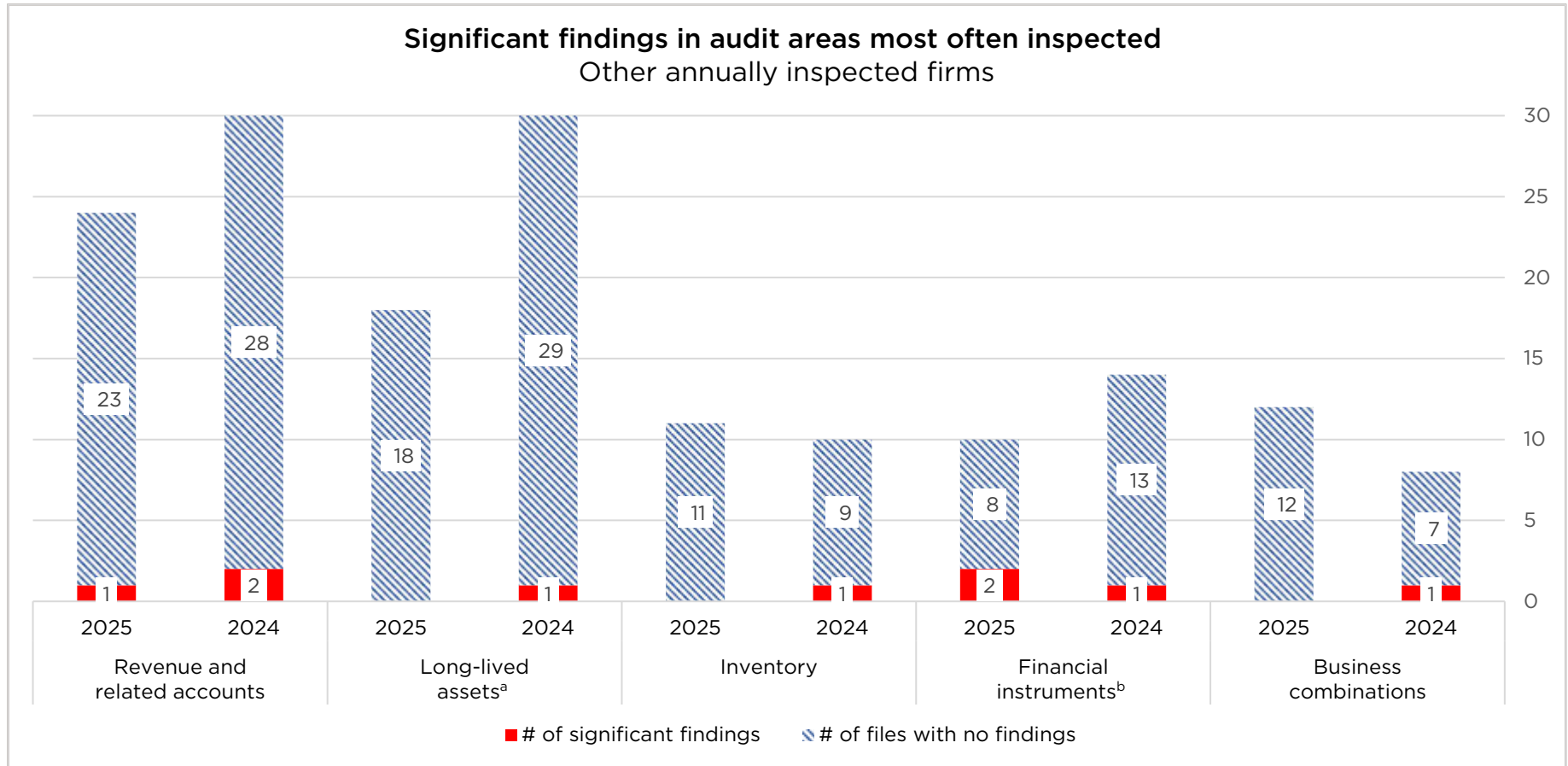


Figure 14

Of the eight other annually inspected firms, enforcement actions were in place for five firms. Enforcement actions are evaluated considering demonstration of sustained audit quality. Decisions will be made in 2026 regarding the easing or escalation of regulatory intervention and the modification and/or termination of certain existing enforcement actions.



<sup>a</sup> Includes goodwill; intangibles; property, plant & equipment; mineral properties; exploration & evaluation assets; equity investments and investments in joint ventures; investment properties; impairment testing.

<sup>b</sup> Includes investments; loans; allowance for credit losses; derivative assets/liabilities; claims liabilities; reinsurance assets.

Figure 15

Figure 15 reflects the top five audit areas we most frequently reviewed at the other annually inspected firms in 2025 and 2024 and the total number of significant findings per audit area. These areas were selected because they were generally material to the reporting issuer’s financial statements or included complex issues or judgment.

For a list of the industries where we identified significant findings and the number of files inspected by industry at the other annually inspected firms in 2025 and 2024, please see Figure 21 on [page 35](#) of this report.



## *System of quality management assessments*

Our inspection approach with the other annually inspected firms focused on select aspects of the Canadian Standard on Quality Management 1. Consistent with our approach to the four largest firms, this review focuses on high-priority areas. All firms continue to invest in their system of quality management and have implemented recommendations to address our findings in the previous year. Some of the firms were subject to enforcement requirements in 2024 and 2025 that related to their system of quality management.

We reviewed the 2024 self-evaluations performed by the firms. Many firms concluded that their system of quality management provides them with reasonable assurance, with the exception of deficiencies that were assessed as severe but not pervasive. We have observed improvements in the performance of monitoring procedures and evidence to support the self-evaluation process, including the information used to support the evaluation. This includes judgments applied in assessing whether findings indicate potential deficiencies, and the severity and pervasiveness of the deficiencies identified.

Recommendations have been made to each of the firms on areas that CPAB has identified for improvement.





## Non-annually inspected audit firms

### NON-ANNUALLY INSPECTED FIRMS

The **163** non-annually inspected firms audit **1,420** reporting issuers (2024: 1,375) or **6.25%** of Canadian reporting issuers by market capitalization (2024: 8.5%).

**91** of these are foreign firms (2024: 96); they audit **300** reporting issuers (2024: 305) or **5.75%** of reporting issuers by market capitalization (2024: 8%).

**72** are Canadian firms (2024: 70); they audit **1,120** reporting issuers (2024: 1,070) or **0.5%** of reporting issuers by market capitalization (2024: 0.5%).

In 2025, we inspected files at **21** firms (2024: 18) and found significant findings in:

**13**

of **27** files inspected (2024: 17 of 30).

Figure 16



### File inspections

We inspected 27 files (2024: 30) at 21 non-annually inspected audit firms (2024: 18) and identified significant findings in 13 (2024: 17) of these files. The year-over-year inspection results for non-annually inspected firms are not comparable because the composition of this group of firms changes each year based on CPAB's risk-based methodology for choosing files for inspection. Six of the files were at foreign firms (2024: three), and we identified significant findings in three of those files (2024: two).

Non-annually inspected firms

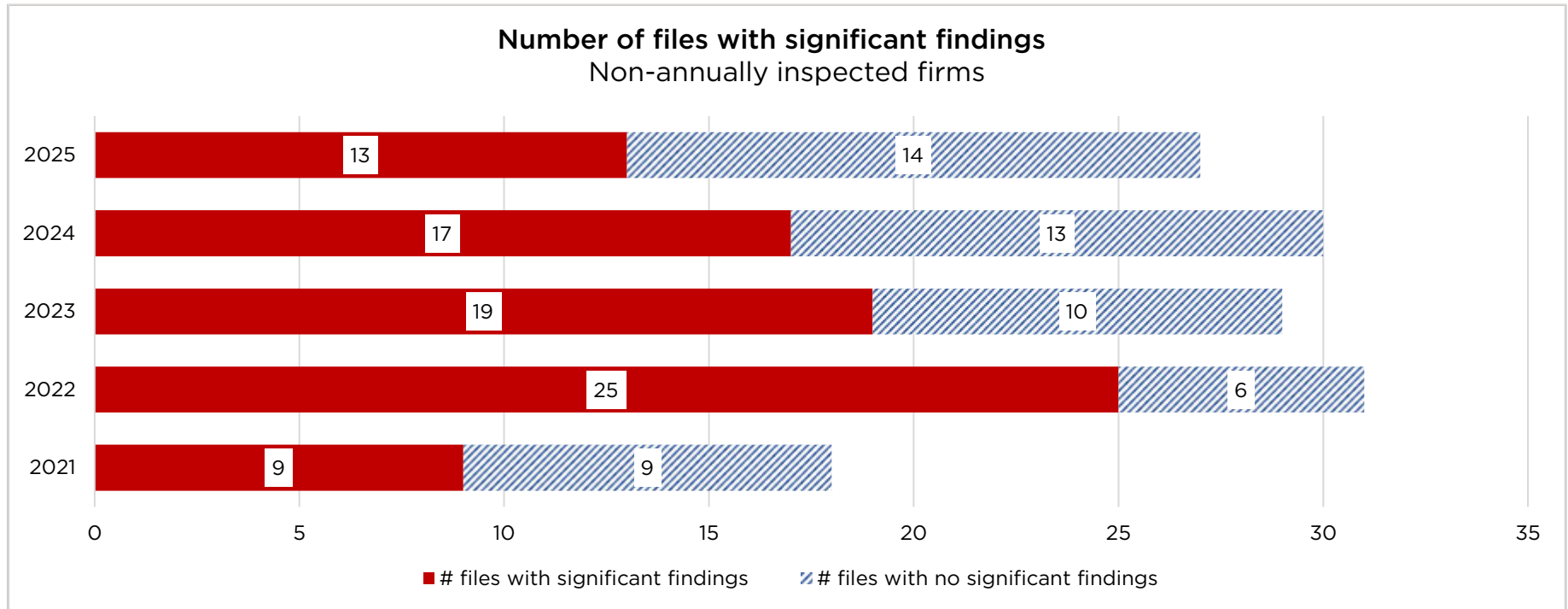


Figure 17

In 2025, 46% of files with significant findings had multiple significant findings per file (2024: 65%). Factors that contributed to the higher prevalence of significant findings at some of these firms included lack of experience auditing in a particular industry or audit area, and insufficient supervision and review.

For a list of the industries where we identified significant findings and the number of files inspected at the non-annually inspected firms by industry in 2025 and 2024, please see Figure 22 on [page 36](#) of this report. In 2025, significant findings most notably increased in the technology industry when compared with 2024.



In 2025, new enforcement actions were imposed on three non-annually inspected firms, while 11 others continued to operate under enforcement actions imposed in previous years. Decisions will be made in 2026 for certain firms regarding the easing or escalation of regulatory intervention and the modification and/or termination of certain existing enforcement actions.

Further details of our 2025 enforcement actions are outlined in the **Accountability through enforcement** section on [page 29](#) of this report.

### *System of quality management assessments*

In the current year, we included a limited review of select aspects of the Canadian Standard on Quality Management 1 tailored to firm-specific nature and circumstances. At a minimum, the review included risk assessment, governance and leadership, and monitoring and remediation processes. Where applicable, these firms have implemented our recommendations from previous inspections, and some firms were subject to enforcement requirements that related to their system of quality management. We continue to observe the use of experienced external consultants to assist firms in performing the monitoring and remediation function, which ensures independence and objectivity in the process and introduces expertise. We observed that firms that are part of a network have accelerated the maturity of their system of quality management as a direct result of the Canadian Standard on Quality Management 1 implementation resources available from the network.

We reviewed the 2024 self-evaluations performed by the firms and noted that many firms concluded that their system of quality management provides them with reasonable assurance that the objectives of the system have been achieved. However, many of the self-evaluations did not appropriately demonstrate which inputs were considered as part of the evaluation. We also identified findings and made recommendations to the firms related to risk assessment, governance and leadership and monitoring and remediation processes.



## Looking Forward

### Technology

In 2025, the largest audit networks accelerated their adoption of sophisticated technological resources, including the development of AI-enabled tools and agentic AI systems. These innovations present opportunities to enhance audit quality and efficiency. CPAB's oversight activities underscore the importance of maintaining a human-led approach that emphasizes the exercise of professional skepticism supported by robust training, enhanced supervision and review procedures and comprehensive firm-wide oversight programs to monitor and respond to these emerging risks.

Looking ahead, CPAB will continue to focus on the controls and processes that audit firms integrate into their use of emerging technologies. As agentic AI systems become more prevalent, we emphasize the need for strong governance frameworks that prioritize transparency, explainability and accountability. While CPAB's oversight does not include certification or detailed assessment of the underlying technology, CPAB will share observations through ongoing inspections and external outreach, and we encourage firms to maintain open dialogue and promote transparency. CPAB's leadership in IFIAR's Technology Task Force remains central to understanding and encouraging the responsible use of technology in the audit.

### Fraud

Auditors play a vital role in the prevention and detection of fraud. As audit practices and technologies change, so do the emerging risks and trends that impact fraud risk. While most of the audit work CPAB inspects complies with the existing fraud standard, there continue to be opportunities for improvement. These include insufficient risk assessments resulting in fraud risk factors not being considered, unusual transactions and a lack of understanding the business rationale and consideration of contradictory evidence, appropriateness and precision of audit procedures to respond to identified fraud risks. For example, [CPAB's October 2025 risk alert](#) highlighted situations where fraud risk factors were present.

In March 2025, the International Auditing and Assurance Standards Board (IAASB) finalized its project to update the International Standard on Auditing (ISA) 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*. The revised standard was finalized with an intention to provide clearer auditor responsibilities, stronger responses to fraud risks and improved transparency in financial reporting. The revisions are aligned with ISA 570 (Revised 2024), *Going Concern*, recognizing the interconnected nature of fraud and financial distress. The standards were adopted by the Canadian Auditing and Assurance Standards Board (AASB) as Canadian Auditing Standards (CAS) 240 and CAS 570 in 2025 and become effective for periods beginning on or after December 15, 2026.

### Culture and ethics

Culture and ethics remain central to audit quality and public trust. In 2025, CPAB participated in global discussions related to the International Ethics Standards Board for Accountants' (IESBA) Firm Culture and Governance Project that was launched to promote high ethical standards across audit firms. Looking ahead to 2026, CPAB will continue to include culture and ethics in our assessment of the system of quality management at annually inspected firms, sharing findings and recommendations through firm-specific private inspection reports and ongoing dialogue with global audit firms and standard setters.





## Accountability through enforcement

Enforcement actions are an integral part of CPAB's regulatory intervention. CPAB imposes enforcement actions<sup>5</sup> when necessary to prevent and deter violations of auditing and other professional standards. Such actions are imposed to improve audit quality with the goal of protecting the investing public and contributing to public confidence in the integrity of financial reporting.

CPAB publicly discloses significant enforcement actions that are imposed as a result of poor inspection findings and all enforcement actions that result from an investigation. Significant enforcement actions include a restriction from accepting new reporting issuers, prohibiting the firm's continuance as auditor for certain reporting issuers, prohibiting the assignment of specified professionals on audit engagements, and terminating a firm's registration with CPAB. If terminated, a firm is prohibited from conducting audits of Canadian reporting issuers. In such cases, the firm's reporting issuers will have to retain an alternative auditor that is registered with CPAB.

Summaries are posted on CPAB's [website](#) relating to firms that are or were subject to significant enforcement actions resulting from inspection findings and firms where actions were imposed following an investigation.

In addition to serving as a deterrent, these publications aim to further reinforce public confidence in Canada's capital markets and provide information that supports audit committees and investors in their roles.

### Investigations

CPAB began the year with seven ongoing investigations. During 2025, one new investigation was initiated and one was closed. As of December 31, 2025, there were seven active investigations. The results of investigations that identify a violation event that leads to enforcement actions are published on our [website](#).

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<sup>5</sup> Enforcement actions are defined as any requirement, restriction or sanction imposed pursuant to CPAB Rule 601.

### Enforcement actions

In 2025, there were 20 firms subject to enforcement actions, compared with 18 in 2024. Enforcement actions were modified or continued on the 18 firms that were operating under requirements or restrictions imposed in prior years and enforcement actions were no longer in effect on one firm due to its termination as a participating audit firm in 2024 for failure to comply with such actions. CPAB can modify enforcement actions in response to improved or deteriorated inspection results. Enforcement actions were not entirely removed from any firm, nor were any firms terminated in 2025.

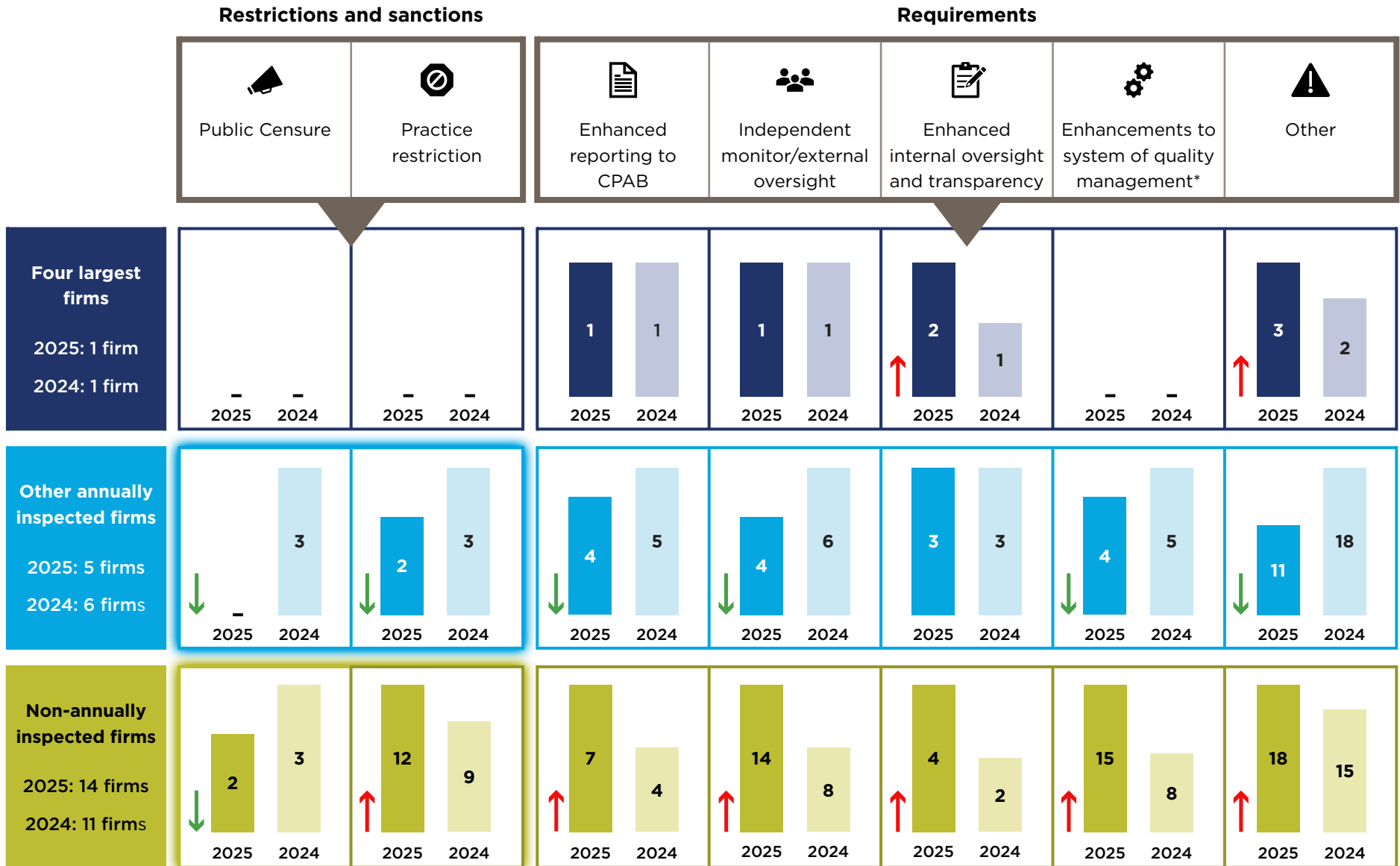
One of Canada's four largest firms experienced an increase in Requirements in 2025. No additional public censures were imposed on any other annually inspected firms, and both the number and nature of requirements for these organizations have eased compared with 2024. The reduction in enforcement actions aligns with continued improvements in inspection results observed between 2023 and 2025.

In 2025, enforcement actions, including various practice restrictions and requirements, were imposed on three new non-annually inspected firms.

Figure 18 summarizes the requirements, restrictions and sanctions imposed or in effect in 2025 compared with 2024. More detailed information about enforcement actions imposed or in effect in 2025 compared with 2024 can be found in Appendix 3 (figure 25) on [page 38](#) of this report.



## Number of enforcement actions imposed or in force by year



\*Includes enforcement actions related to designing and implementing enhancements to and/or assessing the systems of quality management.

Figure 18



## How CPAB's regulatory intervention process works

CPAB expects firms to resolve audit quality issues as they arise during an inspection. CPAB's Rules provide a framework of regulatory intervention mechanisms to address audit quality deficiencies at the file and firm levels.

Throughout the inspection process, both the engagement team and audit firm are given the opportunity to provide their perspectives and written responses in relation to the facts, findings and recommendations arising from the inspection. Once the inspection has concluded, to protect the investing public and promote audit quality, unresolved matters may be escalated to determine if further regulatory intervention is required. This can include enforcement actions or the commencement of an investigation.

CPAB commences an investigation when we consider that a violation event may have occurred and additional information is needed. A violation event includes conduct that breaches CPAB's Rules, auditing and other professional standards and may have an impact on the provision of audit services. This includes a failure to comply with enforcement actions previously imposed on a firm. An investigation can be triggered by information received from a variety of sources including whistleblower reports, other regulators, CPAB inspections or internal risk monitoring.

CPAB initiates the escalation of regulatory intervention following an inspection or investigation by proposing the imposition of enforcement actions including requirements, restrictions or sanctions (enforcement actions). All regulatory intervention is designed to protect the investing public and encourage sustained improvements to audit quality.

Requirements typically involve CPAB mandating that the firm implement targeted actions or change certain practices to improve audit quality, such as conducting a culture assessment, providing additional training or retaining an independent monitor to oversee compliance with any imposed enforcement actions and other audit quality related firm initiatives.

Restrictions typically involve CPAB limiting the audit firm's practice. This could include restricting the firm from taking on new reporting issuers, moderate or high-risk reporting issuers or reporting issuers in particular industries.

Sanctions include, but are not limited to, a public censure and termination of a firm's status as a participating audit firm.

CPAB does not have the authority to impose monetary fines on a firm and operates under a cost recovery model. Payment of CPAB's compliance monitoring costs by firms operating under an enforcement action is a standard aspect of each enforcement order.

The initial decision to propose the imposition of enforcement actions is determined by CPAB's Enforcement Screening Panel, composed of senior members of the CPAB leadership team. The panel reviews each matter and forms a recommendation that is brought to CPAB's board for approval.

If the board decides to propose one or more enforcement actions, formal notice is provided to the firm. The firm can challenge the proposed enforcement action(s) by petitioning for a review proceeding overseen by an independent panel. If the firm does not petition for a review proceeding, the enforcement action(s) will come into effect and immediate compliance is required. In 2025, there were no such challenges to enforcement actions proposed and ultimately imposed by CPAB.

More information regarding the investigation and enforcement processes can be found on CPAB's [website](#).



## CPAB external outreach: expanding audit quality conversations across Canada

Throughout 2025, CPAB's external outreach facilitated dialogue with stakeholders across Canada. This outreach is designed to engage key stakeholders and enhance CPAB's identification and understanding of emerging risks in the audit environment.

CPAB's 2025 outreach was shaped by the following priorities:

- Prioritizing one-on-one meetings and refreshing relationships with existing contacts across Canada with a focus on audit committee chairs.
- Increasing engagement with smaller audit firms and stakeholders engaged in the venture issuer market.
- Hearing perspectives from investors.

CPAB participated in and hosted forums and outreach activities throughout the country to ensure that local perspectives and national priorities were represented and addressed.

### Forums and one-on-one discussions with audit committee members

This year, CPAB hosted 11 forums across Canada. Forums took place in Montréal, Toronto, Calgary, Vancouver and virtually, reflecting our commitment to regional engagement. Topics included artificial intelligence, cybersecurity and the impact of uncertainty in global politics and capital markets on estimates.

CPAB's external outreach also included individual in-person and virtual meetings with corporate directors. We attended reporting issuer audit committee meetings, where requested.

### Expanding engagement with the venture issuer market

Responding to stakeholder feedback, CPAB intensified its focus on the venture issuer market. Engagement efforts included the following:

- Met with leaders of the TSX Venture Exchange and engaged with their local advisory council members to understand their perspectives on audits of reporting issuers listed on the venture exchange.
- Held CPAB forums for smaller and mid-sized reporting issuers, fostering dialogue on the unique challenges faced by these entities.
- Launched outreach and educational initiatives focused on fractional Chief Financial Officers (CFOs), who are contracted to provide financial expertise to organizations on a part-time basis, recognizing the varied way in which reporting issuers obtain financial expertise.

### Smaller audit firms

In the fall of 2025, CPAB hosted public company audit summits in Toronto, Vancouver and Montréal as part of our focus on fostering an environment that supports improved audit quality at smaller firms. The in-person summits were intended to provide an opportunity for audit practitioners to gain insights about emerging risks, using case studies to illustrate recent inspection findings and audit quality themes.

The summits brought together 129 auditors representing 45 smaller audit firms from across Canada alongside distinguished panellists and members of CPAB's Board of directors.

Participants provided positive feedback regarding the opportunity to discuss and consider inspection themes tailored towards smaller audit firms. CPAB released summary videos and [publications](#) to extend the reach of these events.



## Hearing from investors

Investor engagement remains a key area of focus for our outreach. In 2025, CPAB's conversations with investors focused on topics at the intersection of audit quality and global trends, including:

- The impact of geopolitics on audit regulation and financial reporting.
- The opportunities and risks associated with the use of AI and other forms of advanced technology in audit and business.
- Other current risks and emerging issues.

Our work in this area has been informed by continued dialogue with the Canadian Coalition for Good Governance, the International Corporate Governance Network and other investment thought leaders.

## Other outreach

CPAB delivered a broad range of additional presentations and participated in key events across Canada and internationally, including:

- University engagement – CPAB team members presented at universities across Canada and introduced students to CPAB's mandate, inspection process and the evolving landscape of audit quality.
- Director and CFO presentations – engagement with boards, audit committees and financial executives through roundtable events and panel discussions supported by finance and governance organizations including Financial Executives International Canada and the Institute of Corporate Directors.
- Led discussions at meetings of international regulators, including audit and securities regulators, on topics including technology, smaller firm initiatives, enforcement approaches and international perspectives on audit quality.
- Participated in roundtables with Canadian Securities Administrators, provincial audit regulators, and the Office of the Auditor General of Canada, sharing insights on IT audit trends, regulatory updates and audit quality priorities.

## Cross-country reach: By the numbers

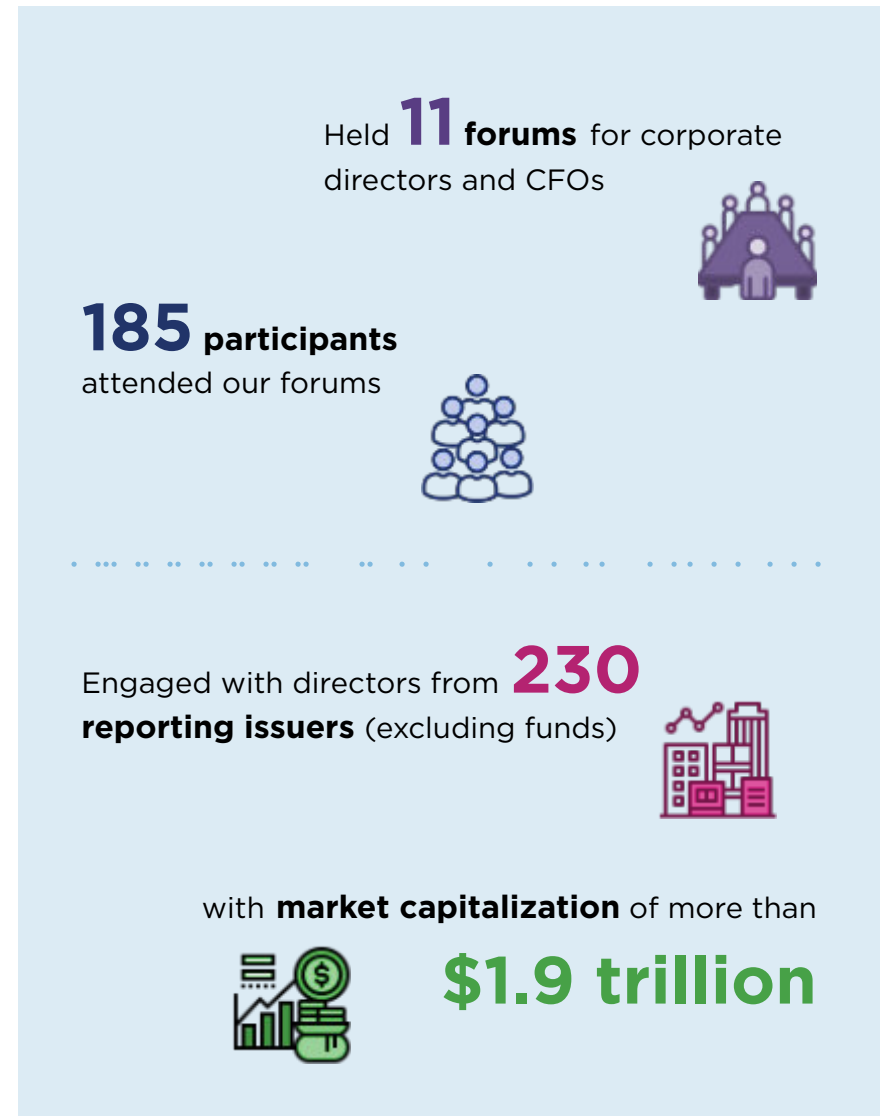


Figure 19



## Appendix 1: Significant findings by industry

Further to the information presented earlier, Figure 20, Figure 21 and Figure 22 present the number of significant findings per number of files inspected by industry in 2025 and 2024.

### Significant findings by industry: Four largest firms

Industry	2025	2024
	Significant findings per number of files inspected	
Automotive	0 / 3	0 / 1
Cannabis	0 / 0	0 / 1
Clean technology	0 / 0	0 / 1
Communications and media	0 / 2	0 / 4
Consumer products	0 / 3	2 / 3
Crypto	0 / 0	0 / 1
Entertainment	1 / 1	0 / 0
Financial services	2 / 10	5 / 14
Forest products and paper	1 / 2	0 / 2
Freight and logistics	0 / 0	0 / 2
Healthcare	0 / 2	0 / 1
Industrial goods	2 / 6	0 / 3
Industrial services	1 / 5	0 / 4
Life sciences	0 / 1	0 / 0
Mining	0 / 8	0 / 5
Oil and gas	0 / 1	0 / 3
Professional and commercial services	0 / 1	0 / 0
Real estate	0 / 5	1 / 7
Retail	0 / 2	0 / 3
Scholarship plan	0 / 1	0 / 0
Technology	3 / 9	0 / 4
Utilities and pipelines	0 / 0	0 / 6
<b>Total</b>	<b>10 / 62</b>	<b>8 / 65</b>

Figure 20


**Significant findings by industry: Other annually inspected firms**

	2025	2024
Industry	Significant findings per number of files inspected	
Cannabis	1 / 2	0 / 2
Communications and media	0 / 1	0 / 0
Consumer products	0 / 1	0 / 4
Crypto	0 / 0	0 / 1
Financial services	1 / 6	1 / 3
Healthcare	0 / 1	0 / 3
Industrial goods	0 / 2	0 / 1
Industrial services	0 / 2	1 / 2
Life sciences	0 / 2	0 / 1
Mining	2 / 7	2 / 9
Oil and gas	0 / 0	0 / 2
Psychedelics	0 / 0	0 / 1
Real estate	0 / 1	0 / 0
Technology	0 / 6	2 / 7
<b>Total</b>	<b>4 / 31</b>	<b>6 / 36</b>

Figure 21


**Significant findings by industry: Non-annually inspected firms**

	2025	2024
Industry	Significant findings per number of files inspected	
Agriculture	1 / 1	0 / 0
Cannabis	1 / 4	6 / 7
Clean technology	1 / 1	0 / 0
Communications and media	0 / 0	0 / 1
Consumer products	0 / 1	1 / 1
Crypto	0 / 0	3 / 4
Entertainment	0 / 0	0 / 1
Financial services	0 / 1	2 / 2
Healthcare	0 / 0	1 / 2
Industrial goods	0 / 0	1 / 2
Industrial services	2 / 2	0 / 0
Life sciences	0 / 3	0 / 1
Mining	2 / 7	2 / 5
Professional and commercial services	0 / 0	0 / 1
Technology	6 / 7	1 / 3
<b>Total</b>	<b>13 / 27</b>	<b>17 / 30</b>

Figure 22



## Appendix 2: Restatements

Following is more detail on the four restatements made since our 2024 annual report (2024: seven) as a result of significant findings identified during our current or prior-year inspections.

Audit area resulting in a restatement	2025	2024
Business combinations	◆	◆
Current assets	◆	◆ (2)
Liabilities		◆
Long-lived assets	◆	◆ (2)
Revenue	◆	◆

Figure 23

All firms

Restatements by industry	2025			2024		
	Four largest firms	Other annually inspected firms	Non-annually inspected firms	Four largest firms	Other annually inspected firms	Non-annually inspected firms
Cannabis			◆			◆
Consumer products						◆
Crypto						◆
Entertainment	◆					
Financial services			◆	◆		
Life sciences						◆
Mining				◆		◆
Real estate	◆					

Figure 24



## Appendix 3: Enforcement Actions

### Number of enforcement actions imposed or in force by year

		Four largest firms		Other annually inspected firms		Non-annually inspected firms	
		Imposed or in effect in 2025	Imposed or in effect in 2024	Imposed or in effect in 2025 <sup>a,b</sup>	Imposed or in effect in 2024 <sup>c</sup>	Imposed or in effect in 2025 <sup>a,d</sup>	Imposed or in effect in 2024 <sup>e</sup>
Sanctions	Termination	—	—	—	—	—	1
	Public censure	—	—	—	3	2	3
Restrictions	Restricted from taking on new high risk reporting issuers	—	—	2	1	3	1
	Restricted from taking on new moderate and high risk reporting issuers	—	—	—	1	5	4
	Restricted from taking on new reporting issuers	—	—	—	1	3	3
	Prohibited from assigning certain firm personnel to reporting issuer clients	—	—	—	—	1	1
Requirements	Enhanced reporting to CPAB	1	1	4	5	7	4
	Additional training and/or coaching	—	—	1	1	9	6
	Enhanced engagement quality control review	—	—	—	—	6	4
	Mandated firm client portfolio review	—	—	—	—	4	3
	Mandated partner and manager portfolio review	—	—	—	—	4	2
	Appointment of an independent monitor	1	1	3	4	—	—
	Enhanced disclosure of CPAB inspection findings and/or recommendations to partners within the firm	1	—	2	2	—	—

All firms



All firms

Number of enforcement actions imposed or in force by year - continued		Four largest firms		Other annually inspected firms		Non-annually inspected firms	
		Imposed or in effect in 2025	Imposed or in effect in 2024	Imposed or in effect in 2025 <sup>a,b</sup>	Imposed or in effect in 2024 <sup>c</sup>	Imposed or in effect in 2025 <sup>a,d</sup>	Imposed or in effect in 2024 <sup>e</sup>
Requirements	Enhanced internal monitoring and oversight of quality initiatives	1	1	1	1	—	—
	External professional to review the firm's system of quality control and/or completed audit engagements	—	—	1	2	1	—
	Cultural survey (perform or implement recommendations)	—	—	—	1	1	—
	Detailed root cause analysis (internal or external)	—	—	2	3	7	6
	Implement quality action plan	1	1	2	3	7	4
	Timely completion of remediation	1	—	2	1	—	—
	Design and implement enhancements to and/or assess the systems of quality management	—	—	2	2	5	1
	Other (including completing inflight reviews, revising policies)	1	1	6	12	7	7
		<b>7</b>	<b>5</b>	<b>28</b>	<b>43</b>	<b>72</b>	<b>50</b>
<b>Number of firms subject to enforcement actions</b>		<b>1</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>14</b>	<b>11</b>

<sup>a</sup> For 2025, the categorization of one firm changed from an other annually inspected firm to a non-annually inspected firm. As such, enforcement actions on this firm for 2025 are reported as a non-annual firm. Enforcement actions imposed or in place on this firm in 2024 are reported as an other annually inspected firm.

<sup>b</sup> Three requirements were satisfied on one firm during the year.

<sup>c</sup> All requirements were terminated on one firm in February 2024.

<sup>d</sup> Two requirements were satisfied on two firms and one requirement was satisfied on one other firm during the year.

<sup>e</sup> All requirements and restrictions were effectively terminated on one firm in April 2024 upon its termination as a participating firm.

Figure 25



## Inside CPAB

### Our people and culture

CPAB's ability to operate effectively as a regulator is reinforced by an employee value proposition and corporate culture that supports the attraction, engagement and retention of top talent. CPAB's team operates within an inclusive, collaborative culture.

Employee engagement remained strong and CPAB was certified as a Best Place to Work® in 2025, with a 93% engagement score and 97% of employees responding that CPAB is a great place to work.

CPAB continues to invest in our team. In 2025, learning and development efforts focused on evaluation of audit evidence, money laundering and fraud, and artificial intelligence. CPAB's structured learning program included communications and coaching to enhance the team's collective leadership skills.

CPAB's retention rate remained high at 96% (2024: 97%). On average, our headcount increased by 4% in 2025 (2024: 6%), and an average headcount increase of 14% is projected in 2026 to fill positions that were vacant in 2025 and to fill additional positions that will support the initiatives set out in our 2025-2027 strategic plan. The majority of these positions will be in the inspections team. Other additions will expand our capacity in technology, firm ethics, governance, culture and enforcement.

### Community matters

As part of our Community Matters program, CPAB fosters an inclusive and socially responsible environment. Employees engage personally and professionally in a variety of activities that make our communities better places to live. Throughout 2025, we fundraised, volunteered and provided financial support to charities that serve our communities, including Daily Bread Food Bank in Toronto, Greater Vancouver Food Bank, Moisson Montréal, YWCA's Home for the Holidays, the Alzheimer Society, the Terry Fox Run, Movember and the Salvation Army's Belkin House.

### Key demographics

	2025	2024
<i>Average number of employees</i>	71	68
<i>Women employees</i>	63%	68%
<i>Employee retention rate</i>	96%	97%
<i>Women on leadership team</i>	55%	55%
<i>Underrepresented groups<sup>a</sup> organization-wide</i>	43%	40%
<i>Underrepresented groups on leadership team</i>	18%	18%
<sup>a</sup> BIPOC, LGBTQ2S+ and persons with chronic health conditions or disabilities.		

Figure 26

### Sustainability at CPAB

CPAB remains committed to lessening the environmental impact of its activities. By adopting a digital-first approach, there has been a significant reduction in the reliance on paper.

In an effort to manage the carbon footprint associated with business travel, we assess the climate impact before making travel decisions. CPAB's carbon emissions in 2025 were 7% lower than 2024 and 8% lower than in 2019, which serves as our pre-pandemic benchmark.

CPAB will continue to seek ways to minimize our climate impact, evaluate the success of our interventions and adapt our strategies as necessary.



CPAB employees pictured alongside members of the Board.



## Governance

### Board governance

Effective governance and strong oversight are fundamental to CPAB's role as a regulator, and the board continued to uphold these principles throughout 2025.

In 2025, CPAB's Board of directors provided strong oversight and strategic guidance during a year of significant organizational milestones. The board oversaw the successful implementation of CPAB's new 2025-2027 strategic plan, ensuring alignment with our mandate and long-term priorities. Progress continued on the initiative to advance transparency and enhance public disclosures regarding CPAB's regulatory assessments.

During 2025, the board's focus included two items that are essential to CPAB's mandate and future direction. The recruitment of a new Chief Executive Officer (CEO) required close collaboration with an external executive search firm and engagement with several highly-qualified candidates to find the right leader for CPAB's future. This process reflected the board's commitment to robust succession planning and organizational stability. In addition, the board's focus included assessing the implications of artificial intelligence on audits and on CPAB's operations. These discussions underscored the board's proactive approach to emerging technologies and its focus on safeguarding audit quality in an evolving environment.

Stakeholder engagement initiatives continued throughout the year, reinforcing CPAB's commitment to collaboration and dialogue. Board members participated in meetings with securities regulators, audit committee chairs, CFOs of public companies and senior leaders from participating audit firms at various industry forums and summits hosted by CPAB. In addition, our board chair, Richard Payette, represented CPAB in interactions with the Council of Governors and its members, as well as other key stakeholders, reinforcing strong governance and collaborative relationships.

The board actively sought opportunities to engage with CPAB staff throughout the year, including individual directors attending selected staff meetings and events and CPAB's subject matter experts presenting at board meetings throughout the year.



## Board composition

CPAB’s By-law No. 1 requires the board to include individuals with prescribed skills and backgrounds, ensuring representation from accountants, non-accountants and those with audit regulatory experience. The nine-member board reflects a well-balanced mix of expertise, perspectives and diversity, supporting effective governance and informed decision-making. While there were no new director appointments in 2025, the board remained actively engaged in succession planning by identifying and establishing connections with highly-qualified prospective candidates.

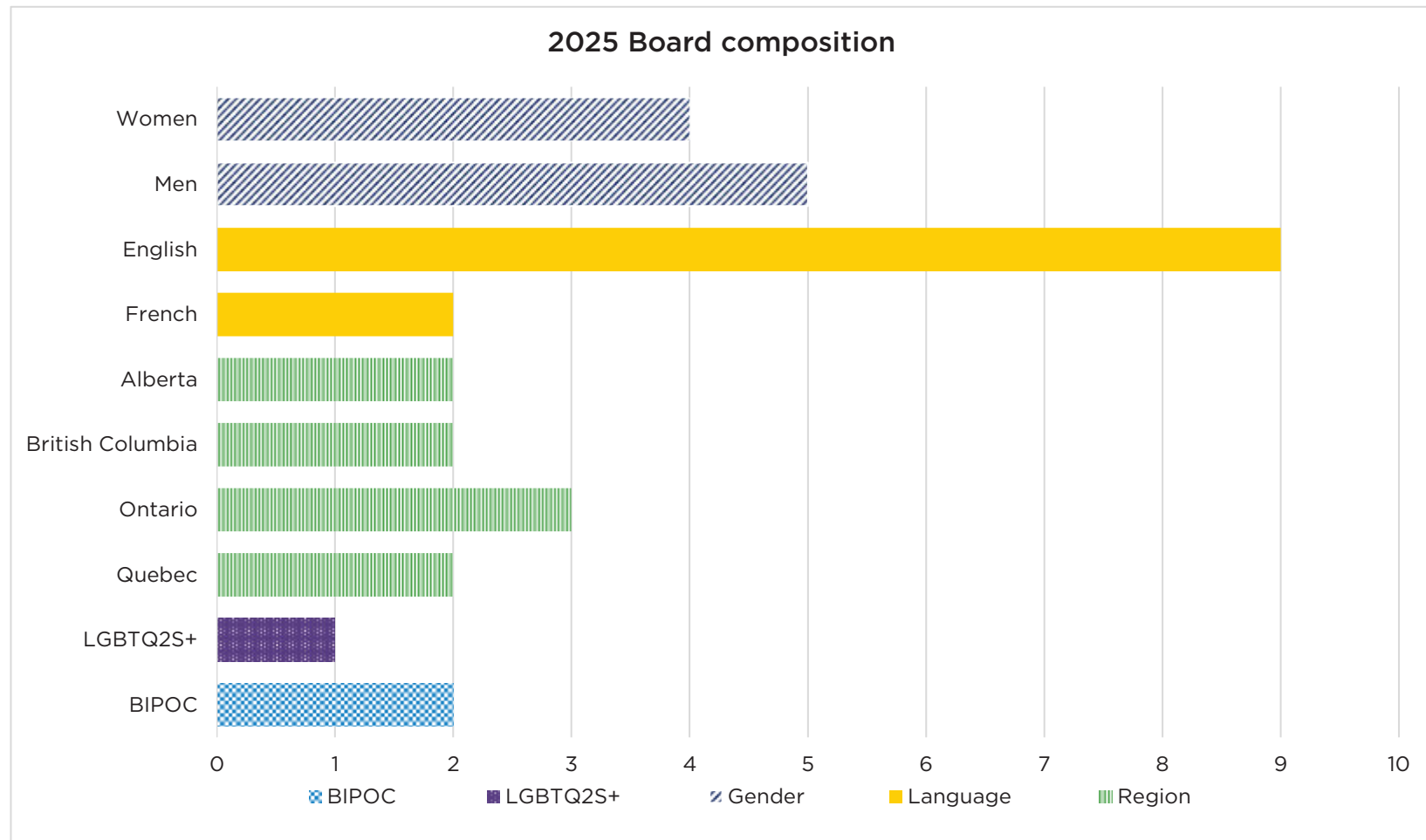


Figure 27



## Board committees

The board fulfills its oversight responsibilities both directly and through two standing committees: the Risk and Audit Committee and the Human Resources and Governance Committee.

### Risk and Audit Committee

This committee supports the board in overseeing CPAB's enterprise risk management framework, financial planning and reporting, internal controls and the external audit process. In 2025, the committee continued to concentrate on fiscal and operational risks, paying particular attention to cybersecurity resilience. It also monitored ongoing audit quality challenges and emerging developments, including geopolitical risks and the increasing use of artificial intelligence in audit practices.

### Human Resources and Governance Committee

This committee advises the board on matters related to human resources, corporate governance, board composition and succession planning for both directors and senior leadership. In 2025, it recommended the appointment of two new francophone review hearing officers, enhancing the roster's linguistic and geographic diversity. The committee devoted time to director succession planning and, in late 2025, recommended a new board candidate for appointment in 2026. It also approved updates to the board's Code of Ethics to reflect CPAB's expanded public disclosures, emphasizing directors' heightened responsibility to guard against potential, perceived or actual conflicts of interest. The charters and the codes are available on CPAB's [website](#).

### CEO succession working group

Leadership succession was a significant focus for the board in 2025. The board selected four directors to lead the recruitment process for CPAB's next CEO. This group worked closely with an external executive search firm and engaged with several highly qualified candidates, ensuring a rigorous process to secure leadership aligned with CPAB's strategic priorities and CPAB's organizational culture.

## Annual board meetings

CPAB held eight board meetings, four Risk and Audit Committee meetings and four Human Resources and Governance Committee meetings in 2025. While the board was scheduled to meet five times during the year, two additional meetings were held to discuss enforcement matters, and one additional meeting was held to appoint a new CEO.

	Board of Directors meetings	Risk and Audit Committee meetings	Human Resources and Governance Committee meetings
Richard Payette <sup>a</sup>	8 / 8	4 / 4	4 / 4
Renaud Caron	8 / 8	N/A	4 / 4
Don Chynoweth	8 / 8	N/A	4 / 4
Julie Dickson <sup>b</sup>	7 / 8	4 / 4	N/A
Kevin Kelly <sup>c</sup>	6 / 8	3 / 4	N/A
Alice Laberge <sup>a</sup>	8 / 8	4 / 4	4 / 4
Mary Lou Maher <sup>c</sup>	7 / 8	N/A	3 / 4
Chika Onwuekwe	8 / 8	4 / 4	N/A
Sophia Tsui	8 / 8	4 / 4	N/A

<sup>a</sup> The chair and vice chair attend, as *ex officio members*, all meetings of the committee to which they were not formally appointed.

<sup>b</sup> Meeting not attended was a short notice, *ad hoc* meeting to address an enforcement matter.

<sup>c</sup> Meeting(s) not attended were due to preexisting scheduling conflicts.

Figure 28



## Director compensation

The Human Resources and Governance Committee reviews director compensation annually and provides recommendations to the board for approval. There were no adjustments to board compensation in 2025. Absent market factors warranting further changes, director compensation is typically reviewed on a biennial basis to account for inflation. Accordingly, in 2025, the committee recommended and the board approved a 4% increase to director retainers for 2026.

In addition to annual retainers, directors (except the board chair) receive a per-meeting attendance fee of \$1,500 for meetings of two hours or longer, and \$750 for meetings shorter than two hours.

To ensure competitiveness and alignment with governance best practices, CPAB conducts external benchmarking assessments of director compensation every four years, with the next review scheduled for 2027.

### 2025 director retainers

Retainer	2025	2024
Board chair retainer	\$ 180,500	\$ 180,500
Vice chair retainer	\$ 62,000	\$ 62,000
Committee chair retainer	\$ 64,500	\$ 64,500
Director retainer	\$ 54,500	\$ 54,500

Figure 29

## Member bodies

CPAB is a not-for-profit organization with two member classes: the Council of Governors (COG) and the Provincial Audit Regulator Members (PARMs). The COG annually assesses CPAB's governance practices and performance against its mandate and is responsible for appointing CPAB's directors and review hearing officers. Director candidates are presented to the COG for appointment based on recommendations from the Board of directors, while review hearing officer candidates are recommended by the chair of the roster of hearing officers and their independent legal counsel.

In 2025, the COG approved the addition of two new review hearing officers to CPAB's roster, enhancing its linguistic and geographic representation. The new hearing officers received training on the administrative hearing process, delivered by the roster's independent legal counsel. There were no review proceedings during 2025. Further details about the hearing officers, the review process and expedited hearings are available on our [website](#).

The PARMs annually appoint CPAB's external auditor following a recommendation from the board. For a detailed description of this governance process, please refer to CPAB's [Statement of Accountability and Governance Practices](#) available on our website. CPAB also meets with PARMs representatives at least once each year.

## Annual reporting

This annual report is prepared, and submitted to the Ontario Securities Commission, pursuant to the Canadian Public Accountability Board Act (Ontario), 2006 and as required under the recognition orders pursuant to the securities legislation in the provinces and territories where CPAB is recognized as Canada's audit oversight regulator. Each year, the Council of Governors carries out an assessment of CPAB against its mandate, including a review of the annual report, and provides this assessment to the securities commissions in Ontario, Alberta, British Columbia, Manitoba, New Brunswick, the Northwest Territories, Quebec, Saskatchewan and the Yukon as part of the oversight process undertaken by those provinces and territories.



## Whistleblower program

CPAB offers a confidential whistleblower hotline service, available publicly through our website and internally to all CPAB staff. It is for anonymous reporting of concerns related to CPAB, its employees, participating audit firms or Canadian reporting issuers, including violations of CPAB Rules, ethical or professional standards or audit matters. The hotline service is managed by an independent third-party, with CPAB's Internal Intake Assessment Committee overseeing all reports to ensure they are appropriately handled and reviewed.

To improve accessibility and clarity, we updated our [webpage](#) and introduced an improved third-party hotline platform designed to streamline intake and provide a more secure, user-friendly experience for whistleblowers.

CPAB monitors and responds to concerns, tips and inquiries received through the hotline and any other source, such as email or phone calls. These communications provide important information about potential misconduct that could otherwise be difficult to detect. Reports received to date have either been resolved or are being reviewed and assessed by our Intake Assessment Committee, with next steps including gathering further information, monitoring, following up with inspections teams, and/or imposing enforcement actions after investigations where appropriate.

Certain matters are escalated to the board as appropriate, and the board is also provided with an annual update on whistleblower matters.

As part of its outreach efforts, CPAB partnered with external organizations to feature CPAB's whistleblower program and increase awareness among their stakeholders. These included FAIR Canada and the Canadian Coalition for Good Governance, which featured the program in its member and associates newsletter.





## Management's discussion and analysis

### Overview

The Canadian Public Accountability Board (CPAB) is an independent, federally incorporated, not-for-profit corporation without share capital. Established in 2003, CPAB promotes audit quality through proactive regulation, robust regulatory oversight, dialogue with domestic and international stakeholders, and practicable insights that inform capital market participants and contribute to public confidence in the integrity of financial reporting. National Instrument 52-108 of the Canadian Securities Administrators requires that auditors of Canadian reporting issuers' financial statements be registered and in good standing with CPAB.

Our regulatory oversight includes assessments of risk-based audit file inspections, the firm's system of quality management and investigations as well as enforcement actions either directly or in co-operation with other regulatory bodies in Canada and internationally.

This management's discussion and analysis (MD&A), prepared as of February 5, 2026, is an analysis of CPAB's operating results for the year ended December 31, 2025. It should be read in conjunction with the audited financial statements for the year ended December 31, 2025, and related notes, which have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. It also includes the outlook for 2026, principal risks and uncertainties that could affect the organization and forward-looking information that describes CPAB's budget, estimates and forecasts. Forward-looking information can be identified by use of future conditional verbs such as should, would or could, or forward-looking terminology, such as budgets, estimates, anticipates, plans, intends and believes.

Forward-looking statements involve risks and uncertainty and reflect CPAB's current views of future events and financial performance. Risks and uncertainty are discussed in the risk management section of this MD&A. Forward-looking information is based on assumptions and estimates, including but not limited to, annual participation fees, enforcement compliance and investigation revenue, the frequency, nature and severity of violation events, salaries and benefits, legal expenses and the timing, extent and cost of travel. Actual results may substantially differ from the forward-looking information.

All amounts are expressed in Canadian dollars.



## Financial highlights

CPAB is committed to prudent fiscal management and operates on a cost-recovery basis. The chart below summarizes selected financial data for the last three years.

(In \$'000)	2025	2024	2023
<b>Total revenue</b>	<b>\$ 26,275</b>	<b>\$ 23,902</b>	<b>\$ 20,964</b>
Salaries and benefits	19,310	17,777	15,719
Other operating expenses	6,548	5,859	5,502
<b>Total expenses</b>	<b>25,858</b>	<b>23,636</b>	<b>21,221</b>
Investment income	374	485	421
<b>Excess of revenue over expenses</b>	<b>\$ 791</b>	<b>\$ 751</b>	<b>\$ 164</b>
<b>Total assets</b>	<b>13,628</b>	<b>12,176</b>	<b>11,025</b>
<b>Total liabilities</b>	<b>3,728</b>	<b>3,067</b>	<b>2,667</b>
<b>Net assets</b>	<b>\$ 9,900</b>	<b>\$ 9,109</b>	<b>\$ 8,358</b>

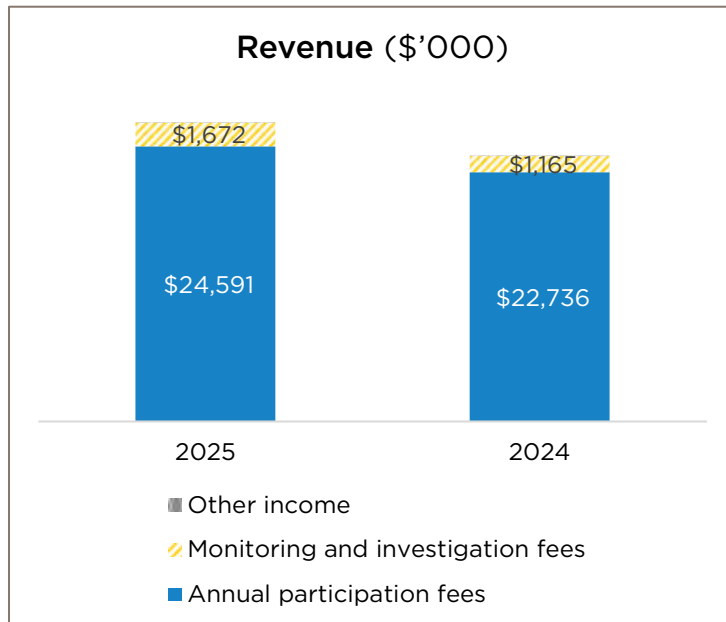
Total revenue increased by \$2.4 million or 9.9% to \$26.3 million in 2025 mainly due to increased annual participation fees related to audit fee increases reported by participating audit firms and higher recoveries related to regulatory intervention and monitoring of compliance with imposed enforcement actions. Total expenses increased by \$2.2 million or 9.4% to \$25.9 million. Higher expenses were primarily due to increased salary and benefit costs due to annual salary increases, higher headcount as well as higher professional services and legal fees.



## Operating results

### Revenue

CPAB derives the majority of its revenue from annual participation fees received from Canadian reporting issuers. Other revenue includes billings to audit firms to recover costs incurred as a result of regulatory intervention. This includes the recoveries for monitoring compliance with enforcement actions and the recovery of investigation costs incurred by CPAB.



Each year, CPAB invoices participating audit firms who bill their reporting issuer clients. Annual participation fees increased by 8.2% from \$22.7 million in 2024 to \$24.6 million in the current year, mainly attributable to increased audit fees. In 2025, CPAB charged 1.22% (2024: 1.22%) of the total global audit fees billed to Canadian reporting issuers with a cap of \$75 thousand for foreign reporting issuer companies operating in some jurisdictions. The fee rate has remained unchanged since the current fee model was put into place in 2018. The audit fees used to calculate CPAB's annual participation fees are the fees disclosed on SEDAR+ and the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) (public company reporting systems used by securities regulators in Canada and the US, respectively) as of November 30, 2024. These fees generally relate to financial statement audits of reporting issuers with year ends between July 2023 and June 2024.

CPAB incurs costs related to its monitoring and assessment of a firm's compliance with the terms of enforcement actions, including follow-up inspections. These enforcement compliance costs are charged to participating firms to recover the costs to CPAB of enhanced regulatory intervention and monitoring of compliance with any requirements, restrictions or sanctions imposed. Costs incurred to conduct investigations are recovered directly from the firm and are recognized as revenue as investigations are performed or in certain circumstances, upon conclusion of the investigation.

The total regulatory intervention costs recovered in 2025 were \$1.7 million (2024: \$1.2 million). The monitoring of enforcement recoveries decreased by \$60 thousand and investigation cost recoveries increased by \$567 thousand in 2025 compared to the prior year. CPAB commenced the year with seven ongoing investigations. During 2025, one new investigation was initiated and one was closed. While the number of ongoing investigations was consistent between the two years, recoveries were higher in 2025 due to the advancement and phase of the investigations.

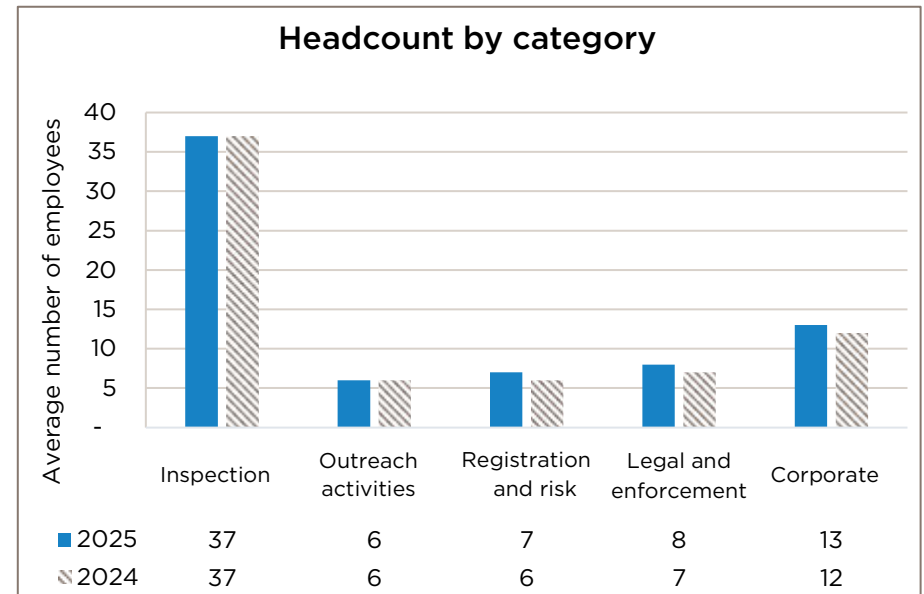
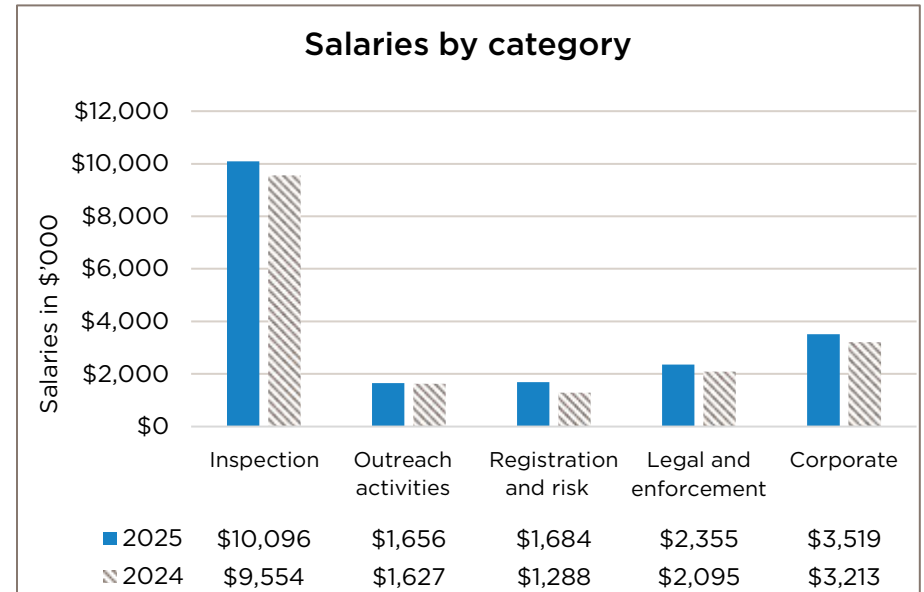
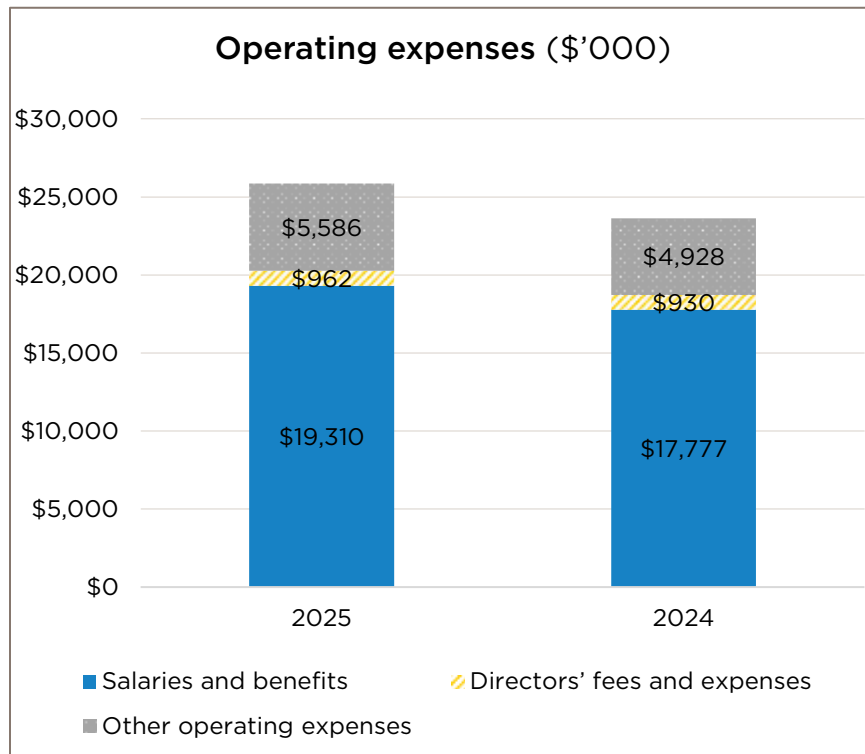


### Operating expenses

Operating expenses amounted to \$25.9 million (2024: \$23.6 million) in 2025. Proportionally, salaries and benefits continue to be the most significant operating expense, representing 74.7% (2024: 75.2%) of total expenses.

### Salaries and benefits

Salaries and benefits increased by 8.6% or \$1.5 million, mainly due to an increase of 3.4% in compensation and increased headcount. This included reinforcing our registration and risk team, the expansion of the legal and enforcement team to perform more investigation work in-house and adding one additional information technology member to the corporate team due to the increased complexity of technology being deployed. In 2025, CPAB had an average of 71 active employees (2024: 68).





**Executive compensation**

CPAB uses consultancy services to establish compensation ranges for its employees and monitors public compensation benchmarking information. These practices support our efforts to provide compensation that is comparable and competitive.

Executive compensation in 2025, including all amounts paid to the Chief Executive Officer; Chief Risk Officer and Vice President, External Outreach; Regional Vice President, Eastern Canada; Vice President, Inspections; and Vice President, Enforcement totalled \$2.90 million (2024: \$2.93 million). In 2024, executive compensation also included the Regional Vice President, Western Canada position for approximately half the year, with responsibilities reallocated within the organization. Executive compensation includes salaries, accrued bonuses, registered retirement savings plan contributions and benefits.

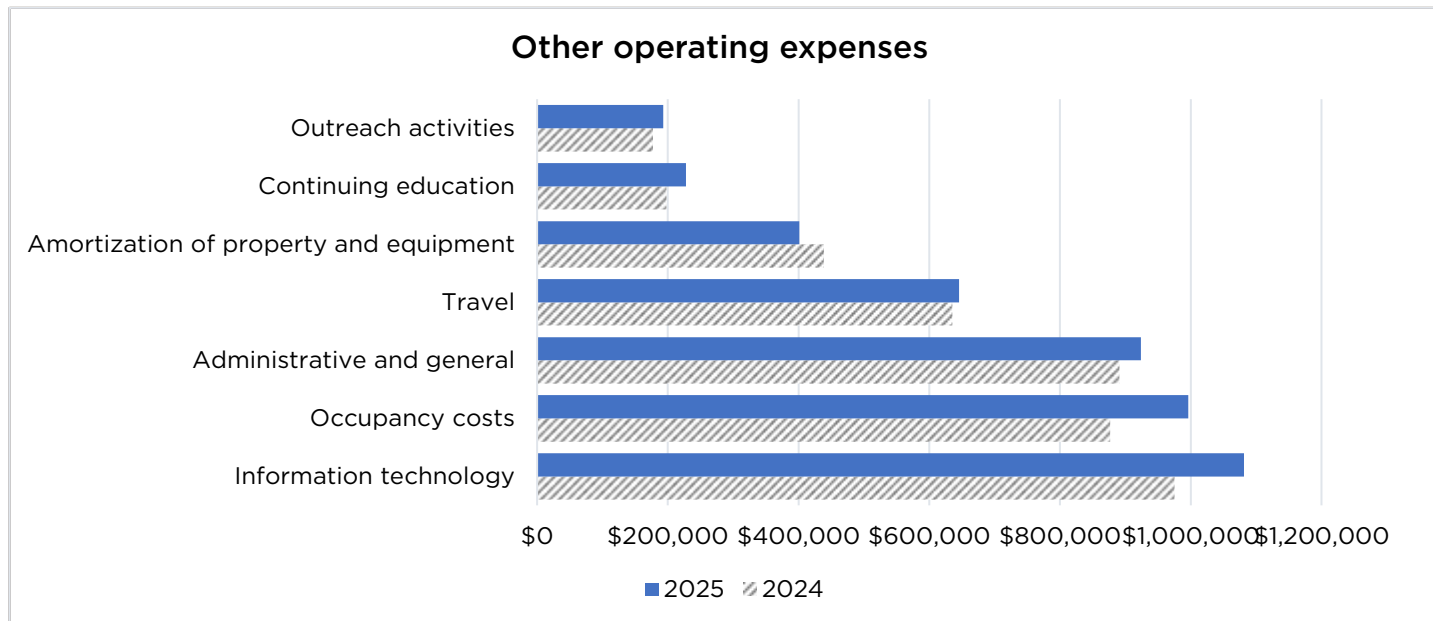
**Other operating expenses**

The following table shows other operating expenses compared to the prior year, excluding salaries and directors' fees.

Professional services and legal expenses increased from \$736 thousand in 2024 to \$1.1 million in 2025 due to increased recruitment costs, increased costs of consultants and specialists to support the inspection team, and higher legal costs related to ongoing investigations. Occupancy costs increased by \$120 thousand to \$996 thousand in 2025 reflecting a full year of rent expense at the higher renewal rate compared to five months in the prior year. Information technology costs increased from \$975 thousand in 2024 to \$1.1 million in 2025, an increase of \$107 thousand. This is due to higher subscription-based software costs and updates to our external website. All other operating expenses for 2025 have not varied materially from the previous year.

**Investment income**

The return on cash and investments decreased by \$111 thousand to \$374 thousand in 2025 due to decreased interest rates in the current year. Cash reserves are invested in high yield savings accounts and guaranteed investment certificates from financial institutions that are members of the Canada Deposit Insurance Corporation.





## Financial position

Condensed statements of financial position as of December 31:

In \$'000	2025	2024	2023
Cash and investments	\$ 7,307	\$ 7,266	\$ 6,571
Accounts receivable and prepaid expenses	1,170	1,183	705
Accounts payable and accrued liabilities	3,376	2,934	2,502
<b>Net working capital</b>	<b>\$ 5,101</b>	<b>\$ 5,515</b>	<b>\$ 4,774</b>
<b>Non-current assets and liabilities</b>			
Investments	3,000	2,760	2,660
Equipment, leasehold improvements and intangible assets	2,151	967	1,090
Deferred lease inducements	352	133	166
<b>Net assets</b>	<b>\$ 9,900</b>	<b>\$ 9,109</b>	<b>\$ 8,358</b>

At December 31, 2025, CPAB had a working capital position of \$5.1 million compared to \$5.5 million in 2024. Cash and investments (current and non-current) totalled \$10.3 million compared to \$10.0 million in 2024. This increase of \$300 thousand is attributable to the current year's surplus and the timing of accounts payable and accrued liabilities, partially offset by higher prepaid expenses related to the renewal of various multi-year software license agreements and higher renewal rates as compared to the prior year.

Equipment, leasehold improvements and intangible assets increased by \$1.2 million compared to the prior year due to additions of \$1.6 million offset by amortization of \$401 thousand. The additions mainly included enhancements to modernize our Toronto location aggregating \$1.2 million,

updates to our IT infrastructure and networks of \$194 thousand, and \$229 thousand related to computing equipment.

Accounts payable and accrued liabilities increased from \$2.9 million in 2024 to \$3.4 million in 2025 mainly due to higher vacation and bonus accruals and a higher salary accrual reflecting one additional day in 2025 compared to 2024.

Deferred lease inducements increased by \$219 thousand due to a lease inducement provided by our landlord related to the enhancements to our Toronto office.

CPAB has a guideline for its reserve representing approximately three and a half to six months of operating costs, to ensure business continuity should there be fluctuations in revenue or operating costs.



## Outlook for 2026

CPAB manages its finances efficiently to support the priorities outlined in our 2025-2027 strategic plan. In this context, we are continuing to reinforce our workforce and increase our investment in developing our people and in technology.

### 2026 CPAB operating budget (unaudited)

YEAR ENDED DECEMBER 31 (In \$'000)	2025 ACTUAL	2025 BUDGET	2026 BUDGET
<b>Revenue</b>	\$ 26,275	\$ 24,982	\$ 26,970
<b>Expenses</b>			
Salaries and benefits	19,310	19,373	20,715
Information technology	1,081	1,030	1,138
Occupancy costs	996	973	964
Directors' fees and expenses	962	958	1,007
Legal services	646	290	685
Travel	645	650	685
Administrative and general	627	606	624
Professional services	472	455	227
Insurance	297	295	303
Continuing education	228	225	192
Outreach activities	193	193	150
Amortization	401	422	555
<b>Total expenses</b>	<b>25,858</b>	<b>25,470</b>	<b>27,245</b>
<b>Operating excess of revenue over expenses (expenses over revenue)</b>	<b>\$ 417</b>	<b>\$ (488)</b>	<b>\$ (275)</b>
Investment income	374	346	315
<b>Excess of revenue over expenses (expenses over revenue)</b>	<b>\$ 791</b>	<b>\$ (142)</b>	<b>\$ 40</b>



### **Commentary on 2025 variances from budget**

CPAB concluded the year with an excess of revenue over expenses of \$791 thousand compared to a budgeted excess of expenses over revenue of \$142 thousand.

Revenue is \$1.3 million or 5.2% higher than budget. Higher than anticipated audit fees contributed to an increase in annual participation fees of \$367 thousand. In addition, enhanced regulatory intervention and monitoring of firms subject to enforcement is \$280 thousand higher due to an increase in the number of firms subject to enforcement. Investigation cost recoveries are \$636 thousand higher due to increased effort during the current phases of active investigations.

Legal services are \$356 thousand higher than budget due to higher than anticipated external legal costs incurred related to the advancement and phase of ongoing investigations. All other operating expenses are substantially aligned with budget.

### **Commentary on the 2026 operating budget**

CPAB is budgeting for a surplus of \$40 thousand for 2026. We anticipate revenue to increase by approximately 2.6% compared to fiscal 2025 and expect general increases in expenses with more significant increases in specific areas, such as salaries and benefit costs. Readers are cautioned that the 2026 budget is based upon assumptions and that actual results or trends may vary significantly.

### **Revenue**

CPAB's 2026 annual participation fees revenue is based on audit fees disclosed by reporting issuers on SEDAR+/EDGAR as of November 30, 2025, and generally relates to financial statement audits of reporting issuers with year ends between July 2024 and June 2025. CPAB's annual participation fees revenue is anticipated to increase by \$948 thousand as participating audit firms increase audit fees to their reporting issuer clients. The budget for participation fees revenue is established in November prior to the mandatory deadline for participating audit firms to report their audit fees to CPAB as part of each firm's annual submission.

As a result, CPAB must estimate participation fees revenue based on current year trends in audit fees observed in available public information filed on SEDAR+ and make assumptions on foreign exchange, the number and size of new reporting issuers, reporting issuers that cease to be traded or become current on their annual filings. As a result, CPAB has historically had variability in its estimate of annual participation fees revenue. Actual budgeted participation fee revenue could vary by up to \$750 thousand.

Regulatory intervention revenue comprises recoveries for enforcement compliance monitoring and investigation costs and is anticipated to decrease by \$242 thousand in 2026 due to the nature of enforcement actions that are anticipated to be in effect in 2026. In 2025, we imposed new enforcement actions on three firms, while 17 others remained under earlier enforcement actions, some of which began to ease or were satisfied during the year.

Regulatory intervention revenue varies from year to year based on the number and size of firms under enforcement and the nature and severity of the violation events. Decisions on enforcement actions resulting from our 2025 inspections will be made in 2026. In addition, ongoing investigations may be resolved earlier or later than forecasted and new investigations may be launched in 2026. Furthermore, investigation costs are generally charged to participating audit firms to recover internal and external costs incurred to conduct an investigation. The amount of costs to be recovered from an investigation depends on several factors including the number of investigations, and the nature, complexity and duration of an investigation. Accordingly, actual enforcement compliance monitoring and investigation cost recoveries could vary by up to \$1 million.

### **Operating expenses**

CPAB's operating expenses for 2026 are budgeted to be \$27.2 million, representing an increase of 5.4% over actual operating expenses for fiscal 2025. This \$1.4 million increase primarily relates to salaries and benefits and is offset by a decrease of \$245 thousand in professional fees and marginal changes in other operating expenses.



The demand for professional resources continues to place pressure on salary and compensation costs. The 2026 budget incorporates an average increase in employee compensation of 3.75%. In addition, salaries and benefits include the fulfillment of three vacant positions in our inspection team and two additional inspection resources due to the increased use of audit technology and the implementation of CPAB's 2025-2027 strategic plan initiatives. In addition, the budget contemplates the fulfillment of one vacant position in our thought leadership team and one additional resource in our enforcement team. Our overall average active headcount is forecasted to increase to 81 active full-time employees for fiscal 2026 (2025: 71).

Professional fees are budgeted to decrease from \$472 thousand to \$227 thousand. This is primarily due to decreased recruitment costs partially offset by an increased use of consultants and specialists to support the inspection team in complex areas and to evaluate technology tools used in audits.

Budgeted legal costs can be impacted by ongoing investigations and the number, nature, size, complexity and duration of future investigations. In addition, legal costs could be impacted by a review proceeding with respect to our current or future enforcement actions. While external legal costs are recoverable from the participating audit firm and legal costs are recoverable from a review proceeding in certain circumstances, legal services could vary significantly from budgeted amounts.

Amortization of property and equipment is budgeted to be \$154 thousand higher than 2025 due to the additions made to modernize the Toronto office space.

In 2026, CPAB plans to spend approximately \$515 thousand in capital expenditures on information technology infrastructure updates and the development and integration of new technologies.

Beyond 2026, revenue from participation fees is expected to continue to increase due to higher audit fees; however, the rate of increase is expected to stabilize with general inflation rates for professional services. CPAB's current funding rate is 1.22% of global audit fees.



## Principal risks and uncertainties

### Critical risks

The chart below outlines our most important risks and how we mitigate these risks:

Risk	Mitigation
<p><b>Data security</b> – risk of security breaches related to private and/or confidential data.</p>	<ul style="list-style-type: none"> <li>▪ Executing a comprehensive data security and cyber breach response plan, including:               <ul style="list-style-type: none"> <li>◦ Regular education and phishing exercises to heighten employee awareness of external attempts to penetrate our systems.</li> <li>◦ Ongoing assessment of our systems including use of third-party experts to perform managed detection and response of possible cyber events.</li> <li>◦ Regular external review, including ethical hacking, of CPAB’s information technology system.</li> <li>◦ Tabletop exercises to test CPAB’s cyber breach response plan and prepare for a possible cyber incident.</li> <li>◦ Implemented approved generative artificial intelligence tools with appropriate safeguards to protect the confidentiality of our information.</li> </ul> </li> </ul>
<p><b>Public confidence in audit</b> – risk of erosion in public’s trust in the auditing profession.</p>	<ul style="list-style-type: none"> <li>▪ Executing our inspections plan, including reviewing systems of quality management and highlighting areas for improvement at annually inspected participating audit firms to drive more consistent audit quality.</li> <li>▪ Supporting audit quality at smaller firms including Smaller Firm Series of Public Company Audit Summits, sharing good practices and growing CPAB’s outreach to audit committees and CFOs of smaller reporting issuers.</li> <li>▪ Increasing our regulatory disclosures including communication of reporting issuer specific findings to audit committees and publishing individual firm-specific public inspection reports and significant enforcement actions.</li> <li>▪ Engaging with key stakeholders (audit committee chairs, regulators, investors, audit firms) on key areas of importance to audit quality.</li> </ul>



Risk	Mitigation
<p><b>Audit transformation</b> – risk that we are unable to respond to changes to the audit.</p>	<ul style="list-style-type: none"> <li>▪ Leading IFIAR’s technology task force to focus on the impact of emerging technology on audit quality and the governance of AI-based tools.</li> <li>▪ Investing in upskilling CPAB’s workforce to ensure skills remain at the forefront of emerging technologies.</li> <li>▪ Evaluating how audit firms are adapting their approach to the development or acquisition of technology tools that use emerging technologies including AI.</li> </ul>
<p><b>Inspections</b> – risk that we are unable to influence change.</p>	<ul style="list-style-type: none"> <li>▪ Assessing firms’ systems of quality management in alignment with the Canadian Standard on Quality Management 1, including ethics, culture and governance.</li> <li>▪ Performing specific inspection procedures in key areas of fraud, going concern and the use of technology.</li> <li>▪ Oversight of firms under restrictions and requirements using a standardized framework to monitor firms’ compliance.</li> <li>▪ Executing on our strategy that supports improved audit quality at smaller firms.</li> </ul>



## Responsibility for financial reporting

The annual financial statements and all financial and other information contained in this annual report are the responsibility of the management of CPAB.

Management has prepared the financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, applying best estimates and judgments based on currently available information. Note 2 to the financial statements describes the significant accounting policies. The financial information contained in this report is consistent with that shown in the financial statements.

Management is responsible for the integrity and reliability of financial information and has established systems of internal procedural and accounting controls designed to achieve this. These systems also reasonably ensure that assets are safeguarded from loss or unauthorized use. The board of directors is responsible for ensuring that management fulfills its financial reporting and internal control responsibilities. The board has created a Risk and Audit Committee to assist with these responsibilities. The Risk and Audit Committee met with the auditors, both with and without management present, to review the activities of each, as well as to review the financial statements.

A handwritten signature in black ink that reads "Carol Paradine".

**Carol A. Paradine, FCPA, FCA**  
Chief Executive Officer

A handwritten signature in black ink that reads "D. Bromley".

**David Bromley, CPA, CA**  
Chief Financial Officer



## Fuller Landau LLP

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Toronto, Ontario M5S 1S4  
T: 416-645-6500



# Independent Auditor's Report

## To the Members of Canadian Public Accountability Board/ Conseil canadien sur la reddition de comptes

### Opinion

We have audited the financial statements of the **Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes**, which comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes** as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not For Profit Organizations.

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit

of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes all contents of the 2025 Annual Report for the **Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes**, except for the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Fuller Landau LLP*

**Chartered Professional Accountants**  
**Licensed Public Accountants**

Toronto, Ontario  
February 5, 2026

**Fuller  
Landau**



# Financial statements

## STATEMENTS OF FINANCIAL POSITION


As at December 31

<b>ASSETS</b>	<b>2025</b>	<b>2024</b>
<b>Current assets</b>		
Cash	\$ 4,975,425	\$ 3,774,253
Investments (note 4)	2,332,063	3,491,424
Accounts receivable	477,717	786,948
Prepaid expenses	692,373	396,462
	8,477,578	8,449,087
<b>Investments (note 4)</b>	3,000,000	2,760,000
<b>Equipment and leasehold improvements (note 5)</b>	1,842,906	561,258
<b>Intangible assets (note 6)</b>	307,623	405,499
	<b>\$ 13,628,107</b>	<b>\$ 12,175,844</b>

<b>LIABILITIES</b>	<b>2025</b>	<b>2024</b>
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 8)	\$ 3,376,500	\$ 2,933,697
<b>Deferred lease inducements</b>	351,524	132,943
	3,728,024	3,066,640
<b>NET ASSETS</b>		
Invested in equipment, leasehold improvements and intangible assets	2,150,529	966,757
Unrestricted	7,749,554	8,142,447
	9,900,083	9,109,204
	<b>\$ 13,628,107</b>	<b>\$ 12,175,844</b>

See accompanying notes to the financial statements.

Approved on behalf of the Board:

 .., Director

Richard Payette, FCPA, GCB.D, Chair

 Director

Kevin Kelly



## STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

			<b>2025</b>		<b>2024</b>	
	<i>Invested in equipment, leasehold improvements and intangible assets</i>	<i>Unrestricted</i>	<i>Total</i>		<i>Total</i>	
Net assets, beginning of year	\$ 966,757	\$ 8,142,447	\$ 9,109,204	\$	8,357,699	
Excess of revenue over expenses for the year	—	790,879	790,879		751,505	
Purchase of equipment and leasehold improvements	1,584,750	(1,584,750)	—		—	
Amortization of equipment, leasehold improvements and intangible assets	(400,978)	400,978	—		—	
<b>Net assets, end of year</b>	<b>\$ 2,150,529</b>	<b>\$ 7,749,554</b>	<b>\$ 9,900,083</b>	<b>\$</b>	<b>9,109,204</b>	

See accompanying notes to the financial statements.



## STATEMENTS OF OPERATIONS

For the years ended December 31

	2025	2024
<b>REVENUE</b> (note 9)	<b>\$ 26,275,087</b>	<b>\$ 23,901,714</b>
<b>EXPENSES</b>		
Salaries and benefits	19,310,106	17,777,292
Information technology	1,081,535	974,831
Occupancy costs	996,002	876,395
Directors' fees and expenses	961,713	930,171
Legal services	645,778	486,897
Travel	645,365	635,327
Administrative and general	626,872	598,453
Professional services	471,601	249,589
Insurance	296,750	292,200
Continuing education	227,964	197,987
Outreach activities	193,198	177,543
Amortization of equipment and leasehold improvements	303,102	325,723
Amortization of intangible assets	97,876	113,241
	<b>25,857,862</b>	<b>23,635,649</b>
<b>Operating excess of revenue over expenses</b>	<b>417,225</b>	<b>266,065</b>
Investment income	373,654	485,440
<b>Excess of revenue over expenses</b>	<b>\$ 790,879</b>	<b>\$ 751,505</b>

See accompanying notes to the financial statements.



## STATEMENTS OF CASH FLOWS

For the years ended December 31

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 790,879	\$ 751,505
Lease inducement	266,500	—
Add back (deduct) non cash items:		
Change in accrued interest income on investments	48,928	(34,797)
Gain on sale of equipment	(12,744)	(300)
Amortization of equipment, leasehold improvements and intangible assets	400,978	438,964
Amortization of deferred lease inducements	(47,919)	(32,712)
Net change in non-cash working capital items (note 10)	357,556	(13,272)
<b>Cash generated from operations</b>	<b>1,804,178</b>	<b>1,109,388</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(2,500,000)	(3,500,000)
Redemption of investments	3,400,000	3,400,000
Proceeds on sale of equipment	12,744	300
Purchase of equipment and leasehold improvements (note 10)	(1,515,750)	(228,032)
Purchase of intangible assets	—	(87,940)
<b>Cash used in investing activities</b>	<b>(603,006)</b>	<b>(415,672)</b>
<b>Cash generated during the year</b>	<b>1,201,172</b>	<b>693,716</b>
Cash, beginning of year	3,774,253	3,080,537
<b>Cash, end of year</b>	<b>\$ 4,975,425</b>	<b>\$ 3,774,253</b>
<b>Additional information</b>		
Interest received	\$ 422,582	\$ 450,643

See accompanying notes to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

### 1. THE ORGANIZATION

The Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes (CPAB or the organization) is a corporation without share capital incorporated under the *Canada Corporations Act*. CPAB is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the *Income Tax Act (Canada)*.

CPAB is Canada's independent, public company audit regulator. Charged with overseeing audits performed by registered public accounting firms, CPAB contributes to public confidence in the integrity of financial reporting and is committed to protecting Canada's investing public. CPAB promotes audit quality through proactive regulation, dialogue with domestic and international stakeholders, and practicable insights to inform capital market participants.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies below have been applied consistently to all periods presented in these financial statements.

#### *Basis of presentation*

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. These financial statements are presented in Canadian dollars, which is also the functional currency of the organization.

These financial statements were approved and authorized for issue by the Board of Directors on February 5, 2026.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the year-end date and the reported amounts of revenues and expenses during the year. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Significant items affected by estimates in these financial statements are the recoveries of investigation costs, useful lives of equipment, leasehold improvements and intangible assets, accrued liabilities and commitments. Actual results could differ from these estimates.

#### *Revenue recognition*

The organization generates four types of revenue: intent to participate fees, annual participation fees, and recoveries for enforcement compliance and investigations.

Intent to participate fees are collected from an audit firm on its initial application to become a participating audit firm. This fee is a flat fee based on the number of reporting issuers of the applicant firm on the registration date. Intent to participate fees are recorded in the accounting period in which the fees are received.

Annual participation fees are based on audit fees paid by the participating audit firm's reporting issuer clients. This fee is billed annually or quarterly and recognized as revenue in the year to which it relates and collectability is reasonably assured.

Enforcement compliance costs are charged, in certain circumstances, to certain participating audit firms to recover the costs to CPAB of enhanced regulatory intervention and monitoring of compliance with requirements, restrictions or sanctions imposed. This cost recovery is recognized as revenue in the period in which the work is performed and collectability is reasonably assured.



Investigation costs may be charged to participating audit firms to recover the internal and external costs incurred to conduct an investigation. Investigation cost recoveries are recognized as revenue when the amounts are known and collectable, which may occur as investigations are performed or in certain circumstances, upon conclusion of the investigation.

All other revenues are recorded when amounts are known and collectable.

### ***Investments***

Investments are composed of guaranteed investment certificates (GICs) with maturities from one to three years.

Investments are initially recognized at fair value and subsequently measured at amortized cost. Interest is recognized in the statement of operations as investment income.

### ***Equipment, leasehold improvements and intangible assets***

Equipment, leasehold improvements and intangible assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets commencing on the date when the assets are available for use.

The estimated useful lives are as follows:

#### **Equipment and leasehold improvements**

Office equipment and furniture	5–10 years
IT infrastructure and networks	4–5 years
Computing equipment	2–3 years
Leasehold improvements	Over the term of the lease (7–10 years)

### **Intangible assets**

Computer software	3–7 years
Website	5 years

### ***Leases***

For assets classified as operating leases, rental payments are recognized in the statement of operations on a straight-line basis over the terms of the leases. Upon satisfaction of the conditions in the lease agreement, lease inducements are recognized as reductions of lease expense over the term of the lease.

### ***Impairment of long-lived assets***

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its fair value. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

### ***Cloud-Based Software Arrangements***

The organization incurs subscription and licensing costs for cloud-based software arrangements. These arrangements are accounted for as service contracts using the simplification approach, with associated costs recognized as operating expenses on a straight-line basis over the contract term. Costs related to implementation activities performed by third parties are expensed as incurred.



### 3. FINANCIAL INSTRUMENTS AND RISKS

The organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. These financial assets and liabilities are subsequently measured at cost or amortized cost. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at cost include cash, investments, and accounts receivable. Financial liabilities measured at cost include accounts payable and accrued liabilities.

Transaction costs are expensed as incurred unless they relate to financial instruments measured at amortized cost, in which case they are recognized in the statement of operations over the life of the financial instruments using the straight-line method.

At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, financial assets are tested for impairment and the amount of the write-down is recognized in the statement of operations when incurred.

The organization is exposed through its operations to various financial risks.

Cash is held on deposit with its financial institution and is subject to an insignificant risk of change in value. The cost of short-term investments, plus accrued interest income, approximates their fair value due to their short-term nature. The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. See note 4 for fair value disclosures of long-term investments.

#### ***Credit risk***

The organization is exposed to credit risk with respect to cash, accounts receivable and investments. As of December 31, 2025, its maximum exposure is the balances on the statement of financial position.

As of December 31, 2025, the organization did not have any overdue accounts receivable.

The organization holds investments to ensure the availability of cash flow and to protect its capital. Investments are limited to GICs with financial institution members of the Canada Deposit Insurance Corporation. GICs with unquoted financial institutions or financial institutions below a credit rating of A are limited to the insured amount. Diversification of investments by issuers and industry reduces the overall credit risk of the investment portfolio.

#### ***Liquidity risk***

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis. CPAB's exposure to liquidity risk is low. As of December 31, 2025, the organization has cash and short-term investments of \$7.3 million (2024: \$7.3 million) to settle current liabilities of \$3.4 million (2024: \$2.9 million).

In addition, the organization has access to a credit facility up to \$2.0 million (2024: \$2.0 million) in the event of any short-term cash deficiencies.

#### ***Market risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign currency risk, interest rate risk and price risk. The organization is not significantly exposed to price risk and foreign currency risk.

#### ***Interest rate risk***

The organization is subject to interest rate risk on cash and investments. Cash is held in a deposit account with its financial institution to which a floating interest rate applies. The average interest rate earned on bank balances during the year was 2.88% (2024: 4.39%). Investments have interest rates ranging from 2.45% to 4.46% (2024: 2.00% to 4.46%).



#### 4. INVESTMENTS

Investments consist of:	2025		2024	
Guaranteed investment certificates	\$	2,260,000	\$	3,400,000
Accrued interest		72,063		91,424
<b>Total short-term investments</b>	<b>\$</b>	<b>2,332,063</b>	<b>\$</b>	<b>3,491,424</b>
<b>Long-term investments - guaranteed investment certificates</b>	<b>\$</b>	<b>3,000,000</b>	<b>\$</b>	<b>2,760,000</b>
<b>Total investments</b>	<b>\$</b>	<b>5,332,063</b>	<b>\$</b>	<b>6,251,424</b>

Investments in GICs with maturity dates beyond one year from the year-end date are classified as long-term. Accrued interest on long-term investments of \$84,089 (2024: \$113,656) is paid annually and is included in accounts receivable. The fair value of long-term investments is \$3.06 million (2024: \$2.82 million).

#### 5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Cost	Accumulated amortization	2025 Net	2024 Net
Office equipment and furniture	\$ 631,702	\$ (184,055)	\$ 447,647	\$ 90,866
IT infrastructure and networks	1,113,676	(755,190)	358,486	273,497
Computing equipment	248,010	(61,792)	186,218	6,451
	1,993,388	(1,001,037)	992,351	370,814
Leasehold improvements	1,215,643	(365,088)	850,555	190,444
<b>Equipment and leasehold improvements</b>	<b>\$ 3,209,031</b>	<b>\$ (1,366,125)</b>	<b>\$ 1,842,906</b>	<b>\$ 561,258</b>

In 2024, the organization made payments on leasehold improvements for services received during the year amounting to \$38,346 that were not available for use as of December 31, 2024. There were no similar payments in 2025.



## 6. INTANGIBLE ASSETS

		<b>Cost</b>	<b>Accumulated amortization</b>	<b>2025 Net</b>	<b>2024 Net</b>
Computer software	\$	807,751	\$ (500,128)	\$ 307,623	\$ 405,499
Website		127,245	(127,245)	—	—
<b>Intangible assets</b>	<b>\$</b>	<b>934,996</b>	<b>\$ (627,373)</b>	<b>\$ 307,623</b>	<b>\$ 405,499</b>

In 2025 and 2024, the organization had website costs totaling \$127,245 that were fully amortized but continued to be in use.

## 7. CLOUD-BASED COMPUTING ARRANGEMENTS

Total expenses related to cloud-based software subscription service arrangements amounted to \$498,567 (2024: \$417,050). Of these amounts \$451,046 (2024: \$374,267) was recorded in information technology and \$47,521 (2024: \$42,783) in administrative and general expenses in the statement of operations.

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		<b>2025</b>	<b>2024</b>
Trade accounts payable	\$	147,681	\$ 95,762
Salaries, vacation and bonuses		3,008,163	2,722,119
Other accrued liabilities		220,656	115,816
	<b>\$</b>	<b>3,376,500</b>	<b>\$ 2,933,697</b>



## 9. REVENUE

	<b>2025</b>	<b>2024</b>
Annual participation fees	\$ 24,571,730	\$ 22,714,461
Enforcement compliance	780,186	840,854
Investigation	891,427	324,099
Intent to participate fees	19,000	22,000
Other	12,744	300
	<b>\$ 26,275,087</b>	<b>\$ 23,901,714</b>

## 10. CASH FLOWS

Changes in non-cash working capital items are as follows:

	<b>2025</b>	<b>2024</b>
Accounts receivable	\$ 279,664	\$ (438,804)
Prepaid expenses	(295,911)	(6,065)
Accounts payable and accrued liabilities	373,803	431,597
	<b>\$ 357,556</b>	<b>\$ (13,272)</b>

Non-Cash transactions:

In 2025, the organization purchased leasehold improvements of which \$69,000 remained unpaid as of December 31, 2025.

## 11. BANK CREDIT FACILITY

The organization has access to a bank credit facility of \$2.0 million bearing interest at bank prime per annum. Amounts owing under the credit facility are payable on demand. No assets have been pledged as collateral for the credit facility and no charges are incurred until the facility is drawn down. No amounts were drawn on this facility during the year (2024: nil).

## 12. COMMITMENTS

The organization has operating leases for its Montréal, Toronto and Vancouver offices. There are no asset retirement obligations associated with the leases.

The estimated minimum lease payments are as follows:

Expiry	Montréal		Toronto		Vancouver		Total
	2029		2034		2027		
2026	\$ 130,058	\$ 759,670	\$ 117,187	\$ 1,006,915			
2027	131,751	778,595	39,356	949,702			
2028	133,484	798,561	—	932,045			
2029	112,715	828,510	—	941,225			
2030	—	863,171	—	863,171			
Thereafter	—	3,298,337	—	3,298,337			
	<b>\$ 508,008</b>	<b>\$ 7,326,844</b>	<b>\$ 156,543</b>	<b>\$ 7,991,395</b>			

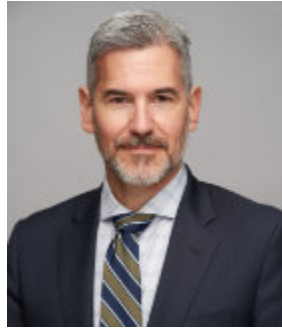


## Leadership team



Carol A. Paradine,  
FCPA, FCA

Chief Executive Officer



David Bromley,  
CPA, CA

Chief Financial Officer  
and Senior Director,  
Enforcement



Jennifer Charabin,  
Communications  
Leader



Jennifer Cooper, LL.B  
Vice President,  
Enforcement



Malcolm Gilmour,  
CPA, CA

Vice President,  
Inspections



Kristina Heese,  
LL.B, B.C.L.

General Counsel



Jeremy Justin,  
CPA, CA

Chief Risk Officer and  
Vice President, External  
Outreach



Rahim Lalani  
Chief Technology  
Officer



Margo Longwell,  
CPA, CA

Senior Director, Quality,  
Firm Risk and  
Registration



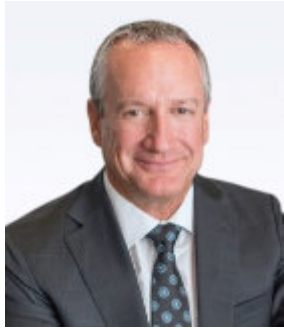
Philippe Thieren, CPA  
Regional Vice  
President, Eastern  
Canada



Lily Watson, CHRL  
Chief People Officer



## Board of directors



Richard Payette,  
FCPA, GCB.D  
Chair  
*Montréal, Quebec*



Alice Laberge, F.ICD<sup>b</sup>  
Vice chair  
*Vancouver, British Columbia*



Renaud Caron,  
Fellow Adm.A<sup>b</sup>  
*Montréal, Quebec*



Don G. Chynoweth, ICD.D<sup>b</sup>  
Chair, Human Resources and  
Governance Committee  
*Calgary, Alberta*



Julie Dickson, O.C.<sup>a</sup>  
*Ottawa, Ontario*



Kevin Kelly<sup>a</sup>  
Chair, Risk and Audit  
Committee  
*Toronto, Ontario*



Mary Lou Maher, FCPA, FCA<sup>b</sup>  
*Toronto, Ontario*



Dr. Chika Onwuekwe, K.C.,  
ICD.D<sup>a</sup>  
*Calgary, Alberta*



Sophia Tsui, CPA, CA, ICD.D<sup>a</sup>  
*Vancouver, British Columbia*

<sup>a</sup> Member of the Risk and Audit Committee

<sup>b</sup> Member of the Human Resources and Governance Committee



## Corporate information

### Contact information

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