CANARIE Annual Report

2024-25 (FY25)

Submitted on: July 31, 2025

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1. Executive Summary

CANARIE is pleased to present its Annual Report for fiscal year 2024-25 (FY25), the last year of its 2020-2025 Mandate. Over the past year, CANARIE has executed on all eligible activities outlined in its 2024-25 Business Plan. These eligible activities align with CANARIE's core purpose: the advancement of Canada's knowledge and innovation infrastructure, and its mission: to design and deliver digital infrastructure, and drive its adoption for research, education, and innovation. At a high level, through its programs, CANARIE works towards achieving these objectives by:

- overseeing the ongoing evolution of Canada's National Research and Education Network (NREN);
- supporting a collaborative approach to improving cybersecurity in the research and education ecosystem;
- championing the development of research software, research data management, and collaboration tools (now transitioned to the Digital Research Alliance of Canada); and
- providing entrepreneurs in the private sector with access to advanced technologies to accelerate their time to market.

Together, these activities align to deliver more integrated and accessible digital research infrastructure, tools, and services. Beyond these activities, CANARIE also champions the evolution of Canada's digital research infrastructure (DRI) and continues to partner with the Digital Research Alliance of Canada (the Alliance) in support of the Government of Canada's DRI Strategy.

On behalf of the Board of Directors, CANARIE would like to thank the Minister and officials at Innovation, Science and Economic Development Canada, for their continued support and confidence in CANARIE. CANARIE looks forward to providing Canada's research, education, and innovation communities in the public and private sectors with world-class digital research infrastructure, so that Canada can grow its innovation capacity and compete and win in the global digital economy.

1.1 Role of CANARIE

Together with our 13 provincial and territorial partners, we form Canada's National Research and Education Network (NREN). This ultra-high-speed network connects Canada's researchers and educators to each other and to global data, technology, and colleagues.

To strengthen the security of Canada's research and education sector, we collaborate with our partners in the NREN, government, academia, and the private sector to fund, implement, and support cybersecurity initiatives. We also provide identity management services to the academic community through eduroam and identity and access management services.

Established in 1993, CANARIE is a non-profit corporation, with most of our funding provided by the Government of Canada.

1.2 Historical Context

CANARIE's role in Canada's innovation ecosystem was set out in its 1993 Articles of Incorporation and reiterated in its 2013 Articles of Continuance: to contribute to Canadian competitiveness in all sectors of the economy, to wealth and job creation and to the quality of life of Canadians.

Throughout its history, CANARIE has evolved to support Canadian competitiveness through the development and deployment of digital technology for Canada's research, education, and innovation communities. Over the course of its over 30-year history, CANARIE has helped shape Canada's digital landscape by leading, among others, the following initiatives:

- laying the groundwork, with provincial partner networks, for the first commercial Internet in Canada;
- incubating the Internet Registration Authority in Canada, now known as CIRA;
- supporting hundreds of Canadian businesses, and educational and health organizations, in their transition to online models and processes;
- working with global peers to align international research and education infrastructures to support globally collaborative research, now formalized via the Global Network Advancement Group (GNA-G);
- developing the grid certificate authority in Canada that provides secure access to data generated from the Large Hadron Collider and other advanced digital technologies;
- supporting the uptake of cloud and other transformative technologies by Small and Medium-sized Enterprises (SMEs) in Canada, and;
- championing the development of powerful research software and research data management tools, and data management policies, to efficiently enable researchers to accelerate discovery.

This continual evolution of CANARIE and its activities can be seen in the tremendous advances in aligning the sector on a highly coordinated approach to enhancing cybersecurity for research and post-secondary education, which has most recently led to the integration of CanSSOC (the Canadian Shared Security Operations Centre), a community-incubated approach to shared cybersecurity, into CANARIE in May 2022. CANARIE has since launched a pilot of a Federated Security Operations Centre for the sector, that has enabled coordination among local institutional cybersecurity specialists, together with regional and national cybersecurity experts, to detect and respond to evolving cybersecurity threats.

The vital role that CANARIE plays in securing this critical sector is highlighted by the significant engagement in our cybersecurity programs, our ongoing engagement with national and international partners, and our inclusion in the Government of Canada's updated National Cyber Security Strategy.

CANARIE's activities serve to continually advance Canada's digital infrastructure for research, education, and innovation so that Canadians are positioned to compete in the global knowledge economy. More detailed information on current activities may be found below.

2. Statement of Eligible Activities for 2024-25 and the Extent to Which CANARIE Met the Expected Results

Throughout its 2020-2025 mandate period, CANARIE supported the Government of Canada's DRI Strategy. CANARIE's activities in the fifth year of this mandate were aligned with the strategic goal to "ensure that Canadian researchers have the digital tools they need to support scientific excellence."[1]

CANARIE's three eligible activities in the 2024-25 Business Plan are detailed below, along with a report on the extent to which each eligible activity was achieved.

2.1 Network Operations

To address the evolving needs of users in research, education, and innovation communities, CANARIE will enable a pan-Canadian collaboration capability through a world-leading high-performance network and network-based services.

2.1.1 Network Program

To evolve and expand the CANARIE Network in a flexible and cost-effective manner over the long-term, CANARIE's vision is to deploy fibre, where economical, from coast-to-coast-to-coast across Canada. In high-use, high-growth network corridors, CANARIE has purchased long term use of fibre and therefore has the flexibility to add capacity and deploy transformative technologies at a low, incremental cost. To further build out the network, CANARIE uses leased services from suppliers where the traffic demand does not warrant dedicated fibre, for service resiliency, or when fibre acquisition is cost prohibitive.

Expected FY25 Short-/Medium-Term Outcomes	FY25 Activities
Deployment of additional network capacity to support traffic growth Continued work on the 400Gbps capacity upgrade Continued work on the refresh of the Central and Eastern fibre systems Deployment of additional network capacity to support Northern connectivity Improvement of the network security reporting, monitoring, and measurement system Deployment of Software Networking Applications Deployment of support tools accessible through the user portal	CANARIE continues to evolve its domestic capacity, with major projects in FY25 including the roll out of 400 gigabits per second (Gbps) capable routers across the network CANARIE completed the acquisition of Indefeasible Right of Use (IRU) on fibre paths in Eastern Canada and the upgrade of the Central optical fibre system In Northern Canada, CANARIE improved the network capacity to Yukon University 300% to 1Gbps CANARIE also carried out two major international projects: (a) expanding the trans-Atlantic capacity we provide as part of the Advanced North Atlantic (ANA) collaboration between Global

[1] https://www.ic.gc.ca/eic/site/136.nsf/eng/home

Ongoing improvements to Global Research and Education Network (GREN) Map Improved access to commercial cloud services	NRENs to 400 Gbps; and (b) collaborating with six other advanced research and education networks and exchange point consortia in the US to establish a new, high-performance, experimental network service (NA-REX), to improve network services and support network application testing and data-intensive experiments CANARIE has also worked on two major software/tool related projects – Haystack (in collaboration with CENGN) to improve network security reporting, and Workflow Orchestrator (developed initially by SURF in the Netherlands and ESnet in the US) to automate network service provisioning and previously manual processes. As well, the Route Registry, which maintains routing policy information for both internal and partner use, was updated to the latest software technology In terms of increased cloud connectivity and improvements to the GREN Map, FY25 represented a maintenance year, with no new activities of note

2.1.2 Infrastructure Extension Program (IEP)

CANARIE currently supports government research institutes leveraging the research network in support of collaborative research with national and international partners, with the aim of moving these final connections to Shared Services Canada (SSC) by the end of FY28.

Expected FY25 Short-/Medium-Term Outcomes	FY25 Activities
Continue to support existing connections to government research facilities that meet the performance needs of the government science community	CANARIE continued to support existing IEP connections throughout FY25 in concert with Shared Services Canada and is working with SSC with a plan to phase out these connections by the end of FY27 (ahead of our initial estimate of FY28)

2.1.3 Identity and Access Management

As the national operator of the Canadian Access Federation (CAF), CANARIE works with the communities it serves to identify demand for Identity and Access Management services and collaborates with national and global partners to deliver them. Through CAF's Federated Identity Management (FIM) service, Canada's post-secondary students, faculty, and staff at participating institutions can access protected online content using their home institutions' digital identities. Institutions participating in CAF also benefit from the *eduroam* service, which provides students, faculty, and staff with secure, seamless access to Wi-Fi at participating sites in 106 territories worldwide.

Expected FY25 Short-/Medium-Term Outcomes	FY25 Activities
Increased adoption of CAF Increased number of eduroam log-ins per year	CANARIE continued to operate and evolve CAF Services, supporting 495 million authenticated eduroam log-ins in Canada in FY25, and increasing the total number of CAF participants to 247
Increased number of projects to upgrade the capacity/capability of the Federation Increased number of interfaces, applications, and tools available to support CAF services	Growth in the CAF program is limited as the more mature organizations are already enrolled in CAF, so CANARIE also launched two pilots to ease the technical burden on other institutions wishing to deploy the services, by developing methods for hosting infrastructure in the cloud (for eduroam) or providing a managed service (for FIM)

2.1.4 NREN Program

Canada's National Research and Education Network (NREN) operates on a co-delivery model, as a partnership between CANARIE and its provincial and territorial NREN Partners. CANARIE provides interprovincial and international connectivity, while the regional partners provide connections to institutions and organizations within their jurisdictions. Data that travels out of a province or territory traverses CANARIE Network links to NREN Partners in other provinces or territories, or internationally via CANARIE links connecting Canada to the rest of the world.

A coherent technical and strategic evolution of the NREN is driven by a vision to ensure users coast-to-coast-to-coast have a comparable user experience within Canada, and to users of NRENs in other countries. CANARIE's NREN Program enables NREN Partners to increase capacity and reliability of network equipment and infrastructure; to enable network management (tools and training); and to extend the reach of NREN Partner networks to more institutions.

Expected FY25 Short-/Medium-Term Outcomes	FY25 Activities
Completion of all approved projects in NREN Calls 2, 3, and 4 Increase NREN security through continuation of the NREN SIEM[2] project and continued development of the federated NREN cybersecurity analyst team	CANARIE and the NREN Partners successfully completed all projects funded under the NREN Program's Competitive Funding Calls, which increase the capacity and reliability of the NREN CANARIE extended the work of the NREN SIEM project for FY25 following the signing of

[2] Security Information and Event Management

Execution underway for projects defined in the three-year NREN FY25-28 Operational Plan (to be revisited on a yearly basis) Development and launch of projects to enhance the security of NREN infrastructures Execution underway to continue establishing the NREN in Nunavut and connect beyond the initial 5 communities	CANARIE's Contribution Agreement Extension for that year The NREN Governance Committee[3] approved moving to an Operational Plan model, to a "Now, Next, Later" planning cycle, to allow agility in project implementation, and FY25 projects were undertaken in areas related to Resource Public Key Infrastructure (RPKI), network metrics, security metrics, vulnerability management, security tools, and incident response CANARIE continues to support the work of Nunavut Artic College to expand the NREN in Nunavut, and their network is now extended to 23 of 25 communities. This rollout will strengthen the infrastructure backbone of Canada's Northern regions and facilitate access to digital resources and connectivity essential for research education and innovation In the fall of 2025, CANARIE successfully hosted the NREN Assembly, bringing together staff from all 14 NREN Partners, to help prepare for joint activities in 2025-2030, and to carry out training session based around a simulated cyber incident

2.2 Cybersecurity

In response to the need identified by Canada's research and education community for national coordination and alignment of cybersecurity efforts, CANARIE invests in initiatives that will strengthen the whole sector with advanced technologies, improved processes, and broadened expertise. These initiatives are primarily accessible by eligible organizations through the provincial and territorial partners in Canada's National Research and Education Network (NREN).

CANARIE leadership in the sector supports the evolution of a complementary set of capabilities at all layers - from local to national - which collectively supports the goal of strengthening the overall cybersecurity of the sector. Funding supports activities that address priorities or gaps with the greatest potential to advance cybersecurity across the broadest portion of the ecosystem, and funded initiatives must equitably allow all eligible organizations to participate in and/or benefit from them.

[3] Now the NREN Leadership Council

Expected FY25 Short-/Medium-Term Outcomes	FY25 Activities
Deploy new initiatives at eligible organizations Deploy Security Orchestration, Automation and Response platform (SOAR) to support the CanSSOC Federated SOC pilot Increase National cybersecurity analyst capacity across the NREN to support the CanSSOC Federated SOC pilot Develop plan to implement the long-term CanSSOC vision Host community cybersecurity event	CANARIE continued to deploy activities under its Cybersecurity Initiatives Program, including launching a new service, CIRA DNS off-network protection, and delivering the third cycle of the National Cybersecurity Assessment, which saw its highest participation yet. CANARIE also incorporated monitoring and reporting services to help identify and mitigate potential threats originating from the dark web, developed through R&D funding from the Research-Intensive Group of universities, into the Threat Feed service The CanSSOC Federated SOC Pilot is now operational, with 12 pilot institutions working with four regional NREN Partner networks now onboarded to the service. In March 2025, the SOAR platform monitored approximately 5,000 alerts across 5 Use Cases. The Pilot has set the foundations for the subsequent business case and vision for a program that can scale to all organizations eligible for CANARIE's cybersecurity program. In terms of community engagement, CANARIE hosted the first standalone SecuR&E Forum in April 2024, and facilitated a community workshop in March 2025 to drive alignment of the overall cybersecurity approach for higher education including prescribed roles for institutions, regional NREN Partners, and CANARIE Additionally, CANARIE launched a project to develop both (a) an Investment Analysis, to provide a comprehensive understanding of the current research and education cybersecurity investment landscape, and (b) a Blueprint to provide an outline of the essential components and best practices needed for a secure R&E organization in Canada

2.3 Private Sector Innovation

To leverage CANARIE resources and capabilities in support of private sector innovation, CANARIE's DAIR Cloud Program enabled small and medium-sized enterprises (SMEs) to access and productively leverage powerful cloud computing resources to advance their ICT research and development efforts. DAIR provided an opportunity for entrepreneurs to accelerate time-to-market and de-risk the innovation process for SMEs by reducing their need to invest in large, in-house computing resources, and facilitated on-going communications among DAIR participants so that SMEs and entrepreneurs could freely exchange best practices and lessons learned with like-minded individuals. DAIR exposed SMEs to the power of cloud technologies to transform traditional business models and provided these businesses with an opportunity to adopt these technologies as part of their long-term growth strategy.

Expected FY25 Short-/Medium-Term Outcomes	FY25 Activities
Increased usage of the DAIR Cloud New features added to the DAIR Cloud platform Content released to educate SMEs on cloud computing and emerging technologies Monitor ongoing cloud usage patterns of SMEs as they develop and test cloud-based applications and services Provide additional BoosterPacks, to reduce the time and cost for SMEs to develop new technology skills CENGN[4] will be able to leverage the CANARIE Network to support advanced testing and demonstration of new ICT products and services	Given that CANARIE's Private Sector Innovation mandate was not renewed for 2025-2030, much of FY25 focused on successfully transitioning users off DAIR and onto commercial, for-profit services Previous to the change in mandate, over the year CANARIE increased the usage of the DAIR Cloud to a cumulative total of 2,225 users, and launched seven new services and two additional BoosterPacks: Time-Series AI Anomaly Detection and AI Chatbot-Powered Web Platform Starter App CANARIE also continued to offer its Network to CENGN projects, though none were active in FY25

[4] Formerly Canada's Centre of Excellence in Next Generation Networks

2.4 Activities in Concert with the Digital Research Alliance of Canada

CANARIE works with its partner, the Digital Research Alliance of Canada (The Alliance), to support the Government of Canada's Digital Research Infrastructure Strategy and ensure that researchers in Canada have access to the digital tools they need to carry out world-leading discovery.

Expected FY25 Short-/Medium-Term Outcomes	FY25 Activities
Alignment on cybersecurity governance for the two organizations, including a single individual chairing both organizations' cybersecurity committees Joint planning leading to a common cybersecurity approach that leverages a federated Security Operations Centre Alignment on EDI(A)[5] activities via the Joint EDI (JEDI) Committee Execution underway for Federated Identity Management integration for The Alliance's ARC services CANARIE participation in [Cloud Connect] project adjudication process	CANARIE and the Alliance continue to work together to advance cybersecurity in the sector, including in response to ISED's Evaluation of the DRI Strategy The organizations' two cyber committees are both chaired by the CIO of the University of Regina, providing alignment, and the Alliance is now a participant in CANARIE's CIP, participating in the Threat Feed and National Cybersecurity Assessment initiatives, with discussion underway for how the Alliance would participate in the Federated SOC CANARIE and the Alliance hold quarterly all-Executive meetings, to help evolve Canada's DRI ecosystem, as well as bimonthly calls between the organizations' EDI(A) teams. Additionally, coordination continues on activities related to Identity Management and Cloud Access

[5] The Alliance uses the term Equity, Diversity, Inclusion, and Accessibility, or EDIA

2.5 Activities Supporting Equity, Diversity, and Inclusion

CANARIE embraces the diversity of the communities it serves, and as such, is committed to activities that advance Equity, Diversity, and Inclusion (EDI).

CANARIE continues to support the growth of a diverse workforce. All job postings commit to providing accommodations upon request by any candidate. CANARIE also strives for diversity in its Board composition supported by the CANARIE Board Diversity Policy, which ensure CANARIE's Board reflects not only the communities we serve and work with, but also the demographic diversity of Canada.

Expected FY25 Short-/Medium-Term Outcomes	FY25 Activities
Continued engagement with submarine Arctic cable consortia to support Northern Connectivity Ongoing support for CANARIE Employee Resource Groups (ERGs) Deliver additional training for staff	CANARIE has continued discussions with European NREN Partners who are investigating optical fibre connectivity from Europe to Japan via the Arctic, regarding the possibility additional connections on the route in the Canadian Arctic Internally, CANARIE continues to support its ERGs, and conducted preliminary work to launch a "CANARIE Connections" staff group in FY26 No joint staff training was undertaken in FY25, with training opportunities for staff in FY26 being reviewed In addition, CANARIE conducted its annual Belonging Metric survey of staff, and undertook a new initiative to block time for staff to attend Remembrance Day and National Day for Truth and Reconciliation ceremonies in their local time zones. CANARIE also revamped the way we internally recognize and celebrate Days of Cultural Significance, based on staff feedback

3. Statement of Eligible Activities for 2025-26 and for the Foreseeable Future

In 2025-26, CANARIE will continue to align its activities towards the goal of strengthening Canada's digital research infrastructure, with a focus on the two eligible activities, as laid out in the 2025-26 Business Plan:

FY26 Network Operations Activities
Operate the Network
Increase capacity, redundancy, and reliability
Continue to improve the Network's security posture
Improve network monitoring activities through the adoption of new tools
Continue to enhance user access to support tools
Continue to develop network service automation
Operate the Distributed Denial of Service (DDoS) detection system dedicated to the CANARIE Network
Develop strategies for leveraging AI to improve the efficiency, reliability, and security of network operation
Safeguard the Network and CANARIE by implementing measures to prevent, detect, and respond to cyber threats, ensuring the integrity, confidentiality, and availability of data and systems
Engage on international networking activities, including polar connectivity and GNA-G (Global Network Advancement Group)

FY26 IEP Activities
Provide existing high-speed network connections to government research facilities
Ensure connections are adequate to meet user needs
Planning to transition existing IEP connections to SSC

FY26 NREN Program Activities
Extend capacity, redundancy, reliability, and security through provincial and territorial NREN Partners' networks
Connect research and education facilities including in the North
Strengthen the cybersecurity of the NREN
Further enhance the processes and capacity of the NREN and support and retain talent

FY26 Cybersecurity Activities
Complete the CanSSOC Federated SOC pilot, evaluating its impact, outcomes, and lessons learned, and evaluate options for continued service
Expand Threat Intelligence service, including the integration of the Threat Feed with the CanSSOC Federated SOC Pilot to enhance threat intelligence and proactive defense
Explore an information-sharing platform to support the exchange of templates, frameworks, and ideas across the sector
Develop shared frameworks, policies, templates, and collaboration tools to improve consistency and alignment within the community
Identify and deliver cybersecurity initiatives informed by data and analysis for broad sectoral benefit
Launch targeted marketing to increase awareness and engagement with CANARIE cybersecurity initiatives among eligible organizations
Enhance community engagement with agile, informal channels to complement existing advisory structures, to advance sector-wide cybersecurity capabilities
Strengthen collaboration with Canadian cybersecurity organizations to benefit the R&E sector and the broader economy
Refine and expand high-value initiatives based on insights from past pilots and projects

FY26 Activities in Concert with the Alliance
Work to integrate CANARIE and DRAC tools and services, including in cybersecurity
Ongoing alignment of governance, communications, and outreach activities
Discussions to support Government of Canada science, including science-based departments and agencies, as well as Government of Canada science policies

FY26 EDI Activities
Work in Canada and internationally to support underserved communities
Training for CANARIE staff on topics that advance EDI
Continued work to renew CANARIE policies, procedures, and practices
Ongoing Indigenous community engagement strategy and activities
Work with partners in the DRI ecosystem to coordinate joint policy positions on EDI
Continued use of institutional EDI plans as an adjudication criterion for funding selection, where appropriate

4. List of Eligible Projects and Funding Provided to Each

4.1 National Research and Education Network Program (NREN)

The NREN Program continues to support the advancement of Canada's National Research and Education Network. The program's key objective is to strengthen the impact of Canada's co-delivery model and enable aligned strategic evolution of the NREN based on national priorities. Program objectives are achieved through a variety of initiatives:

1. Competitive funding enables provincial and territorial NREN partners to upgrade network infrastructure and extend provincial and territorial network connections;
2. Directed funding enables that the NREN to evolve in a consistent, coherent, and strategic manner;
3. Northern initiatives facilitate connectivity to Northern Canada;
4. Interconnection and co-delivery funding ensures that NREN partners support co-delivery of the NREN and comply with the requirements of CANARIE's Interconnection Agreement; and
5. Operating and Strengthening the NREN promotes the impact of Canada's co-delivery model.

NREN Competitive Funding Calls for the 2021-2025 mandate:

Table 4.1a NREN Program – Competitive Funding Calls ($000s)

NREN Partner	Funding					
	2020-21	2021-22	2022-23	2023-24	2024-25	Total
ORION		1,363	1,190	1,693	110	4,356
RISQ		-	87	1,001	40	1,128
Cybera	17	128	39	244	7	435
BCNET	96	-	58	235	3	392
MRnet		-	-	208	11	219
ACORN-NS		-	-	196	-	196
SRNET		-	-	183	-	183
ECN-NB		-	-	130	-	130
ECN-PEI		-	30	-	-	30
Total	**113**	**1,491**	**1,404**	**3,890**	**171**	**7,069**

NREN Directed Funding for NREN Partner Cybersecurity Analysts for the 2021-25 mandate:

Table 4.1b NREN Program – Directed Funding ($000s)

NREN Partner	Funding					
	2020-21	2021-22	2022-23	2023-24	2024-25	Total
ORION	85	82	81	88	93	429
BCNET	80	83	79	87	90	419
Yukon University	77	78	81	85	90	411
SRNET	55	66	56	75	80	332
Cybera	67	48	72	80	62	329
RISQ	63	11	52	92	90	308
ECN-NB	35	51	60	64	70	280
ACORN-NL	17	21	9	46	49	142
MRnet	10	9	9	56	57	141
ACORN-NS	44	60	30	-	-	134
Nunavut Arctic College	-	-	-	49	81	130
ECN-PEI	-	-	-	9	21	30
Total	**533**	**509**	**529**	**731**	**783**	**3,085**

NREN Funding for expanded connectivity to Northern Canada for the 2021-2025 mandate:

Table 4.1c NREN Program – Northern Connectivity ($000s)

NREN Partner	Funding					
	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Nunavut Arctic College	-	-	-	253	171	424
Total	**-**	**-**	**-**	**253**	**171**	**424**

In 2024-25:

1. $0.06M was used to secure technical support for security infrastructure for the NREN Partners
2. $0.25M was paid to the NREN Partners for Interconnection and Co-delivery

4.2 Cybersecurity Initiatives Program (CIP)

The CIP provides investments in initiatives that will strengthen cybersecurity efforts of the research and education sector with advanced technologies, improved processes, and broadened expertise. These initiatives are delivered to eligible organizations in collaboration with the NREN Partners.

Intrusion Detection System (IDS) Funding for the 2021-2025 mandate:

Table 4.2a Intrusion Detection System Platforms ($000s)

Platform Projects	Funding					
	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Institutional Participation	129	192	231	885	6	1,443
Platform Projects						
Concordia University	28	99	133	254	64	570
University of Waterloo	50	75	95	244	40	504
Fyelabs	50	27	38	41	-	156
Total	**257**	**393**	**497**	**1,424**	**110**	**2,673**

Threat Feed initiative Funding for the 2021-2025 mandate:

Table 4.2b Threat Feed ($000s)

Funded Organization	Funding					
	2020-21	2021-22	2022-23	2023-24	2024-25	Total
University of Toronto	498	1,020	285	-	-	1,803
McGill University	-	-	-	94	-	94
Total	**498**	**1,020**	**285**	**94**	**-**	**1,897**

In 2024-25:

3. $0.76M was used to support the CanSSOC Federated SOC Pilot
4. $0.48M was used to support the CUCCIO Cybersecurity Benchmarking initiative
5. $0.33M was used to secure CIRA DNS Firewall services for eligible organizations
6. $0.27M was used to support the Investment and Blueprint analysis project
7. $0.23M was used to support the National Cybersecurity Assessment
8. $0.23M was paid to the NREN Partners for community collaboration support
9. $0.12M was used to support the Threat Feed initiative

4.3 Digital Accelerator for Innovation and Research (DAIR) Program

DAIR is an integrated virtual environment that leverages the CANARIE Network to enable SMEs to develop and test new ICT and other digital technologies.

DAIR Program Funding for the 2021-2025 mandate:

Table 4.3a Digital Accelerator for Innovation and Research (DAIR) Program ($000s)

Lead Contractor	Funding					
	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Cybera	151	258	155	113	173	850
Total	**151**	**258**	**155**	**113**	**173**	**850**

In 2024-25 $.60M was used to support DAIR participants with cloud resources and BoosterPack Tutorials.

5. Summary of Spending on Eligible Expenditures

Total Eligible Expenditures in 2024-25 were $37.49M:

Table 5.0 Eligible Expenditures ($000s)

Expenditures	Audited Financial Statements	Accounting Adjustments*	Total Eligible Expenditure 2024-25
Program			
Network Infrastructure & Services	14,468	3,614	18,082
Network Security	830	92	922
Cybersecurity	11,356	(2,673)	8,683
NREN	2,534	6	2,540
Private Sector Innovation	1,818	(29)	1,789
Total Program	**31,006**	**1,010**	**32,016**
Administration	**5,348**	**124**	**5,472**
Total	**36,354**	**1,134**	**37,488**

*Accounting adjustments include timing differences for assets purchases and related amortization.

6. Statement of Total Revenue and Funding Received

CANARIE received $38.02M in Revenue and Funding in 2024-25:

Table 6.0 Total Revenue and Funding Received ($000s)

Revenue and Funding Received	2024-25
ISED Funding	37,000
Program Participation Fees	650
Interest Income	369
Total	**38,019**

The $38.02M was used to support $37.49M in Total Eligible Expenditures for 2024-25 and $0.43M for 2023-24. The remaining $.01M is unspent and payable to ISED.

Cost Recovery from CANARIE programs for 2024-25:

Table 6.0a Total Cost Recovery ($000s)

Cost Recovery	2024-25
Matching Funds	
NREN Partners	347
Total	**347**

7. Criteria Applied to Select Eligible Projects

Project proposals are reviewed relative to the mandatory criteria and the scoring criteria for each program. These criteria are approved by the CANARIE Board of Directors. Evaluation of proposals relative to these criteria constitute the basis for the decision whether a project receives CANARIE funding. Projects that fail to meet the mandatory criteria or fail to meet evaluative criteria to an acceptable degree, are not funded.

8. Statement of Compensation

Directors on CANARIE’s Board, including officer positions such as Chair, Vice-Chair and Secretary/Treasurer, receive no compensation beyond reimbursement for any reasonable out-of-pocket expenses incurred while performing their duties or attending CANARIE meetings.

The President and CEO of the organization has a compensation package that is benchmarked regularly against external comparatives by an external consultant and overseen by the HR (Executive) Committee of the Board. All other staff positions at CANARIE are classified according to a structured system that assigns a range to each position. The system and staff salaries are regularly benchmarked against comparative organizations by an external consultant.

For the fiscal year ending March 31, 2025, salary ranges for all officers and staff of CANARIE whose total compensation remuneration paid exceeded $100,000 (including any fee, allowance, or other benefit) are presented below.

Officers
President and CEO
$365,000 - $507,000

Chief Financial Officer
Chief Technology Officer
Vice President, Cybersecurity Programs and Services
Vice President, External Relations
$207,000 - $304,000

Staff
Chief of Network Engineering
Senior Director, Applications
Senior Director, CanSSOC Services
Senior Director, Finance and Operations
$166,500 - $267,500

Director, Communications
Director, Cybersecurity Engineering
Director, Cybersecurity Operations
Director, Finance
Director, Financial Systems
Director, IT
Director, Legal Affairs
Director, Network Engineering
Director, NREN Cybersecurity Services
Director, Program Operations
Director, Project Management Office
Director, Strategic Policy and International Relations
Program Manager, Cybersecurity Initiatives Program
Program Manager, Identity and Access Management
Senior Architect, Network Engineering
Senior Network Architect
$119,000 - $227,700

Controller
Cybersecurity Analyst
Data Analytics Developer
DevOps Specialist
Information Security Developer
Manager NREN Cybersecurity Services
Manager, Corporate Administration
Manager, Financial Processes
Manager, Human Resources
Manager, Procurement
Manager, Security Operations Centre
Manager, Software Development
Network Architect
Program Manager, NREN
Senior Administrative Specialist, Human Resources
Senior Cybersecurity Analyst
Senior IT Specialist
Senior Program Operations Coordinator
SOAR Developer
Software Developer
$100,000 - $165,600

Cybersecurity Analyst
Digital Marketing Specialist
Financial Accountant
Financial Reporting Officer
Identity Access Management Support Engineer
Manager, Corporate Administration
Network Software Developer
Program Marketing Specialist
Program Operations Coordinator
Project Manager
Senior IT Specialist
Service Delivery Specialist
Software Developer
Test Developer
$100,000 - $136,850

9. Statement of CANARIE's Investment Policies, Standards, and Procedures

CANARIE's investment strategy is specifically tailored to the duration and quality constraints in terms of investment options imposed by the Statement of Investment Policy and the Contribution Agreement with Innovation, Science and Economic Development Canada. These constraints, while deemed appropriate and necessary to meet the overall objectives of CANARIE, preclude a more active approach to investment management.

Rather than active investment management, the strategy adopted by CANARIE is "buy and hold", based on the following framework:

- Investment maturities will, wherever possible, match the forecasted cash requirements of CANARIE.
- The quantitative limits on investment holdings provide ample structural liquidity to meet the needs of CANARIE. It is appropriate, therefore, to hold less liquid types of approved investments. Value added will be achieved by moving out the "liquidity curve" when possible.
- At all times, CANARIE will hold investments deemed eligible under the Statement of Investment Policy.

Within this context, CANARIE's official Statement of Investment Policy is adopted by the Board of Directors and reviewed and approved in the year by the Audit & Investment Committee of the Board. It was last reviewed and approved in October 2024. There were no changes to the Policy, standards, or procedures during the year.

10. Summary of the Results of Audits and Evaluations Carried Out During the Year

Financial Audit: CANARIE annually provides for a Financial Audit undertaken by independent auditors who are approved each year by CANARIE's membership and overseen by the Audit and Investment Committee of the Board. The results of this Audit are provided to the Minister as part of each year's Annual Report to the Minister. The Financial Audit for the 2024-25 Fiscal Year was completed in June 2025 by BDO Canada LLP, Chartered Professional Accountants.

Recipient Audits: In agreements with Eligible Ultimate Recipients for Eligible Projects, CANARIE is required to provide for the conduct of an audit of:

(i) any Eligible Project where CANARIE's contribution exceeds $1M,

(ii) any Eligible Project where CANARIE deems that an audit is appropriate, and

(iii) a representative sample of projects to which CANARIE has contributed less than $1M,

according to the terms and procedures set out in the Performance and Risk Framework and the Contribution Agreement.

CANARIE includes in its contracts with Eligible Ultimate Recipients a requirement for the conduct of an audit by an auditor selected by CANARIE for all funded projects, regardless of the amount of CANARIE funding received. This provides CANARIE with the ability to audit projects, where warranted or deemed appropriate, and to perform representative sample audits.

Through a competitive procurement process, CANARIE selected two audit firms to manage the recipient audits. The firms audited the projects where funding was provided during the current mandate, according to an audit plan that was developed to meet the requirements of the Contribution Agreement, and the Performance and Risk Framework developed for the current mandate.

The following table reflects the audit performed in fiscal 2024-25.

Table 10.0 Recipient Audits – NREN

Lead Contractor	Project
Nunavut Arctic College	Nunavut Research and Education Network – Startup Cost

Appendix 1: CANARIE Inc. Financial Statements – March 31, 2025

~ attached ~

CANARIE Inc.

Financial Statements

For the year ended March 31, 2025

Contents

Tél./Tel: 613-237-9331
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www.bdo.ca

BDO Canada s.r.l./S.E.N.C.R.L./LLP
180 Kent Street
Suite 1700
Ottawa ON K1P 0B6 Canada

Independent Auditor's Report

To the members of CANARIE Inc.

Opinion

We have audited the financial statements of CANARIE Inc., which comprise the statement of financial position at March 31, 2025 and the statement of operations, changes in net assets 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 CANARIE Inc. as at March 31, 2025 and its financial performance 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CANARIE Inc. 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 CANARIE Inc.'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 CANARIE Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CANARIE Inc.'s financial reporting process.

Auditor's 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 auditor's 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 CANARIE Inc.'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 CANARIE Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause CANARIE Inc. 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 27, 2025

CANARIE Inc.
Statement of Financial Position

March 31		**2025**		2024
Assets				
Current				
Cash	$	1,585,992	$	12,059,495
Investments (Note 2)		9,906,642		-
Accounts and other receivables (Note 3)		919,366		1,907,498
Prepaid expenses and deposits (Note 4)		8,829,153		8,121,219
		21,241,153		22,088,212
Investments (Note 2)		889,401		-
Prepaid expenses and deposits (Note 4)		6,824,853		8,194,956
Tangible capital assets, assets under capital lease and intangible asset (Note 5)		23,339,831		23,332,246
	$	52,295,238	$	53,615,414
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities (Note 6)	$	1,332,902	$	2,796,749
Deferred revenue		15,000		27,500
Deferred funding (Note 7)		10,828,721		10,114,933
Current portion of obligations under capital leases (Note 9)		428,082		2,004,002
		12,604,705		14,943,184
Deferred funding (Note 7)		6,824,853		8,194,956
Deferred capital funding (Note 8)		21,584,512		19,758,297
Obligations under capital leases (Note 9)		1,327,237		1,569,947
		42,341,307		44,466,384
Commitments (Note 10)				
Net Assets				
Unrestricted		520,248		90,564
Internally restricted royalty fund		2,722,059		2,613,791
Internally restricted for windup of operations		6,711,624		6,444,675
		9,953,931		9,149,030
	$	52,295,238	$	53,615,414

On behalf of the board:

Gitta Kulczycki Director   Larry Rosia Director

The notes are an integral part of these financial statements.

CANARIE Inc.
Statement of Changes in Net Assets

For the year ended March 31	Unrestricted	Internally Restricted Royalty Fund (Note 11)	Internally Restricted for Windup of Operations (Note 11)	2025	2024
Balance, beginning of the year	$ 90,564	$ 2,613,791	$ 6,444,675	$ 9,149,030	$ 8,493,068
Membership	367,500	-	-	367,500	357,083
Investment income	3,751	108,268	266,949	378,968	350,901
Corporate recovery (expenses)	58,433	-	-	58,433	(52,022)
Excess of revenues over expenses	429,684	108,268	266,949	804,901	655,962
Balance, end of the year	$ 520,248	$ 2,722,059	$ 6,711,624	$ 9,953,931	$ 9,149,030

The notes are an integral part of these financial statements.

CANARIE Inc.
Statement of Operations

For the year ended March 31	2025	2024
Revenues		
Innovation, Science and Economic Development (ISED) funding	$ 36,353,730	$ 39,448,393
Research Intensive Group (RIG) funding	399,283	874,689
Investment income	378,968	350,901
Membership	367,500	357,083
	37,499,481	41,031,066
Expenses (Schedule)		
Program	31,035,811	33,618,883
Operating	5,317,919	5,829,510
Research Intensive Group	399,283	874,689
Corporate (recovery)	(58,433)	52,022
	36,694,580	40,375,104
Excess of revenues over expenses	$ 804,901	$ 655,962

The notes are an integral part of these financial statements.

CANARIE Inc.
Schedule of Expenses

For the year ended March 31	Program	Operating	Research Intensive Group	Corporate	2025 Total
Direct program	$ 14,971,356	$ -	$ 113,101	$ -	$ 15,084,457
Employee and consultants (recovery)	11,821,999	3,383,144	286,182	(76,647)	15,414,678
Marketing and promotion	116,527	85,926	-	-	202,453
Travel, meetings and conferences	414,931	134,639	-	-	549,570
Rent	-	659,143	-	-	659,143
General office and supplies	15,342	260,455	-	18,214	294,011
Computer software and supplies	297,017	335,652	-	-	632,669
Professional fees	20,788	59,190	-	-	79,978
Interest on obligations under capital leases	127,156	-	-	-	127,156
	27,785,116	4,918,149	399,283	(58,433)	33,044,115
Plus: Amortization	3,250,695	399,770	-	-	3,650,465
	$ 31,035,811	$ 5,317,919	$ 399,283	$ (58,433)	$ 36,694,580

The notes are an integral part of these financial statements.

CANARIE Inc.
Schedule of Expenses

For the year ended March 31	Program	Operating	Research Intensive Group	Corporate	2024 Total
Direct program	$ 19,015,537	$ -	$ 510,825	$ -	$ 19,526,362
Employee and consultants	10,502,412	3,769,289	363,864	36,285	14,671,850
Marketing and promotion	114,613	94,386	-	-	208,999
Travel, meetings and conferences	624,412	228,005	-	-	852,417
Rent	-	618,984	-	-	618,984
General office and supplies	41,359	330,138	-	15,737	387,234
Computer software and supplies	169,077	288,885	-	-	457,962
Professional fees	4,901	43,960	-	-	48,861
Interest on obligations under capital leases	148,256	-	-	-	148,256
	30,620,567	5,373,647	874,689	52,022	36,920,925
Plus: Amortization	2,998,316	455,863	-	-	3,454,179
	$ 33,618,883	$ 5,829,510	$ 874,689	$ 52,022	$ 40,375,104

The notes are an integral part of these financial statements.

CANARIE Inc.
Statement of Cash Flows

For the year ended March 31	**2025**	2024
Cash flows from operating activities		
Excess of revenues over expenses	$ 804,901	$ 655,962
Items not affecting cash:		
Amortization expense	3,650,465	3,454,179
Amortization of deferred capital funding	(3,650,465)	(3,454,179)
Gain on disposal of tangible capital assets	-	(90)
	804,901	655,872
Changes in non-cash working capital:		
Accounts and other receivables	988,132	(1,185,150)
Prepaid expenses and deposits	662,169	(5,570,929)
Accounts payable and accrued liabilities	(1,463,848)	(1,855,999)
Deferred revenue	(12,500)	(37,500)
Deferred funding	(656,315)	(5,825,768)
	322,539	(13,819,474)
Cash flows from investing activities		
Deferred capital funding received to purchase tangible capital assets, assets under capital leases and intangible asset	3,658,050	11,888,107
Purchase of tangible capital assets, assets under capital leases and intangible asset	(3,658,050)	(11,888,107)
Proceeds on disposal of tangible capital assets	-	90
Purchase of investments	(34,753,743)	(29,619,981)
Proceeds from disposal of investments	23,957,701	53,039,180
	(10,796,042)	23,419,289
Cash flows from financing activities		
Repayment of obligations under capital leases	(1,818,629)	(679,249)
Deferred capital funding received related to the payment of obligations under capital leases	1,818,629	679,249
	-	-
Net (decrease) increase in cash	(10,473,503)	9,599,815
Cash, beginning of the year	12,059,495	2,459,680
Cash, end of the year	$ 1,585,992	$ 12,059,495

The notes are an integral part of these financial statements.

1. Significant Accounting Policies

Purpose of Organization	CANARIE Inc. (the organization) was incorporated on March 5, 1993 as a non-profit organization without share capital under Part II of the Canadian Corporations Act. CANARIE Inc. was continued under section 211 of the Canada Not-for-profit Corporations Act on November 19, 2013. The objective of CANARIE Inc. is to support the development of the communications infrastructure for a knowledge-based Canada. As a corporation constituted exclusively for the purpose of carrying on or promoting scientific research and experimental development, CANARIE Inc. is exempt from the payment of income taxes under Section 149(1)(J) of the Income Tax Act (Canada).
Basis of Accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
Use of Estimates	The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Areas of significant estimates include useful lives of tangible capital assets, assets under capital lease and intangible asset.
Deferred Funding	Deferred funding relates to (1) funding received, including interest earned on funding, user fees collected and other recovered eligible costs, in advance of the funding period; (2) funding received for future service; and (3) funding received with respect to the purchase of tangible capital assets, assets under capital lease and intangible asset. When tangible capital assets, assets under capital lease and intangible asset are disposed, the proceeds increase the deferred funding balance and the net book value decreases the deferred funding balance related to tangible capital assets, assets under capital lease and intangible asset.

1. Significant Accounting Policies (continued)

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Funding related to tangible capital assets, assets under capital lease and intangible asset is deferred and recognized as revenue in the same year as the amortization expense of the related tangible capital assets, assets under capital lease and intangible asset.

Service contracts are recognized over the period of the services provided.

Membership fees are recognized over the period of membership.

Financial Instruments

Measurement
The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments which it chose to measure at fair value. Changes in fair value are recognized in the statement of operations.

Impairment
Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

Transaction costs
The organization recognizes its transaction costs in the statement of operations in the year incurred for financial instruments measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs in the initial measurement of the asset or liability.

1. Significant Accounting Policies (continued)

Tangible Capital Assets and Intangible Asset

Tangible capital assets and intangible asset are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the following methods and annual rates:

Computer equipment	3 years straight-line basis
Computer software	2 years straight-line basis
Equipment	3 years straight-line basis
Leasehold improvements	over the term of the lease
Furniture	5 years straight-line basis
Network equipment	5 years straight-line basis

Computer software under development are not amortized until the asset is available for use.

Impairment of Tangible Capital Assets and Intangible Asset

When a tangible capital asset or intangible asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

Assets under capital lease are stated at cost less accumulated amortization. They are amortized on a straight-line basis over the expected useful life of the asset to the organization, not to exceed twenty years, which currently corresponds to the term of the lease.

Prepaid costs relating to fibre under capital leases represent costs for fibre under construction and are not amortized until the asset is available for use.

Contributed Services

During the year, voluntary services (including donated time and travel of board and committee members) were provided. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

1. Significant Accounting Policies (continued)

Presentation of Expenses

Activities eligible for funding in the ISED contribution agreement are classified as program or operating expenses. Program development, design and implementation activities are classified as program expenses. Activities which are not directly in support of Programs are classified as operating expenses. Activities not eligible for funding under the ISED contribution agreement are classified as corporate expenses or RIG expenses.

2. Investments

Investments consist of Canadian government bonds with annual yields of 3.11% maturing in December 2025, short-term provincial government coupon bonds with annual yields ranging from 2.89% to 3.52% and maturities ranging from August 2025 to December 2025, short-term guaranteed investment certificates with annual yields ranging from 3.30% to 4.81% and maturities ranging from September 2025 to January 2026, and cash held in investment savings accounts with an annual yield of 2.55%.

Investments include a long-term guaranteed investment certificate with an annual yield of 2.82% maturing July 2026.

3. Accounts and Other Receivables

	2025	2024
Trade account receivables	$ 400,001	$ 340,598
Government remittances receivable	519,365	1,566,900
	$ 919,366	$ 1,907,498

4. Prepaid Expenses and Deposits

	2025	2024
Program prepayments	$14,834,296	$15,876,996
Operating prepayments	783,210	402,679
Lease deposits	36,500	36,500
Balance, end of the year	15,654,006	16,316,175
Current portion	8,829,153	8,121,219
Long-term portion	$ 6,824,853	$ 8,194,956

5. Tangible Capital Assets, Assets under Capital Lease and Intangible Asset

	2025		2024	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Computer equipment	$ 1,577,390	$ 1,050,939	$ 1,248,433	$ 873,072
Computer software	450,726	444,261	443,990	388,719
Equipment	432,036	373,972	381,485	349,925
Leasehold improvements	945,617	901,504	902,936	673,629
Furniture	258,830	222,072	247,365	172,810
Art	4,082	-	4,082	-
Network equipment	25,582,976	19,742,336	25,032,227	17,594,473
Fibre under capital lease	15,505,114	8,121,700	15,505,114	7,153,691
Fibre under capital lease under construction	9,410,147	-	6,772,933	-
Computer software under development	29,697	-	-	-
	$ 54,196,615	$ 30,856,784	$ 50,538,565	$ 27,206,319
Net book value		$ 23,339,831		$ 23,332,246

During the year, computer equipment with a cost of $Nil (2024 - $54,679) and accumulated amortization of $Nil (2024 - $54,679) was disposed and removed from the total cost and total accumulated amortization.

6. Accounts Payable and Accrued Liabilities

	2025	2024
Accounts payable and accrued liabilities	$ 1,230,029	$ 2,796,749
ISED funding payable	102,873	-
	$ 1,332,902	$ 2,796,749

7. Deferred Funding

Deferred funding represents amounts funded by ISED for the design, development, deployment, improvement and operations of the CANARIE network and programs and by RIG to support early-stage research and development for the Research & Education sector cybersecurity tools and services.

	2025	2024
Balance, beginning of year	$18,309,889	$24,135,657
ISED funding received	37,000,000	40,600,000
RIG funding received	-	1,300,000
Program - service fees	656,342	583,719
Program - interest	369,443	1,126,773
ISED funding payable	(102,873)	-
Direct program and operating expenses	(32,703,265)	(35,994,214)
RIG expenses	(399,283)	(874,689)
Transfer to operating for the purchase of tangible capital assets, assets under capital lease and intangible asset	(3,658,050)	(11,888,108)
Transfer to operating for payments of obligations under capital lease	(1,818,629)	(679,249)
Balance, end of year	17,653,574	18,309,889
Current portion	10,828,721	10,114,933
Long-term portion	$ 6,824,853	$ 8,194,956

8. Deferred Capital Funding

Deferred capital funding represents amounts funded by ISED.

	2025	2024
Balance, beginning of year	$19,758,297	$10,645,119
Funding received related to the purchase of tangible capital assets, assets under leases and intangible asset	3,658,050	11,888,108
Funding received related to the payment of obligations under capital leases	1,818,629	679,249
Amortization of program and operating assets	(3,650,464)	(3,454,179)
Balance, end of year	$21,584,512	$19,758,297

9. Obligations Under Capital Leases

	2025	2024
Capital lease for indefeasible rights of use of fibre, 3.00%, due March 2032, payable by monthly installments of $23,825, principal and interest.	$ 1,569,947	$ 1,805,588
Capital lease for indefeasible rights of use of fibre, 3.83%, due April 2025, paid in installments of principal and interest, of which $208,149 remains payable at March 31, 2025.	185,372	1,768,361
	1,755,319	3,573,949
Less: current portion	428,082	2,004,002
	$ 1,327,237	$ 1,569,947

Minimum lease payments required under the capital lease are as follows:

2026	$ 494,047
2027	285,898
2028	285,898
2029	285,898
2030	285,898
Subsequently	285,898
	1,923,537
Less: interest included in minimum payments	(168,218)
	$ 1,755,319

10. Commitments

The organization entered into a lease agreement extension to March 31, 2026 for office space with payments of $564,998 due in 2026.

As at March 31, 2025, the organization had commitments of $14,702,980 with respect to its programs.

11. Internally Restricted Net Assets

Royalty Fund
The organization retains royalties and can use these funds in a manner to be determined by the organization. Annual allocations to the fund include investment income of $108,268 (2024 - $103,707). The fund cannot be reallocated without the approval of the Board of Directors.

Windup of Operations
The organization established a fund for the eventual wind up of its operations or for the transition to a new mode of business. In either event, the fund will be used to cover outstanding operating expenses and obligations should a wind up or transition occur. Management performs an annual review of the sufficiency of this fund. Annual allocations to the fund include investment income of $266,949 (2024 - $243,802). The fund cannot be reallocated without the approval of the Board of Directors.

12. Economic Dependence

During the year, the organization received 97% (2024 - 96%) of its revenue from ISED. The organization's operations are therefore economically dependent on continued funding from this source.

On March 12, 2025, the organization entered into a contribution agreement with ISED for funding totalling $176,000,000 for April 1, 2025 to March 31, 2030.

13. Financial Instruments

Credit risk
The organization is exposed to credit risk since all of its bank accounts are held in one financial institution. There have been no changes in the risk from the prior year.

Interest rate risk
The organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. The interest rate risk has increased compared to the prior year due to an increase in fixed interest financial instruments held by the organization.

14. Subsequent Events

In early 2025, the U.S. government announced plans to impose tariffs on most Canadian imports. These planned tariffs have since been subject to a series of changes as to timing, amounts and products subject to tariffs as well as retaliatory tariffs by Canada. The escalating risk of cross-border tariffs between the U.S. and Canada, as well as other countries, introduces heightened uncertainty.

Management cannot reasonably estimate the potential financial impact of these tariffs on import purchases or the impacts of foreign currency exchange rates at this time.