CANARIE Annual Report

2025-26 (FY26)

Submitted on: July 31, 2026

canarie.ca

Table of Contents

1. Executive Summary

CANARIE is pleased to present its Annual Report for fiscal year 2025-26 (FY26), the first year of its 2025-2030 Mandate. Over the past year, CANARIE has executed on all eligible activities outlined in its 2025-26 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.

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.

As well as delivering on its core programming, FY26 has seen CANARIE kick-off a Strategic Plan refresh, engaging deeply with connected institutions, National Research and Education Network (NREN) Partners, the Alliance, and organizations across the ecosystem. This Strategic Plan will be finalized in FY27 and will ensure that CANARIE continues to both deliver against our Contribution Agreement and positions itself and Canada for the research needs of the future.

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 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-plus 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 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, and delivered a funding proposal to the Government of Canada to evolve this service into a full CANARIE program offering.

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 2025-26 and the Extent to Which CANARIE Met the Expected Results

CANARIE's eligible activities in the 2025-26 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 FY26 Short-/Medium-Term Outcomes	FY26 Activities
Deployment of additional network capacity to support traffic growth Continued work on the 400Gbps capacity upgrade	Capacity and equipment upgraded to 400Gbps on the CANARIE portion of the Advanced North Atlantic collaboration (ANA), which shares capacity on trans-Atlantic capacity between research networks to increase total capacity, improve resiliency, and lower costs 400Gbps capacity upgrade completed across the southern path of the CANARIE Network, from Victoria to Montreal and onward to the US (Seattle, Chicago, and New York)
Completion of the refresh of the Eastern fibre systems	The refresh of the Eastern fibre system was completed in FY26, to support future connectivity needs
Improved access to commercial cloud services	A new Internet Exchange connection was added to the CANARIE Network to expand access to content services

Improvement of the network security reporting, monitoring, and measurement system	Improved automated routing security and compliance reporting tools were rolled out, including for Mutually Agreed Norms for Routing Security (MANRS) and the implementation of Route Origin Authorization (ROA) / Resource Public Key Infrastructure (RPKI) of route validation to automatically drop invalid routes
Deployment of Network Automation Applications and continued work on the Automation development	Network Automation workflows definitions were developed, with further enhancements planned for the near future
Developed plans for leveraging AI in network operation	A long-term AI network operations plan is still in development, but an AI tool was rolled out to assist with the analysis of network routing information during troubleshooting
Deployment of support tools accessible through the user portal	The portal has evolved and been updated to offer support for cybersecurity services, as well as existing network and identity management services

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 FY27.

Expected FY26 Short-/Medium-Term Outcomes	FY26 Activities
Continue to support existing connections to government research facilities that meet the performance needs of the government science community	All existing IEP connections were maintained and renewed for a further year CANARIE engaged with SSC and ISED to support moving these connections to SSC

2.1.3 Identity and Access Management (IAM)

As the national operator of the Canadian Access Federation (CAF), CANARIE works with the communities it serves to identify demand for IAM 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 FY26 Short-/Medium-Term Outcomes	FY26 Activities
Maintain the current high level of participation in CAF Increased number of eduroam log-ins per year	CANARIE continued to operate and evolve CAF Services. In FY26, CANARIE supported 529 million authenticated eduroam log-ins in Canada. The total number of CAF participants stands at 244
Increased number of projects to upgrade the capacity/capability of the Federation	CANARIE launched a project to introduce new tooling for FIM, and introduced three additional standards to help participants better manage privacy-preserving attribute release within the Federation
Increased number of interfaces, applications, and tools available to support CAF services	CANARIE introduced a hosted RADIUS platform that makes it easier for smaller institutions to launch and run eduroam, as well as nine other projects to increase the capacity and resiliency of CAF services

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, reliability, and security 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 FY26 Short-/Medium-Term Outcomes	FY26 Activities
Execution underway to launch Call 1 to enable the NREN to create, extend, or improve network and security infrastructure and to develop and retain talent	NREN Call 1 was launched and fully subscribed. 14 proposals received, and 13 were approved for funding
Scoping work underway to launch Call 2 in FY27 to connect the unconnected to the NREN, including indigenous institutions	CANARIE launched the Expression of Interest stage of NREN Call 2, with full proposals due in FY27

Development and launch of projects to enhance the processes and capacity of the NREN	Two projects were launched to enhance the processes and capacity of NREN network security infrastructure: a Pan-Canadian Tabletop Exercise and Penetration Testing Scoping work is also underway to identify and develop projects to enhance the process and capacity of NREN networking infrastructure
Other	Planning activities commenced to launch Call 3 in FY27 to enable the NREN to create, extend, or improve network and security infrastructure and to develop and retain talent

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.

CANARIE leadership in the sector supports the evolution of a complementary set of capabilities at all layers – local, regional, and 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.

Expected FY26 Short-/Medium-Term Outcomes	FY26 Activities
Deploy and refine initiatives under the four strategic cybersecurity pillars: Community Risk Assessment; Threat Intel; Cyber Response; and Pooling and Sharing Resources	CANARIE refined and operationalized initiatives across all four strategic cybersecurity pillars, incorporating community feedback to improve clarity, usability, and alignment with institutional needs. Additionally, to increase efficiency and reduce duplication in cybersecurity investments in the community, CANARIE lay the foundation for pooling and sharing resources, with a formal launch of this service set for FY27

Complete data collection on the CanSSOC Federated SOC Pilot and deliver funding request to ISED	Following a successful Pilot with 12 institutions and multiple NREN Partners, CANARIE developed a community supported plan to fund the Federated SOC as a core program, which was submitted to ISED in September 2025. CANARIE continues to work with ISED and the Government of Canada to support a positive funding decision
Expand the CanSSOC Threat Feed into a comprehensive national Threat Intelligence service	The Threat Feed was augmented with increased community threat feed data through active threat hunting, honeypots, and Federated SOC Incidents of Compromise (IOCs), and through expanded global and national partnerships. Additionally, CANARIE began providing targeted threat insights through a new monthly community bulletin designed to augment the community "CHESS" calls
Host events and provide thought leadership to enhance engagement and alignment with the community	CANARIE hosted cybersecurity engagement activities, including but not limited to: • the 2025 SecuR&E Forum • 12 community "CHESS" calls to support the Threat Intelligence service; • 12 calls supporting community groups with our NREN Partners; and • 1 pre-conference workshop and 3 presentations at CANHEIT, the national university IT event
Evolve the National Cybersecurity Assessment service and create greater alignment with other sector-wide assessment and prioritization initiatives	CANARIE launched the new NCA platform which included an initial streamlined NCA questionnaire; flexibility in timing and frequency of organizations; a self-serve dashboard; and expanded support for additional frameworks such as ITSP-10-171 and other requests. Additionally, the NCA is being more closely aligned with third-party risk (TPRM) and the technical survey produced by the CANARIE-funded Benchmarking service

Establish a robust framework for ongoing community engagement and collaboration, including clarity of roles and responsibilities	CANARIE refined its institutional engagement model to support more structured, ongoing two-way dialogue with institutions, including developing and socializing a reconstituted cybersecurity advisory committee model, clarifying its purpose, scope, and member roles, and strengthening transparency in how institutional perspectives inform national cybersecurity priorities. Additionally, CANARIE contributed leadership and coordination support to the Collective Cybersecurity Project Team (CCPT), advancing a more coordinated, collaborative sector engagement approach, including clarifying roles across institutional, regional, and national actors and supporting community-validated alignment efforts

2.3 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 FY26 Short-/Medium-Term Outcomes	FY26 Activities
The Alliance and host sites participating in the National Cybersecurity Assessment (NCA)	The Alliance participated in the third cycle of the NCA, to better understand their cybersecurity posture, and align it with activities in the broader ecosystem
Ongoing planning for common cybersecurity approaches, including activities where the Alliance's cybersecurity activities feed into and benefit from the CanSSOC Federated SOC approach	CANARIE and the Alliance continue to meet regularly to align their cybersecurity approaches and activities, including having cybersecurity as a standing item on Executive level meetings
Alignment on cybersecurity governance for the two organizations, including a single individual chairing both organizations' cybersecurity committees	A single individual chaired both organizations' cybersecurity committees to increase alignment
Continued work to integrate Federated Identity Management into the Alliance's ARC services	The Alliance has implemented a third-party identity service which enables sign-in via FIM. CANARIE and the Alliance will continue to work together to more closely integrate FIM with the Alliance's services

CANARIE participation in cloud pilot project processes	The Alliance Cloud Connect Pilot program was completed at the end of FY25. Analysis of the results and key lessons learned will inform future service offerings
Other	CANARIE has provided support for The Alliance's planning for the future of its AI data centre model The Alliance participated on a panel at the SecuR&E form with CANARIE and the RIG, to highlight operational alignment

2.4 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 FY26 Short-/Medium-Term Outcomes	FY26 Activities
Scoping work underway to launch NREN Call 2 in FY27 to connect the unconnected including indigenous institutions to the NREN	*See Section 2.1.4 on page 7*
Ongoing support for CANARIE Employee Resource Groups Deliver additional training for staff as appropriate	CANARIE continues with internal EDI activities, including support for ERGs, and running our fifth annual staff survey
Continued engagement with submarine Arctic cable consortia to support Northern Connectivity	CANARIE continues to engage with NORDUnet, the pan-Nordic Research and Education Network, to remain engaged on this project

3. Statement of Eligible Activities for 2026-27 and for the Foreseeable Future

In 2026-27, 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 2026-27 Business Plan:

FY27 Network Operations Activities
Operate the Network
Increase capacity, redundancy, and reliability
Improve network monitoring activities through the adoption of new tools
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
Continue to improve the Network's security posture
Refresh the end-of-life Distributed Denial of Service (DDoS) detection system
Continue to develop network service automation
Continue to develop strategies for leveraging AI to improve the efficiency, reliability, and security of network operations
Continue to enhance user access to support tools
Engage on international networking activities, including Low Earth Orbit (LEO) satellites, Polar connectivity, Asia Pacific connectivity, Global Network Advancement Group (GNA-G)

FY27 IEP Activities
Maintain existing high-speed network connections to government research facilities
Planning to transition ownership of existing access connections (IEP connections) to the Government of Canada Science Network (GCSN) to Shared Services Canada (SSC)

FY27 Identity and Access Management Activities
Continue to work with Canadian Access Federation (CAF) participants and industry experts to plan service evolution
Expand the number of sites that broadcast eduroam in the community to offer options for distance learning and creative utilization of community spaces
Expand the portfolio of identity-based services, focusing on offering Federated Identity Management as a managed service deployment
Engage with the international community on the evolution of identity management services

FY27 NREN Program Activities
Connect the unconnected with particular focus on Indigenous institutions
Strengthen NREN collaboration
Extend capacity, redundancy, reliability, and security through provincial and territorial NREN Partners' networks

FY27 Cybersecurity Activities
Identify, prioritize, and deliver cybersecurity initiatives driven by data, evidence, and sector-wide risk analysis, including reviewing existing programs and services to ensure value to the community, and a more streamlined delivery model
Continue to advance the CanSSOC Threat Feed into a broader national Threat Intelligence service, integrating technical indicators, contextual briefings, emerging-threat insights, and automated detection rules
Complete the 4th cycle of the National Cybersecurity Assessment (NCA), including both operational and strategic enhancements
Build on the success of the NCA to include a more strategic suite of cyber risk modelling services and relevant templates
Expand the new sector-wide collaboration portal to deliver accurate, timely, and strategically valuable cybersecurity content tailored to the R&E community, including adding capabilities for community-contributed content and peer commentary
Revitalize the CANARIE cybersecurity advisory model ensuring direct strategic and technical insights from institutions
Expand delivery of technical intelligence updates and an annual executive-level threat briefing, and launch a cybersecurity focused webinar series, to share information and strengthen decision-making within institutions

FY27 Activities in Concert with the Alliance
Work to integrate CANARIE and the Alliance's 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

FY27 EDI Activities
Work in Canada and internationally to support underserved communities
Ongoing Indigenous community engagement strategy and activities
Continued use of institutional EDI plans as an adjudication criterion for funding selection, where appropriate
Training for CANARIE staff on topics that advance EDI
Continued work to renew CANARIE policies, procedures, and practices

4. Funding Received

Eligible Activities were supported by ISED funding received in 2025–26, together with interest earned on those funds and program income. Total funding applied to Eligible Activities was $29.9M.

Funding Received ($000s)	
ISED Funding received	29,600
Interest income earned on ISED Funding	182
Program Income	147
Total	**29,929**

5. Eligible Expenditures

CANARIE invested the $29.9M funding in eligible expenditures across its Network Operations and Cybersecurity activities, along with supporting administration costs.

The table below presents the breakdown of eligible expenditures and how they align with the audited financial statements:

Reconciliation of Eligible Expenditures to Audited Financial Statements ($000s)			
Description	**Eligible Expenditures**	**Adjustments***	**Audited Financial Statements** ***(Appendix 1)***
Network Operations	**17,903**	**(421)**	**17,482**
Cybersecurity Programs and Services	5,145	376	5,521
CanSSOC Federated SOC Pilot	1,642	877	2,519
Total Cybersecurity	**6,787**	**1,253**	**8,040**
Total Program	**24,690**	**832**	**25,522**
Administration	5,239	158	5,397
Total	**29,929**	**990**	**30,919**

*Adjustments reflect differences between expenses reported under the audited financial statements in Appendix 1 and those recognized as eligible expenditures under the Contribution Agreement.

6. CANARIE's Investment Policies, Standards, and Procedures Updates

CANARIE invests funds in accordance with its approved Investment Policy and Investment Strategy, which apply to all investment funds, including Program Funds governed by the Contribution Agreement with ISED, and Corporate Funds managed at CANARIE's discretion.

The Investment Policy and Investment Strategy are reviewed annually by the Audit and Investment Committee and approved by the Board of Directors and were most recently updated and approved in October 2025. The updates clarified the distinction between Program Funds and Corporate Funds and aligned investment parameters with the requirements of the Contribution Agreement.

7. Audits

CANARIE annually undergoes a financial audit conducted by an independent auditor appointed by its membership and overseen by the Board of Director's Audit and Investment Committee. The auditor is a qualified firm of Chartered Professional Accountants that meets the independence and professional standards required under the Contribution Agreement.

The audit for the 2025–26 fiscal year was completed in June 2026 by BDO Canada LLP, Chartered Professional Accountants. The audited financial statements are included in Appendix 1 of this Annual Report.

CANARIE’s funding agreements with Eligible Ultimate Recipients include provisions that permit CANARIE and the Minister, at their sole discretion, to conduct audits of funded projects, including on a sample basis. No audits of Eligible Ultimate Recipients were conducted in the year .

Appendix 1: CANARIE Inc. Financial Statements – March 31, 2026

~ attached ~

CANARIE Inc.
Financial Statements
For the year ended March 31, 2026

Contents

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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, 2026 and the statements 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, 2026 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 29, 2026

CANARIE Inc.
Statement of Financial Position

March 31	2026	2025
Assets		
Current		
Cash	$ 481,240	$ 1,585,992
Investments (Note 2)	7,244,411	9,906,642
Accounts and other receivables (Note 3)	291,122	919,366
Prepaid expenses and deposits (Note 4)	5,719,124	8,829,153
	13,735,897	21,241,153
Investments (Note 2)	5,385,047	889,401
Prepaid expenses and deposits (Note 4)	6,195,275	6,824,853
Capital assets (Note 5)	25,985,073	23,339,831
	$ 51,301,292	$ 52,295,238

Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 914,270	$ 1,332,902
Deferred membership revenue	-	15,000
Deferred funding (Note 7)	7,358,562	10,828,721
Current portion of obligation under capital lease (Note 9)	492,701	428,082
	8,765,533	12,604,705
Deferred funding (Note 7)	6,576,783	6,824,853
Deferred capital funding (Note 8)	24,415,126	21,584,512
Obligations under capital leases (Note 9)	1,077,246	1,327,237
	40,834,688	42,341,307
Commitments (Note 10)		
Net Assets		
Unrestricted	820,404	520,248
Internally restricted royalty fund	2,783,380	2,722,059
Internally restricted for windup of operations	6,862,820	6,711,624
	10,466,604	9,953,931
	$ 51,301,292	$ 52,295,238

On behalf of the board:

Gitta Kulczycki Director

[signature] 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)	2026	2025
Balance, beginning of the year	$ 520,248	$ 2,722,059	$ 6,711,624	$ 9,953,931	$ 9,149,030
Excess of revenues over expenses	300,156	61,321	151,196	512,673	804,901
Balance, end of the year	$ 820,404	$ 2,783,380	$ 6,862,820	$10,466,604	$ 9,953,931

The notes are an integral part of these financial statements.

CANARIE Inc.
Statement of Operations

For the year ended March 31	2026	2025
Revenues		
Innovation, Science and Economic Development (ISED) funding	$ 30,919,824	$ 36,353,730
Membership	380,000	367,500
Research Intensive Group (RIG) funding	262,262	399,283
Investment income	224,238	378,968
	31,786,324	37,499,481
Expenses (Schedule)		
Program	25,522,393	31,035,811
Operating	5,397,431	5,317,919
Research Intensive Group	262,262	399,283
Corporate (recovery)	91,565	(58,433)
	31,273,651	36,694,580
Excess of revenues over expenses	$ 512,673	$ 804,901

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	2026 Total
Direct program	$ 10,793,909	$ -	$ 49,886	$ -	$ 10,843,795
Employee and consultants	9,580,006	3,709,830	212,376	50,851	13,553,063
Computer software and supplies	513,983	398,150	-	-	912,133
Travel, meetings and conferences	371,162	166,126	-	-	537,288
Marketing and promotion	83,428	34,099	-	-	117,527
Rent	-	692,426	-	-	692,426
Professional fees	19,749	23,626	-	-	43,375
General office and supplies	8,708	246,118	-	40,714	295,540
Interest on obligations under capital leases	50,258	-	-	-	50,258
	21,421,203	5,270,375	262,262	91,565	27,045,405
Plus: Amortization	4,101,190	127,056	-	-	4,228,246
	$ 25,522,393	$ 5,397,431	$ 262,262	$ 91,565	$ 31,273,651

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 (recoveries)	11,821,999	3,383,144	286,182	(76,647)	15,414,678
Computer software and supplies	297,017	335,652	-	-	632,669
Travel, meetings and conferences	414,931	134,639	-	-	549,570
Marketing and promotion	116,527	85,926	-	-	202,453
Rent	-	659,143	-	-	659,143
Professional fees	20,788	59,190	-	-	79,978
General office and supplies	15,342	260,455	-	18,214	294,011
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

CANARIE Inc.
Statement of Cash Flows

For the year ended March 31	2026	2025
Cash flows from operating activities		
Excess of revenues over expenses	$ 512,673	$ 804,901
Items not affecting cash:		
Amortization expense	4,228,246	3,650,465
Amortization of deferred capital funding	(4,228,246)	(3,650,465)
Gain on disposal of capital assets	(37,244)	-
	475,429	804,901
Changes in non-cash working capital:		
Accounts and other receivables	628,244	988,132
Prepaid expenses and deposits	3,739,607	662,169
Accounts payable and accrued liabilities	(418,632)	(1,463,848)
Deferred membership revenue	(15,000)	(12,500)
Deferred funding	(3,718,229)	(656,315)
	691,419	322,539
Cash flows from investing activities		
Deferred capital funding received related to the purchase of capital assets	6,873,488	3,658,050
Purchase of capital assets	(6,873,488)	(3,658,050)
Proceeds from disposal of capital assets	37,244	-
Purchase of investments	(23,205,485)	(34,753,743)
Proceeds from disposal of investments	21,372,070	23,957,701
	(1,796,171)	(10,796,042)
Cash flows from financing activities		
Repayment of obligations under capital leases	(185,372)	(1,818,629)
Deferred capital funding received related to the payment of obligations under capital leases	185,372	1,818,629
	-	-
Net decrease in cash	(1,104,752)	(10,473,503)
Cash, beginning of the year	1,585,992	12,059,495
Cash, end of the year	$ 481,240	$ 1,585,992

The notes are an integral part of these financial statements.

1. Significant Accounting Policies

Purpose of the 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 the useful lives of capital assets.

Deferred Funding

Deferred funding relates to (1) funding received, including interest earned on funding, program income collected and other recovered eligible costs, in advance of the funding period; (2) funding received for future services; and (3) funding received with respect to the purchase of capital assets.

When capital assets are disposed of, the proceeds increase the deferred funding balance and the net book value decreases the deferred funding balance related to capital assets.

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 capital assets is deferred and recognized as revenue in the same year as the amortization expense of the related capital assets.

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)

Capital Assets

Capital assets 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 is not amortized until the asset is available for use.

Impairment of Capital Assets

When a capital 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 leases are stated at cost less accumulated amortization and are included in capital assets in the statement of financial position. They are amortized on a straight-line basis over the expected useful life of the asset to the organization, not to exceed twenty-two years, which currently corresponds to the term of the leases.

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 current contribution agreement are classified as corporate expenses or Research Intensive Group expenses.

2. Investments

Investments consist of Canadian government bonds with annual yields ranging from 2.18% to 2.55% and maturities ranging from April 2026 to February 2027, short-term provincial government coupon bond with annual yield of 2.57% and maturity of June 2026, and short-term corporate bonds with annual yields ranging from 2.28% to 2.88% and maturities ranging from July 2026 to January 2027.

Long-term investments consist of provincial government bonds with annual yields ranging from 2.22% to 2.57%, and corporate bonds with annual yields ranging from 2.60% to 2.86%, with maturities extending beyond April 2027 to December 2028. Long-term investments also include guaranteed investment certificates with interest rates ranging from 2.65% to 2.80% with maturities ranging from January 2028 to January 2029.

Investments also include cash held in investment savings accounts.

3. Accounts and Other Receivables

	2026	2025
Trade account receivables	$ 48,502	$ 400,001
Government remittances receivable	242,620	519,365
	$ 291,122	$ 919,366

4. Prepaid Expenses and Deposits

	2026	2025
Program prepayments and deposits	$11,309,988	$14,834,296
Operating prepayments	493,977	783,210
Research Intensive Group prepayments	73,934	-
Rental deposit	36,500	36,500
Balance, end of the year	11,914,399	15,654,006
Current portion	5,719,124	8,829,153
Long-term portion	$ 6,195,275	$ 6,824,853

5. Capital Assets

	2026		2025	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Fibre under capital lease	$24,989,797	$ 6,733,317	$15,505,114	$ 8,121,700
Network equipment	16,540,872	9,499,989	25,582,976	19,742,336
Computer equipment	1,390,180	970,693	1,577,390	1,050,939
Computer software	159,897	159,897	450,726	444,261
Leasehold improvements	963,958	918,271	945,617	901,504
Equipment	451,908	387,303	432,036	373,972
Furniture	265,768	248,654	258,830	222,072
Art	-	-	4,082	-
Computer software under development	140,817	-	29,697	-
Fibre lease under construction	-	-	9,410,147	-
	$ 44,903,197	$ 18,918,124	$ 54,196,615	$ 30,856,784
Net book value		$ 25,985,073		$ 23,339,831

During the year, capital assets with a cost of $16,355,709 (2025 - $Nil) and accumulated amortization of $16,346,304 (2025 - $Nil) were disposed of and removed from the total cost and total accumulated amortization.

6. Accounts Payable and Accrued Liabilities

	2026	2025
Accounts payable and accrued liabilities	$ 715,504	$ 1,230,029
ISED funding payable	198,766	102,873
	$ 914,270	$ 1,332,902

7. Deferred Funding

Deferred funding represents unspent externally restricted funds.

Funding from Innovation, Science and Economic Development Canada (ISED) represents amounts funded to connect researchers, educators, and innovators securely via a dedicated ultra high-speed network, and to support cybersecurity in the research and education ecosystem.

Funding from the Research Intensive Group (RIG) supports early stage-research and development of cybersecurity tools and services for the Research & Education sector.

The deferred funding balance consists of the following:

	2026	2025
ISED Funding	$13,029,070	$16,485,037
RIG Funding	906,275	1,168,537
	$13,935,345	$17,653,574

7. Deferred Funding (continued)

The changes in the deferred funding balance for the year are as follows:

	2026	2025
Balance, beginning of year	$17,653,574	$18,309,889
ISED funding received	29,600,000	37,000,000
Interest earned on ISED funding	181,693	369,443
Program income	711,544	656,342
Recognized as revenue:		
ISED	(26,691,578)	(32,703,265)
RIG	(262,262)	(399,283)
Transferred to deferred capital funding for the:		
Purchase of capital assets	(6,873,488)	(3,658,050)
Payment of obligations under capital lease	(185,372)	(1,818,629)
Transferred to accounts payable and accrued liabilities	(198,766)	(102,873)
Balance, end of year	13,935,345	17,653,574
Current portion	7,358,562	10,828,721
Long-term portion	6,576,783	6,824,853
	$13,935,345	$17,653,574

8. Deferred Capital Funding

	2026	2025
Balance, beginning of year	$21,584,512	$19,758,297
Funding received related to the purchase of capital assets	6,873,488	3,658,050
Funding received related to the payment of obligations under capital leases	185,372	1,818,629
Amortization of program and operating capital assets	(4,228,246)	(3,650,464)
Balance, end of year	$24,415,126	$21,584,512

9. Obligations Under Capital Lease

	2026	2025
Capital lease for indefeasible rights of use of fibre, 3%, due March 2032, payable by annual installments of $285,898, principal and interest.	$ 1,569,947	$ 1,569,947
Capital lease for indefeasible rights of use of fibre, repaid during the year.	-	185,372
	1,569,947	1,755,319
Less: current portion	492,701	428,082
	$ 1,077,246	$ 1,327,237

Minimum lease payments required in the next five years under the capital lease are as follows:

2027	$ 571,798
2028	285,898
2029	285,898
2030	285,898
2031	285,898
	1,715,390
Less: interest included in minimum payments	(145,443)
	$ 1,569,947

10. Commitments

The organization entered into a lease agreement for office space for the period of April 1, 2026 to March 31, 2031. Future minimum lease payments for base rent total $3,592,822.

As at March 31, 2026, the organization had commitments of $13,470,674 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 $61,321 (2025 - $108,268). 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 $151,196 (2025 - $266,949). The fund cannot be reallocated without the approval of the Board of Directors.

12. Economic Dependence

During the year, the organization received 97% (2025 - 97%) 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. Of the total contribution, $29,600,000 was received for the year ending March 31, 2026.

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. There have been no changes in the risk from the prior year.

Appendix 2: Statement of Remuneration

Directors on CANARIE’s Board, including officer positions such as Chair, Vice-Chair, and Secretary/Treasurer, do not receive compensation.

CANARIE’s salary ranges are benchmarked against comparable organizations using independent compensation experts. All staff positions are aligned to a structured compensation framework, with positions grouped into defined salary bands based on position type. Compensation for the President and CEO is reviewed by the Board’s Executive Committee.

Salary ranges for the staff whose remuneration exceeds $100,000, presented by salary band level:

	Salary Range	Number of Employees
President and CEO - Level 9	$365,000 - $507,000	1
Staff - Level 8	$211,000 - $310,000	4
Staff - Level 7	$170,000 - $273,000	4
Staff - Level 6	$121,500 - $232,500	17
Staff - Level 5	$80,000 - $169,000	20
Staff - Level 4	$82,500 - $140,000	19