

# National Payroll Institute/ L'Institut national de la paie

Financial statements  
December 31, 2025



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# Independent auditor's report

To the Members of  
**National Payroll Institute/L'Institut national de la paie**

## Opinion

We have audited the financial statements of **National Payroll Institute/L'Institut national de la paie** [the "Institute"], which comprise the balance sheet as at December 31, 2025, and the statement of changes in net assets, statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Institute 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Institute'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 the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute'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 the Institute 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.

*Ernst + Young LLP*

Toronto, Canada  
March 27, 2026

Chartered Professional Accountants  
Licensed Public Accountants



**National Payroll Institute/  
L'Institut national de la paie**

**Balance sheet**


As at December 31

	<b>2025</b>	<b>2024</b>
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	83,917	2,408,668
Short-term investments, at fair value <i>[note 4]</i>	1,313,135	2,521,228
Accounts receivable <i>[note 12]</i>	3,398,754	246,351
Prepaid expenses and other assets	1,016,543	1,784,460
<b>Total current assets</b>	<b>5,812,349</b>	<b>6,960,707</b>
Long-term investments, at fair value <i>[note 4]</i>	23,894,974	26,590,187
Asset for implementation of software services <i>[note 5]</i>	103,570	4,446
Capital assets, net <i>[note 6]</i>	7,696,481	350,275
	<b>37,507,374</b>	<b>33,905,615</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Bank indebtedness <i>[note 3]</i>	250,000	—
Accounts payable and accrued liabilities <i>[note 7]</i>	2,313,856	2,192,625
Deferred revenue <i>[note 8]</i>	4,871,122	5,098,179
Current portion of leasehold inducements	191,720	47,825
<b>Total current liabilities</b>	<b>7,626,698</b>	<b>7,338,629</b>
Leasehold inducements	3,661,883	154,316
<b>Total liabilities</b>	<b>11,288,581</b>	<b>7,492,945</b>
Commitments <i>[note 11]</i>		
<b>Net assets</b>		
Unrestricted	26,218,793	26,412,670
	<b>37,507,374</b>	<b>33,905,615</b>

See accompanying notes

On behalf of the Board:

  
Chair of the Board

  
Treasurer

**National Payroll Institute/  
L'Institut national de la paie**

**Statement of changes in net assets**

Year ended December 31

	<b>2025</b>	<b>2024</b>
	\$	\$
<b>Unrestricted net assets, beginning of year</b>	<b>26,412,670</b>	24,326,324
Excess (deficiency) of revenue over expenses for the year	<b>(193,877)</b>	2,086,346
<b>Unrestricted net assets, end of year</b>	<b>26,218,793</b>	26,412,670

*See accompanying notes*

**National Payroll Institute/  
L'Institut national de la paie**

**Statement of operations**

Year ended December 31

	<b>2025</b>	<b>2024</b>
	\$	\$
<b>Revenue</b>		
Professional accreditation fees	<b>9,814,832</b>	9,718,996
Membership fees	<b>6,802,829</b>	6,228,173
Seminars and conferences	<b>6,200,356</b>	6,059,266
Publications and royalties	<b>144,384</b>	201,310
	<b>22,962,401</b>	22,207,745
<b>Expenses</b>		
Administration and membership <i>[note 5]</i>	<b>7,766,762</b>	7,060,039
Seminars and conferences	<b>4,353,577</b>	3,784,388
Professional accreditation operations and redevelopment	<b>4,269,814</b>	3,998,501
Communications and marketing	<b>3,927,412</b>	3,819,481
Content development	<b>1,851,154</b>	1,649,078
Government legislative affairs	<b>839,752</b>	1,000,797
Institute governance	<b>436,406</b>	331,346
Research	<b>23,563</b>	74,850
	<b>23,468,440</b>	21,718,480
Excess (deficiency) of revenue over expenses before the following	<b>(506,039)</b>	489,265
Strategic investment projects	<b>(2,312,413)</b>	(2,045,976)
Investment income <i>[note 9]</i>	<b>2,624,575</b>	3,643,057
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>(193,877)</b>	2,086,346

*See accompanying notes*

**National Payroll Institute/  
L'Institut national de la paie**

**Statement of cash flows**

Year ended December 31

	<b>2025</b>	<b>2024</b>
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	<b>(193,877)</b>	2,086,346
Add (deduct) items not involving cash		
Reinvested investment income, net of unrealized losses	<b>(2,596,694)</b>	(3,598,380)
Amortization of capital assets	<b>569,085</b>	483,569
	<b>(2,221,486)</b>	(1,028,465)
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	<b>(3,152,403)</b>	142,126
Decrease (increase) in prepaid expenses and other assets	<b>767,917</b>	(685,327)
Increase in asset for implementation of software services	<b>(99,124)</b>	(4,446)
Increase in accounts payable and accrued liabilities	<b>121,231</b>	101,407
Increase (decrease) in deferred revenue	<b>(227,057)</b>	468,319
Increase in leasehold inducements	<b>3,651,462</b>	10,841
<b>Cash used in operating activities</b>	<b>(1,159,460)</b>	(995,545)
<b>Investing activities</b>		
Withdrawal of investments	<b>6,500,000</b>	2,000,000
Purchase of capital assets	<b>(7,915,291)</b>	(74,479)
<b>Cash provided by (used in) investing activities</b>	<b>(1,415,291)</b>	1,925,521
<b>Financing activities</b>		
Increase in bank indebtedness	<b>250,000</b>	—
<b>Cash provided by financing activities</b>	<b>250,000</b>	—
<b>Net increase (decrease) in cash during the year</b>	<b>(2,324,751)</b>	929,976
Cash, beginning of year	<b>2,408,668</b>	1,478,692
<b>Cash, end of year</b>	<b>83,917</b>	2,408,668

*See accompanying notes*

**National Payroll Institute/  
L'Institut national de la paie**

**Notes to financial statements**

December 31, 2025

**1. Mission**

The National Payroll Institute/L'Institut national de la paie ["NPI" or the "Institute"] is the national association representing employers' payroll needs since 1978. NPI is setting the standard of professional excellence and cultivating and delivering expertise that is vital to the health of every business, critical to the economy, and essential to shaping public policy in Canada. The Institute provides knowledge and resources that more than 40,000 payroll professionals need to realize their potential, that employers depend on for the payment of wages and taxable benefits, and that governments rely on to receive statutory remittances to fund critical programs each year. The Institute's designations are recognized for expertise and professionalism, and the only such designations for payroll in Canada. The Institute has continued under the *Canada Not-for-profit Corporations Act* as a corporation without share capital. The Institute is a not-for-profit organization and, as such, is exempt from income taxes under Section 149[1][1] of the *Income Tax Act* (Canada).

**2. Summary of significant accounting policies**

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-profit Organizations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below:

**Revenue recognition**

Seminar and conference registrations are recognized as revenue when the function is held or services are provided. Professional accreditation fees are recognized as revenue when the courses are held. Membership fees are recognized as revenue on a pro rata basis over the year.

Investment income, which consists of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, net of investment fees, is recorded in the statement of operations as earned.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash and highly liquid short-term investments with maturities of less than 90 days. Cash and investments meeting the definition of cash and cash equivalents that are held for investing rather than liquidity purposes are classified as investments.

**Financial instruments**

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds, any investments in fixed income securities and alternative investments that the Institute designates upon purchase to be measured at fair value. Transactions are recorded on a trade date basis, and transaction costs are expensed as incurred.

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and are subsequently measured at cost, net of any provision for impairment.

## **Notes to financial statements**

December 31, 2025

### **Prepaid expenses and other assets**

All costs related to future courses, seminars and conferences are initially recorded as prepaid expenses and other assets when the expenditures meet the definition and recognition criteria of an asset. These are expensed over the period in which the events have occurred.

### **Capital assets**

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the following periods:

#### *Tangible*

Leasehold improvements	Over the term of lease
Stationary office furniture	10 years
Other office furniture and equipment	3–5 years

#### *Intangible*

Program and system software costs	3–5 years
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Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Institute's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

### **Cloud computing arrangements**

The Institute analyzes its cloud computing arrangements to determine if a software element in the arrangement is a software intangible asset. Any such asset is accounted for as a software intangible asset. If the software element is not an asset, it is accounted for as a software service and expensed as incurred. Expenditures on implementation activities that are directly attributable to preparing the software service for its intended use that do not give rise to a separate intangible asset are capitalized as an asset for implementation of software services. The asset for implementation of software services is expensed using the straight-line method over the expected period of access to the software services, which is estimated to be 3 years.

### **Leasehold inducements**

Leasehold inducements represent inducements received, which are amortized on a straight-line basis over the term of the underlying lease agreement.

### **Employee benefits**

The Institute contributes amounts to a group registered retirement savings plan equal to the amounts contributed by its staff according to the plan's limits. Contributions are expensed on an accrual basis.

## **Notes to financial statements**

December 31, 2025

### **Foreign exchange translation**

Revenue and expense items denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Gains or losses resulting from foreign currency transactions are recorded in the statement of operations.

### **Allocation of expenses**

The costs of each function include costs of personnel and other expenses directly related to the function. General support and other costs are not allocated.

### **3. Line of credit**

The Institute has available a line of credit to a maximum of \$300,000 bearing interest at the bank's prime rate plus 0.75% per annum. The line of credit is collateralized by a general security agreement covering all assets, other than real property, of the Institute. As at December 31, 2025, the bank's prime rate is 4.45% [2024 – 5.45%]. As at December 31, 2025, \$250,000 of the line of credit facility has been utilized. The line of credit was not utilized as at December 31, 2024.

### **4. Investments**

Investments have an asset mix as follows:

#### **Short-term investments**

	<b>2025</b>	<b>2024</b>
	\$	\$
Cash and cash equivalents	<b>1,313,135</b>	<b>2,521,228</b>

**National Payroll Institute/  
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**Notes to financial statements**

December 31, 2025

**Long-term investments**

	<b>2025</b>	<b>2024</b>
	\$	\$
Canadian fixed income securities	<b>6,060,313</b>	6,928,240
Global fixed income securities	<b>2,993,115</b>	3,585,186
Canadian equities	<b>5,416,901</b>	6,451,260
US equities	<b>3,794,595</b>	5,167,854
Other foreign equities	<b>4,044,662</b>	2,947,857
Long-term debt alternative funds	<b>1,585,388</b>	1,509,790
	<b>23,894,974</b>	26,590,187

Interest rates on fixed income securities range from 1.10% to 3.19% [2024 – 1.10% to 2.75%] and maturity dates range from January 19, 2026 to March 1, 2028 [2024 – January 29, 2025 to September 1, 2028].

Investments in pooled funds have been allocated among the asset classes based on the underlying investments.

**5. Asset for implementation of software services**

For the year ended December 31, 2025, the Institute expensed \$39,907 [2024 – nil] for software services included in administration and membership expenses and capitalized \$139,031 [2024 – \$4,446] for directly attributable costs on implementation activities related to the implementation of software services.

The Institute has commitments to make expenditures on cloud computing arrangements, which are disclosed in note 11.

**Notes to financial statements**

December 31, 2025

**6. Capital assets**

Capital assets consist of the following:

	<b>2025</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net carrying amount</b>
	\$	\$	\$
<b>Tangible</b>			
Leasehold improvements	6,845,922	221,431	6,624,491
Stationary office furniture	481,646	24,082	457,564
Other office furniture and equipment	943,585	445,965	497,620
	<b>8,271,153</b>	<b>691,478</b>	<b>7,579,675</b>

<b>Intangible</b>			
Program and system software costs			
Accreditation and seminar development	1,960,695	1,903,677	57,018
Software	1,895,713	1,835,925	59,788
	<b>3,856,408</b>	<b>3,739,602</b>	<b>116,806</b>
	<b>12,127,561</b>	<b>4,431,080</b>	<b>7,696,481</b>

	<b>2024</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net carrying amount</b>
	\$	\$	\$
<b>Tangible</b>			
Leasehold improvements	1,862,960	1,790,204	72,756
Stationary office furniture	392,614	367,836	24,778
Other office furniture and equipment	727,866	643,303	84,563
	<b>2,983,440</b>	<b>2,801,343</b>	<b>182,097</b>

<b>Intangible</b>			
Program and system software costs			
Accreditation and seminar development	1,960,705	1,838,529	122,176
Software	1,837,400	1,791,398	46,002
	<b>3,798,105</b>	<b>3,629,927</b>	<b>168,178</b>
	<b>6,781,545</b>	<b>6,431,270</b>	<b>350,275</b>

During the year, fully amortized capital assets of \$2,569,275 [2024 – \$9,766] were written off.

**7. Government remittances**

Included in accounts payable and accrued liabilities are government remittances payable of \$72,885 [2024 – nil].

**National Payroll Institute/  
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**Notes to financial statements**

December 31, 2025

**8. Deferred revenue**

Deferred revenue consists of the following:

	<b>2025</b>	<b>2024</b>
	\$	\$
Membership	<b>3,632,048</b>	3,505,694
Accreditation	<b>888,414</b>	946,864
Seminars and conferences	<b>350,660</b>	645,621
	<b>4,871,122</b>	5,098,179

**9. Investment income**

Investment income consists of the following:

	<b>2025</b>	<b>2024</b>
	\$	\$
Unrealized gains on investments, net	<b>1,990,936</b>	2,898,637
Interest and dividends	<b>633,639</b>	744,420
	<b>2,624,575</b>	3,643,057

**10. Group registered retirement savings plan – employee benefits**

During the year, the Institute contributed approximately \$314,658 [2024 – \$294,953] to a group registered retirement savings plan.

**National Payroll Institute/  
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**Notes to financial statements**

December 31, 2025

**11. Commitments**

The Institute is obligated to make the following approximate future minimum annual payments under operating leases and contracts for office facilities, professional services and office equipment:

	\$
2026	3,986,663
2027	1,640,016
2028	1,640,016
2029	1,429,751
2030	1,433,746
Thereafter	15,142,285
	<u>25,272,477</u>

In addition to minimum rental payments, leases for office facilities generally require the payment of various operating costs.

**12. Financial instruments and risk management**

The Institute is exposed to various financial risks through transactions in financial instruments. Most of these risks are related to investments. To manage the risks related to investments, the Institute has determined an investment strategy and asset mix that reflects a total investment return consistent with capital preservation, risk tolerance and liquidity needs of the Institute. An investment policy was established to monitor and limit risks across asset classes, as well as the total portfolio. If the measured risk of the portfolio exceeds the limits set by the policy, actions will be taken to reduce the portfolio's risk.

**Foreign currency risk**

The Institute is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because the fair value of financial instruments or future cash flows associated with these instruments will fluctuate relative to the Canadian dollar due to changes in foreign currency rates. The Institute mitigates its foreign currency risk exposure by limiting the extent of foreign currency exposure to 10% for fixed income securities and 15%, respectively, on United States and other foreign equities.

**Interest rate risk**

The Institute is exposed to interest rate risk with respect to its fixed income securities and pooled funds that hold fixed income securities, because the fair value of financial instruments or future cash flows associated with these instruments will fluctuate due to changes in market interest rates. Fluctuations in market rates of interest do not have a significant impact on the Institute's results of operations.

## **Notes to financial statements**

December 31, 2025

### **Other price risk**

The Institute is exposed to other price risk through changes in market prices [other than changes arising from foreign currency risk and interest rate risk] in connection with its investments in equity securities and pooled funds. The Institute manages this risk by monitoring against its benchmark asset mix, which reflects the Institute's risk appetite.

### **Credit risk**

The Institute is exposed to credit risk in connection with its fixed income and alternative investments because of the risk of financial loss caused by a counterparty's potential inability to fulfill its contractual obligations. To manage this credit risk exposure, the Institute only invests in high-quality securities. Fixed limits are established for individual counterparties, and these are monitored regularly.

In addition, in the normal course of business, the Institute is exposed to credit risk from its debtors as failure of any of these parties to fulfill their obligations could result in financial losses for the Institute. As at December 31, 2025, one debtor [2024 – one debtor] represents 92% [2024 – 44%] of the Institute's accounts receivable balance of \$3,398,754 [2024 – \$246,351]. While there is a concentration of credit risk with this debtor, a significant portion of outstanding balances has been received subsequent to year-end. As such, the credit risk associated with this debtor is minimal.

### **13. Capital management**

The Institute's objectives are to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. The Institute has established a target of having 9 to 12 months of normal operating expenses held in liquid assets. As at December 31, 2025, the Institute has met its objective of having sufficient liquid resources to meet its current obligations.