
2025 Annual Report

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About the PCAOB

The Public Company Accounting Oversight Board (PCAOB or “the Board”) is a nonprofit corporation established by Congress to oversee the audits of public companies. The PCAOB also oversees the audits of certain brokers and dealers registered with the U.S. Securities and Exchange Commission (SEC).

The five members of the Board are appointed to staggered five-year terms by the SEC, after consultation with the Chair of the Board of Governors of the Federal Reserve System and the Secretary of the Treasury. The SEC has oversight authority over the PCAOB, including the approval of the Board’s rules, standards, and budget.

Mission

The PCAOB oversees the audits of public companies and SEC-registered brokers and dealers in order to protect investors and further the public interest in the preparation of informative, accurate, and independent audit reports.

Visit the PCAOB website – www.pcaobus.org – to learn more about how the PCAOB works each day to accomplish its mission.



MESSAGE FROM THE CHAIRMAN

I am pleased to present the PCAOB's 2025 Annual Report.

As required by the Sarbanes-Oxley Act of 2002 – the law that created the PCAOB – this report shares the PCAOB's audited financial statements for the fiscal year ended December 31, 2025. As further required by the Act, it includes a summary of the PCAOB's standard-setting activities in 2025 and a discussion of the Board's engagement with advisory groups during the year. It also provides:

- Highlights of the PCAOB's efforts to protect investors and drive audit quality in 2025; and
- Links to key resources that may be of interest to investors, auditors, audit committee members, and other stakeholders.

I thank Erica Y. Williams, George R. Botic, Christina Ho, Kara M. Stein, Anthony C. Thompson, and the PCAOB's dedicated staff for their work last year.

In January 2026, the PCAOB entered a new era of leadership with the SEC's appointment of a new Board. My fellow Board Members and I took on our new roles with a strong commitment to refocusing on the PCAOB's core statutory mission: protecting investors and furthering the public interest in the preparation of informative, accurate, and independent audit reports.

Independent oversight of auditors, which the PCAOB embodies in its mission and day-to-day work, is a critical pillar of the investor confidence that powers the U.S. capital markets. In partnership with the SEC and the PCAOB's talented staff – and with a renewed dedication to innovation and responsiveness – we are doing all that we can to build that confidence and execute our statutory responsibilities efficiently and effectively.

Respectfully,

Demetrios (Jim) Logothetis

Chairman

Public Company Accounting Oversight Board

Washington, DC, March 30, 2026



Demetrios (Jim) Logothetis
Chairman



George R. Botic
Board Member



Steven D. Laughton
Board Member



Mark A. Calabria
Board Member

2025 HIGHLIGHTS

Inspections

www.pcaobus.org/inspections

- During 2025, PCAOB staff inspected over 200 registered public accounting firms, reviewing over 880 audit engagements of public companies and SEC-registered brokers and dealers. Seventy of these firms (responsible for over 200 audits) were located outside of the United States.
- Leveraging inspection observations to drive improved audit quality, PCAOB staff posted several [publications](#) related to common audit deficiencies, good practices, important reminders for auditors, and other insights.
- To support smaller registered public accounting firms, the PCAOB aggregated its Audit Focus publication series and other helpful resources on a new [Information for Smaller Firms](#) resources page.

Registration

www.pcaobus.org/registration

- At the end of 2025, there were 1,444 audit firms registered with the PCAOB, including 646 domestic firms and 798 non-U.S. firms located in 80 jurisdictions. The 2025 total of registered public accounting firms was down 6% from the total as of December 31, 2024, when there were 1,544 firms registered with the PCAOB. Audit firms that withdrew from registration in 2025 cited reasons including performing no work requiring registration with the PCAOB (58% of withdrawing firms), a business combination or the dissolution of the firm (12%), and increased regulations (7%). Two firms reported an ongoing investigation or other action by the SEC or PCAOB, and one firm cited sanctions against Russia. Twenty percent of firms that withdrew provided no reason for their withdrawal.

Standards

www.pcaobus.org/standards

- To support the implementation of new PCAOB standards, PCAOB staff provided guidance,¹ publications, videos, workshops, and other resources to help registered public accounting firms of all sizes update their methodologies and train their staff on necessary changes. The Board issued a policy statement to assist auditors in implementing paragraph .10A of AS 1105, *Audit Evidence*. (See *Results of PCAOB Standard-Setting Responsibilities* on page 8 below.)
- After considering stakeholder input regarding QC 1000, *A Firm's System of Quality Control* – the PCAOB's new quality control standard – the PCAOB postponed the effective date by one year (to December 15, 2026) to provide registered public accounting firms with additional time to address implementation challenges. During 2025, staff also conducted extensive outreach with registered public accounting firms to better understand their implementation progress and challenges and to respond to questions regarding the requirements of the new standard.

¹ See, [Staff Guidance – Insights for Auditors Examples of Evaluating the Reliability of External Information Provided by the Company in Electronic Form](#) (October 2025), [Staff Guidance – QC 1000: A Firm's System of Quality Control](#) (September 2025), and [Staff Guidance – AS 2901: Responding to Engagement Deficiencies After Issuance of the Auditor's Report](#) (September 2025).

Enforcement

www.pcaobus.org/enforcement

- The PCAOB issued 37 public disciplinary orders in 2025 to hold registered public accounting firms and associated persons accountable for misconduct involving audit failures, quality control violations, and other issues.
- The PCAOB continued to conduct investigations, both in the United States and abroad, of potential violations of PCAOB rules and standards.

International

www.pcaobus.org/international

- Building on its longstanding commitment to cross-border cooperation as a means to protect investors in U.S. capital markets, the PCAOB entered into [cooperative arrangements](#) with audit regulators in Cyprus, Lithuania, Romania, and the Slovak Republic. The PCAOB also amended existing agreements with audit regulators in Denmark and Spain.
- The PCAOB advanced its collaboration and engagement with audit regulators from around the world, notably through its participation in the International Forum of Independent Audit Regulators and by hosting the [International Institute on Audit Regulation](#) in Washington, DC. Audit regulators from 33 non-U.S. jurisdictions attended the 2025 Institute.

Other Activities in Support of the PCAOB's Mission

www.pcaobus.org/about

- The PCAOB strengthened its stakeholder engagement, notably with the launch of the [Smaller Firms Resource Group](#). Comprised of professionals from smaller registered public accounting firms, the group was established to provide the PCAOB staff with feedback specific to smaller firms.
- PCAOB Board Members hosted and PCAOB staff participated in a series of five [forums across the country](#) to interact directly with smaller registered public accounting firms by sharing guidance and perspectives on key audit topics.
- The PCAOB launched a new publication series – [Data Points](#) – presenting concise, data-driven insights relevant to audits. Each edition of Data Points offers neutral, factual information drawn from PCAOB datasets and other available sources.
- To foster rigorous economic research in topics that are relevant to the PCAOB's mission, the PCAOB hosted two academic conferences: the PCAOB/Management Science Registered Reports Conference and the Conference on Auditing and Capital Markets. Each event drew over 100 researchers to Washington.
- The PCAOB [announced](#) that 685 students, nominated by their U.S. colleges and universities, were selected to each receive a \$15,000 merit-based scholarship for the 2025-2026 academic year. The Sarbanes-Oxley Act provides that funds from the collection of civil monetary penalties imposed by the PCAOB must be used to fund a merit scholarship program for students in accredited accounting degree programs. In 2025, the PCAOB enhanced its engagement with PCAOB Scholars, notably via a dedicated LinkedIn group for Scholars that during the year grew to over 1,000 members and held its first online Q&A event with a PCAOB Board Member.

PCAOB-Registered Public Accounting Firms

As of December 31, 2025

	U.S. firms	Non-U.S. firms	Total
Firms issuing audit reports for issuers¹ (by number of audit reports issued)			
1-5	87	159	246
6-10	29	20	49
11-25	43	23	66
26-50	13	8	21
51-100	10	6	16
More than 100	12	0	12
Firms issuing audit reports for broker-dealers only²	112	0	112
Substantial-role-only firms³	0	59	59
Firms not performing issuer, broker-dealer, or substantial-role audits	340	523	863
Total	646	798	1,444

¹ The term “issuer” has the meaning as defined in Section 2(a)(7) of the Sarbanes-Oxley Act of 2002 (SOX).

² The Dodd-Frank Act of 2010 amended SOX to, among other things, authorize the PCAOB to oversee audits of broker-dealers registered with the SEC.

³ SOX permits the PCAOB to inspect an audit firm that plays a substantial role in an audit, even if that firm does not issue the audit report, and Board rules require the PCAOB to inspect at least 5% of substantial-role-only firms each year.

PCAOB-Registered Public Accounting Firms by Jurisdiction

As of December 31, 2025

Jurisdiction	Number of registered public accounting firms
United States	646
India	86
United Kingdom*	44
China	42
Canada, Singapore	37 each
Hong Kong	30
Germany, Malaysia	24 each
Australia, France	22 each
Chile, Peru	21 each
Brazil, Turkey	20 each
Mexico	17
Israel	16
Italy, South Korea	15 each
Taiwan	13
Argentina, Spain	12 each
Colombia, Ireland, Japan, Netherlands	11 each
Indonesia, Philippines, Sweden	10 each
Pakistan, Russia, South Africa	9 each
Belgium	8
Greece, Nigeria, Switzerland, United Arab Emirates, Uruguay	7 each
Poland	6
Austria, Hungary, Luxembourg, Thailand, Venezuela	5 each
Denmark, Kazakhstan, New Zealand, Norway, Portugal, Ukraine	4 each
Czechia, Finland, Panama, Vietnam	3 each
Bahamas, Bahrain, Bolivia, Costa Rica, Egypt, El Salvador, Ghana, Guatemala, Paraguay, Saudi Arabia	2 each
Armenia, Belize, Cyprus, Dominican Republic, Ecuador, Iceland, Jamaica, Kenya, Kuwait, Lithuania, Malta, Mauritius, Qatar, Romania, Slovakia, Tanzania, Tunisia	1 each
Total	1,444

* The number of registered public accounting firms in the United Kingdom includes firms located in Bermuda, the British Virgin Islands, the Cayman Islands, Guernsey, the Isle of Man, and Jersey.

RESULTS OF PCAOB STANDARD-SETTING RESPONSIBILITIES

Under federal law, the PCAOB establishes auditing and related professional practice standards for registered public accounting firms to follow in the preparation of audit reports for public companies, other issuers, and broker-dealers. Effective standards are foundational to high audit quality and to the PCAOB's oversight, including inspections and enforcement. The Sarbanes-Oxley Act requires the PCAOB's Annual Report to discuss the results of its standard-setting responsibilities for the year.

In 2025, the PCAOB's standard-setting activities were focused largely on implementation of recently adopted standards, such as QC 1000, *A Firm's System of Quality Control*; AS 2310, *The Auditor's Use of Confirmation*; and amendments adopted to clarify auditor responsibilities when using technology-assisted analysis. Among the PCAOB's standard-setting efforts were the following:

- **A new effective date for QC 1000:** In August 2025, the PCAOB [announced](#) it would postpone for one year (to December 15, 2026) the effective date for QC 1000 and other new and amended PCAOB standards, rules, and forms adopted by the Board on May 13, 2024. The new effective date provides registered public accounting firms with additional time to design and implement robust QC 1000-compliant systems.
- **Implementation-related policy statement and guidance:** In September 2025, the PCAOB released a [Board policy statement](#) – followed by related [staff guidance](#) – to assist auditors in implementing new provisions (adopted by the Board in 2024) of AS 1105, *Audit Evidence*. Specifically, the Board policy statement addressed certain circumstances in which the Board will not treat the absence of separate testing under paragraph .10A(b) as noncompliance with PCAOB auditing standards. The staff guidance provided illustrative examples that can help registered public accounting firms implement the paragraph .10A requirements.
- **Implementation-related videos:** The PCAOB posted several staff presentation videos designed to help firms and auditors with implementation of QC 1000. The videos covered a range of topics, including the risk assessment process ([January 2025](#)), the monitoring and remediation process ([March 2025](#)), and roles and responsibilities, ethics and independence, people resources, and technological and intellectual resources ([May 2025](#)).

Pending Issues Agenda for Future Standard-Setting Projects

As part of establishing and maintaining PCAOB standards, the PCAOB considers current and emerging audit issues and determines the need for engaging in standard setting or conducting research on standards-related issues. The projects are informed by a range of activities, such as the PCAOB's oversight of registered public accounting firms; engagement with investors and other stakeholders, including through the PCAOB's advisory groups; discussion with SEC staff; activities of other regulators and standard setters; and other relevant inputs and developments.

The standard-setting agenda is primarily focused on enhancing investor protection by prioritizing the areas where improvements to PCAOB standards could have the most significant impact on audit quality and the public interest.

The PCAOB's **standard-setting agenda** can be found on the PCAOB website.

- **Implementation-related workshops:** The PCAOB hosted workshops aimed at assisting smaller firms with implementation of QC 1000. The in-person workshops provided in-depth information and hands-on activities led by PCAOB staff for auditors of smaller firms who are directly responsible for implementing QC 1000. The workshops were held in May 2025 in Washington, DC, and in June 2025 in Irving, TX. In July, PCAOB staff also led virtual, interactive workshops on QC 1000. Video content from the virtual workshops was [posted to the PCAOB website](#).
- **Knowledge checks for new standards:** The PCAOB posted several “knowledge checks” – informal quizzes designed to help auditors gauge their understanding of important aspects of new standards. The knowledge checks covered [QC 1000](#) and [AS 2310](#).

THE WORK OF THE PCAOB’S ADVISORY GROUPS

Advisory groups provide advice and insight to the Board on matters related to the PCAOB’s work. The PCAOB’s convening of these groups is mandated by the Sarbanes-Oxley Act, which also requires that the PCAOB include discussion of its work with advisory groups in its Annual Report. More information related to the PCAOB’s [advisory groups](#) is available on the PCAOB website.



Investor Advisory Group (IAG)

The IAG held two public meetings – in **April** and **September 2025** – to provide the Board with the views of investors on topics such as the pipeline for accounting talent and its impact on financial reporting, as well as potential opportunities and challenges presented by artificial intelligence in the audit and financial reporting context. The meetings also included discussions about the application of auditing standards related to internal control over financial reporting and about private market valuation practices. The IAG reviewed select critical audit matters (CAMs) and key audit matters (KAMs) from the prior year, following **a call for public input** on CAMs and KAMs, and presented analysis regarding decision-usefulness of the CAMs and KAMs.



Standards and Emerging Issues Advisory Group (SEIAG)

The SEIAG’s public meeting in **May 2025** included discussion of emerging issues, implementation of new and amended standards, and the importance of audit firm culture. In **November 2025**, the SEIAG addressed artificial intelligence and cryptocurrency.

FINANCIAL REVIEW

This financial review, together with the 2025 audited financial statements and the accompanying notes, provides financial information related to our programs and activities. Our financial statements are presented in accordance with accounting principles generally accepted in the United States of America and reflect the specific reporting requirements of not-for-profit organizations. The following discusses the highlights of our activities and financial position as presented in the accompanying audited financial statements. Unless noted otherwise, dollar amounts in this financial review and the 2025 audited financial statements and the accompanying notes are rounded in millions.

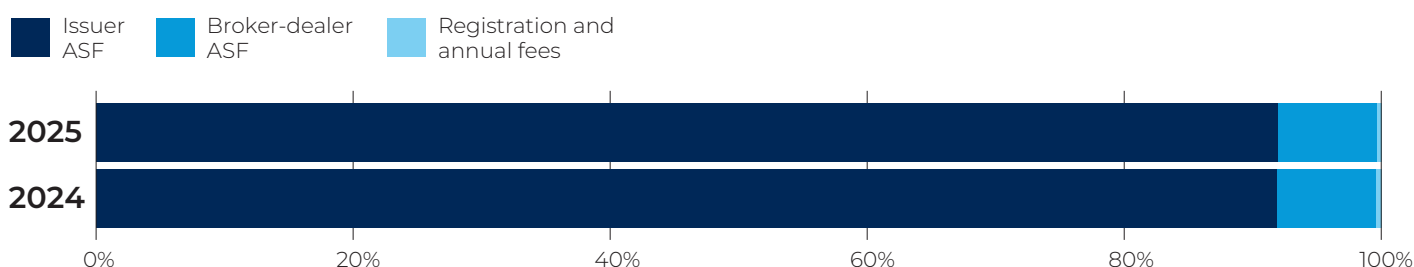
Financial Highlights

Results of Operations

Net Operating Revenue

Most of our revenue is generated from the accounting support fee (ASF), which is assessed annually on issuers and U.S. Securities and Exchange Commission (SEC)-registered broker-dealers. The ASF is calculated during the annual budget process based on an estimate of annual expenses for the budget year and an estimate of expenses for the first five months of the subsequent year, and certain other adjustments. The ASF is allocated among issuers and broker-dealers based on the estimated headcount for issuer-audit related activities and broker-dealer-audit related activities for a given year. The ASF is subject to review and approval by the SEC concurrent with each annual budget.

Percentage of operating revenues by type 2025 vs. 2024



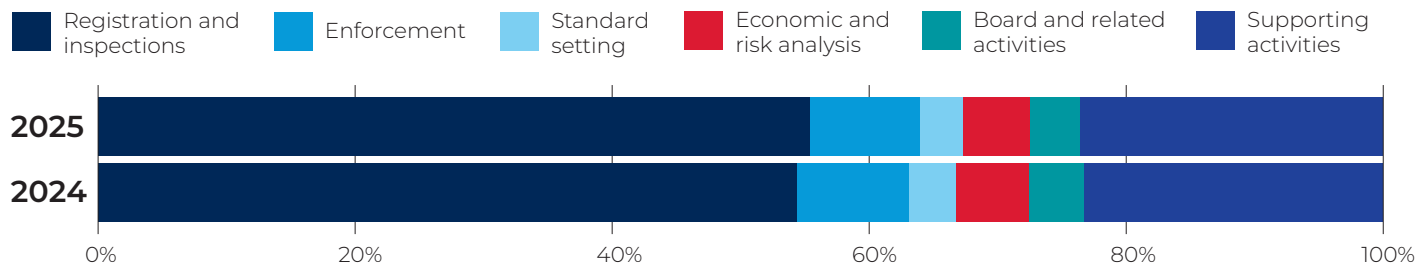
Our net operating revenue increased by \$16.0 million, or 4%, from the prior year, primarily due to the increase in the issuer ASF in 2025. The ASF increase was largely related to estimated increases in personnel costs and increased estimated costs associated with maintaining and enhancing the PCAOB's IT applications and infrastructure, as well as increased estimated travel expenses to perform inspections in the offices of registered public accounting firms.

The table below presents our net operating revenue by line item for each of the years ended December 31, 2025 and 2024:

(\$ in millions)	2025	2024
Issuer accounting support fee	\$346.1	\$331.0
Broker-dealer accounting support fee	28.8	27.8
Registration fees and annual fees from PCAOB-registered public accounting firms	1.2	1.3
Total net operating revenue	\$376.1	\$360.1

Operating Expenses

Percentage of operating expenses by functional classification 2025 vs. 2024



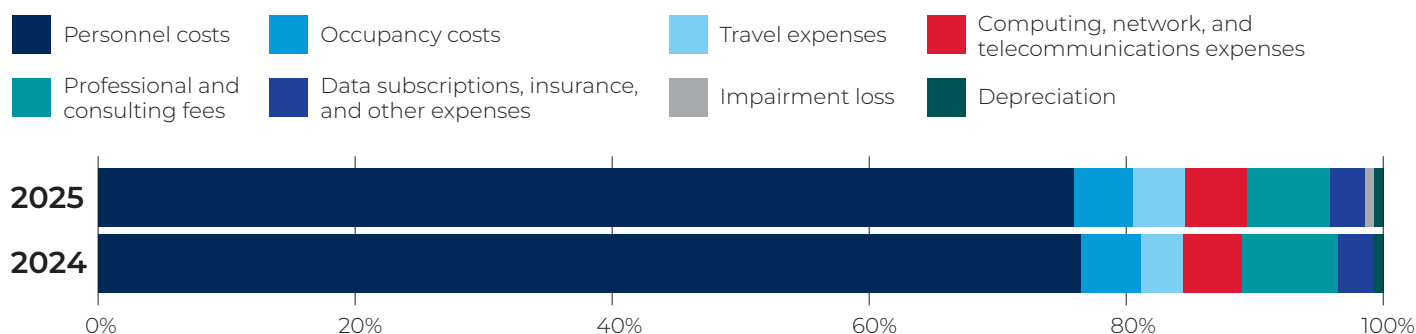
Personnel costs represented 76% of our total operating expenses, with more than half of these costs related to our registration and inspections program.

Overall, operating expenses decreased by \$0.3 million, or less than 1%, from the prior year. Costs for program services decreased by \$1.2 million compared to the prior year, primarily due to decreased professional and consulting fees and lower headcount resulting in decreased personnel costs, offset by increased travel for inspections compared to the prior year. For supporting activities, the increase of \$0.9 million was primarily attributed to administration and general personnel costs and consulting fees for both administration and general and information technology. The increase was partially offset by lower information technology personnel costs primarily due to lower headcount and salary expenses.

The table below presents operating expenses (by program services and supporting activities) for each of the years ended December 31, 2025 and 2024:

(\$ in millions)	2025	2024
Program services:		
Registration and inspections	\$205.2	\$201.3
Enforcement	31.5	32.4
Standard setting	12.5	13.8
Economic and risk analysis	19.4	20.8
Board and related activities	14.2	15.7
Total program services	282.8	284.0
Supporting activities:		
Administration and general	71.0	66.7
Information technology	16.4	19.8
Total supporting activities	87.4	86.5
Total operating expenses	\$370.2	\$370.5

Percentage of operating expenses by natural classification 2025 vs. 2024



The table below presents operating expenses (by natural classification) for each of the years ended December 31, 2025 and 2024:

(\$ in millions)	2025	2024
Personnel costs	\$281.4	\$283.5
Occupancy costs	16.7	17.3
Travel expenses	15.4	12.0
Computing, network, and telecommunications expenses	17.7	17.1
Professional and consulting fees	23.9	27.7
Data subscriptions, insurance, and other expenses	9.9	10.0
Impairment loss	2.6	-
Depreciation	2.6	2.9
Total operating expenses	\$370.2	\$370.5

Personnel costs decreased by \$2.1 million, or 1%, compared to the prior year, primarily due to a decrease in program services headcount compared to prior year. This decrease was partially offset by an increase in administration and general headcount compared to the prior year.

Travel expenses increased by \$3.4 million compared to the prior year, primarily due to increased in-person inspections compared to the prior year.

Professional and consulting fees decreased by \$3.8 million compared to the prior year, primarily due to consulting fees related to the development of a new registration and inspections system in the prior year for a cloud computing implementation project that was cancelled in 2025 (see related impairment loss discussion below). This decrease was partially offset by increased language translation costs associated with international inspections.

An impairment loss of \$2.6 million was recorded for the write-off of deferred implementation costs for a cloud computing implementation project that was cancelled in 2025. See Note 2 to the financial statements for additional discussion.

See Note 8 to the financial statements for additional details of expenses by program services and supporting activities.

Operating Income

The lower-than-budgeted expenditures for 2024 resulted in a higher cash reserve at the start of 2025. Pursuant to PCAOB Rule 7106, excess funds of the Board in one fiscal year shall reduce the total ASF in the next fiscal year. The actual expenses required to support PCAOB's operations in 2025 were slightly lower than in the prior year. This, combined with the increased ASF calculated and assessed in 2025, resulted in operating income in 2025.

Other Revenue (Expense)

The table below presents components of other revenue (expense) for each of the years ended December 31, 2025 and 2024:

<i>(\$ in millions)</i>	2025	2024
Interest income and other	\$9.7	\$11.6
Monetary penalties, net	20.8	38.6
Scholarship payments, net	(9.8)	(10.0)
Total other revenue	\$20.7	\$40.2

Monetary penalties, net, decreased by \$17.8 million compared to the prior year. Revenue from monetary penalties depends on the amount of monetary penalties imposed in a given year.

Statements of Financial Position

Assets

The table below presents our total assets by type as of December 31, 2025 and 2024, respectively:

<i>(\$ in millions)</i>	2025	2024
Cash and cash equivalents	\$194.6	\$183.3
Restricted cash and cash equivalents	77.0	66.3
Short-term investment	20.7	22.8
Accounts and other receivables, net of allowance for credit losses of \$1.8	2.1	1.0
Prepaid expenses and other assets	23.4	23.7
Furniture and equipment, leasehold improvements, and technology, net	6.3	7.0
Operating lease right-of-use assets	37.8	49.6
Total assets	\$361.9	\$353.7

Cash and cash equivalents increased by \$11.3 million from the prior year, primarily due to the increased ASF in 2025 and net proceeds from the reinvestment of the U.S. Treasury Bill at year end.

Restricted cash and cash equivalents increased by \$10.7 million compared to the prior year, due to collection of \$17.7 million in monetary penalties and \$3.1 million interest income in 2025, partially offset by scholarships paid. See Note 7 to the financial statements for additional discussion.

Operating lease right-of-use (ROU) assets decreased by \$11.8 million from the prior year, due to the lease amortization for our office leases. This was partially offset by an increase in ROU assets for a new office space lease for our Ashburn, Virginia, location due to the expiration of the prior lease. We also extended the lease for our data center space in Ashburn, Virginia, in August 2025 by exercising the option to renew the lease for 12 months upon the expiration of the term in early 2026, as well as adding a second data center space lease in Ashburn, Virginia. See Note 5 to the financial statements for additional discussion.

Liabilities

Our total liabilities decreased by \$18.4 million from the prior year, primarily driven by a \$13.9 million decrease related to the payment of our operating lease liabilities. The remaining decrease primarily related to accrued payroll and related benefits, including early separation incentives offered in 2024 to eligible employees that were paid out in 2025. The table below presents total liabilities by type as of December 31, 2025, and 2024, respectively:

(\$ in millions)	2025	2024
Accrued payroll and related benefits	\$33.5	\$38.4
Accounts payable and accrued expenses	4.5	4.1
Operating lease liabilities	47.1	61.0
Total liabilities	\$85.1	\$103.5

Liquidity

We are primarily funded by the ASF assessed on issuers and SEC-registered broker-dealers. Certain of our assets are subject to statutory restrictions for scholarships and sequestration or contractual restrictions under an agency agreement. The primary goal of our liquidity management policy is to structure our financial assets to maintain liquidity to meet our general expenditures, liabilities, and other obligations as they become due. Due to the timing required to complete the annual ASF billing and collections cycle, we maintain a working capital reserve to cover our estimated expenditures for the first five months of the following fiscal year.

REPORT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

To the Board of the
Public Company Accounting Oversight Board

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying statement of financial position of the Public Company Accounting Oversight Board (PCAOB) as of December 31, 2025 and 2024, the related statements of activities and cash flows for each of the years in the two-year period ended December 31, 2025, and the related notes (collectively referred to as the financial statements). We also have audited the PCAOB's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control—Integrated Framework* (2013), as issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly—in all material respects—the financial position of the PCAOB as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the PCAOB maintained—in all material respects—effective internal control over financial reporting as of December 31, 2025, based on the criteria established in *Internal Control—Integrated Framework* (2013) issued by COSO.

Basis for Opinions

The PCAOB's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Financial Reporting Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the PCAOB's financial statements and an opinion on the PCAOB's internal control over financial reporting based on our audits. We are required to be independent with respect to the PCAOB in accordance with the relevant ethical requirements relating to our audits.

We conducted our audits in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement—whether due to error or fraud—and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements—whether due to error or fraud—and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. A company's internal control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that—in reasonable detail—accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that both the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the PCAOB Board and that:

- 1) relate to accounts or disclosures that are material to the financial statements; and
- 2) involved our especially challenging, subjective, or complex judgments.

We determined that there are no critical audit matters.

We have served as the PCAOB's auditor since 2021.

Sibich CPA LLC

Alexandria, Virginia
March 30, 2026

FINANCIAL STATEMENTS

Statements of Financial Position

As of December 31, 2025 and 2024

(\$ in millions)	2025	2024
Assets		
Cash and cash equivalents	\$194.6	\$183.3
Restricted cash and cash equivalents	77.0	66.3
Short-term investment	20.7	22.8
Accounts and other receivables, net of allowance for credit losses of \$1.8	2.1	1.0
Prepaid expenses and other assets	23.4	23.7
Furniture and equipment, leasehold improvements, and technology, net	6.3	7.0
Operating lease right-of-use assets	37.8	49.6
Total assets	\$361.9	\$353.7
Liabilities and net assets without donor restrictions		
Liabilities		
Accrued payroll and related benefits	\$33.5	\$38.4
Accounts payable and accrued expenses	4.5	4.1
Operating lease liabilities	47.1	61.0
Total liabilities	85.1	103.5
Net assets without donor restrictions		
Undesignated	176.7	162.0
Statutorily designated for scholarships	77.3	66.3
Statutorily designated for sequestration	22.8	21.9
Total net assets without donor restrictions	276.8	250.2
Total liabilities and net assets without donor restrictions	\$361.9	\$353.7

The accompanying notes are an integral part of the financial statements.

Statements of Activities

For the years ended December 31, 2025 and 2024

(\$ in millions)	2025	2024
Changes in net assets without donor restrictions		
Net operating revenue		
Issuer accounting support fee	\$346.1	\$331.0
Broker-dealer accounting support fee	28.8	27.8
Registration fees and annual fees from PCAOB-registered public accounting firms	1.2	1.3
Total net operating revenue	376.1	360.1
Operating expenses		
Program services		
Registration and inspections	205.2	201.3
Enforcement	31.5	32.4
Standard setting	12.5	13.8
Economic and risk analysis	19.4	20.8
Board and related activities	14.2	15.7
Supporting activities		
Administration and general	71.0	66.7
Information technology	16.4	19.8
Total operating expenses	370.2	370.5
Operating income (loss)	5.9	(10.4)
Other revenue (expense)		
Interest income and other	9.7	11.6
Monetary penalties, net	20.8	38.6
Scholarship payments, net	(9.8)	(10.0)
Total other revenue	20.7	40.2
Increase in net assets without donor restrictions	26.6	29.8
Net assets without donor restrictions — Beginning of year	250.2	220.4
Net assets without donor restrictions — End of year	\$276.8	\$250.2

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(\$ in millions)	2025	2024
Cash flows from operating activities		
Cash received from issuers	\$346.1	\$331.6
Cash received from broker-dealers	28.3	28.5
Cash received from PCAOB-registered public accounting firms	1.2	1.2
Interest income and other	9.8	11.5
Cash received from monetary penalties	20.8	38.7
Cash paid to fund scholarships, net	(10.0)	(10.0)
Cash paid for operating expenses	(375.0)	(369.6)
Net cash provided by operating activities	21.2	31.9
Cash flows from investing activities		
Purchases of furniture and equipment, leasehold improvements, and technology	(1.4)	(0.8)
Purchase of short-term investment	(20.6)	(22.8)
Proceeds from maturity of short-term investment	22.8	21.9
Net cash provided by (used in) investing activities	0.8	(1.7)
Increase in cash and cash equivalents, and restricted cash and cash equivalents	22.0	30.2
Cash and cash equivalents, and restricted cash and cash equivalents — Beginning of year	249.6	219.4
Cash and cash equivalents, and restricted cash and cash equivalents — End of year	\$271.6	\$249.6
Supplemental disclosures:		
Fixed asset purchases acquired but not paid for as of year-end	-	\$0.1
Fixed asset purchases acquired through the use of leasehold incentives	\$0.4	-

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1—Organization

The Public Company Accounting Oversight Board (PCAOB or “Board”) is a District of Columbia nonprofit corporation established by the Sarbanes-Oxley Act to oversee the audits of public companies and U.S. Securities and Exchange Commission (SEC)-registered broker-dealers in order to protect investors and further the public interest in the preparation of informative, accurate, and independent audit reports.

We are overseen by the SEC, which has the authority to appoint Board Members and to approve our rules, standards, and budget. The Sarbanes-Oxley Act established funding for our activities primarily through an accounting support fee (ASF) assessed on issuers based on their relative average monthly market capitalization and on SEC-registered broker-dealers based on their relative average quarterly tentative net capital. The annual ASF is approved by the SEC.

Our operations consist of program services and supporting activities. Our program services for financial reporting purposes are: registration and inspections; enforcement; standard setting; economic and risk analysis; and Board and related activities. Our supporting activities are: administration and general activities and information technology activities. Refer to Note 8 for additional details related to our program services and supporting activities.

Note 2—Summary of Significant Accounting Policies

Presentation—The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and are presented pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Cash and Cash Equivalents—The term cash and cash equivalents, as used in the accompanying financial statements, includes demand deposits with domestic high-credit-quality financial institutions, money market funds, and investments in securities made pursuant to an overnight automated investment sweep agreement. All non-restricted highly liquid instruments purchased with an original maturity of three months or less are cash equivalents.

Money market funds — Our money market funds are available on-demand and valued using quoted prices in active markets and consist primarily of high-quality investments in U.S. Treasury securities and/or repurchase agreements secured by U.S. government obligations. We consider these money market funds to be Level 1 financial instruments (see fair value measurements table below).

Automated Investment Sweep — Pursuant to a sweep agreement, we invest excess cash at the end of each business day in a money market fund that invests in high-quality money market instruments (primarily U.S. Treasury securities and repurchase agreements). Purchased money market fund shares are held by the financial institution, as an agent, on an overnight basis and are liquidated by the financial institution on the next business day at an agreed-upon price. In the event of the financial institution’s failure or default, we could experience a delay in disposing of such securities.

Restricted Cash and Cash Equivalents—The term restricted cash and cash equivalents, as used in the accompanying financial statements, consists of cash or money market funds to be used to fund our Scholarship Program, established pursuant to Section 109(c)(2) of the Sarbanes-Oxley Act, as well as funds held for FASB under an agency agreement, as discussed in the Cash Held for Others Under Agency Agreement section below.

Short-term Investment—The term investment, as used in the accompanying financial statements, consists of a U.S. Treasury Bill that matures within one year of purchase. See Note 7 for additional

discussion of funds statutorily designated for sequestration. Our investments are recorded at fair value. We estimate fair value based on pricing from observable trading activity for similar securities. We have classified these instruments as Level 2 fair value measurements (see fair value measurements table below). The purchase and sale of a security is recorded on a trade date basis. Interest income and net gains and losses are recorded on an accrual basis and are included in interest income and other on the accompanying statements of activities.

Fair Value of Financial Instruments—The fair values of cash and cash equivalents, restricted cash and cash equivalents, accounts and other receivables, and accounts payable approximate their carrying values due to the short-term nature of these items.

The following table presents our assets measured at fair value as of December 31, 2025 and 2024:

(\$ in millions)	Fair Value Measurements		
	Level 1	Level 2	Total
2025			
Money market funds			
Cash and cash equivalents	\$194.3	-	\$194.3
Restricted cash and cash equivalents	\$77.0	-	\$77.0
U.S. Treasury Bill			
Short-term investment		\$20.7	\$20.7
2024			
Money market funds			
Cash and cash equivalents	\$183.1	-	\$183.1
Restricted cash and cash equivalents	\$66.2	-	\$66.2
U.S. Treasury Bill			
Short-term investment	-	\$22.8	\$22.8

Concentration of Credit Risk—Financial instruments that potentially subject us to concentration of credit risk consist primarily of cash and cash equivalents. We mitigate this risk in two ways. We invest the majority of cash in money market funds that consist primarily of high-quality investments in U.S. Treasury securities and/or repurchase agreements secured by U.S. government obligations. We also maintain certain cash deposits that exceed the amount of insurance provided on such deposits. These cash deposits are subject to daily overnight investment sweep agreements and maintained in a domestic high-credit-quality financial institution. We have not experienced nor expect to incur any credit-risk related losses in these accounts.

Accounts and Other Receivables, Net of Allowance for Credit Losses—Accounts and other receivables are carried at the amount billed or accrued, net of an allowance for credit losses. The allowance for credit losses is estimated based on management's consideration of credit risk and analysis of receivables aging, specific identification of certain receivables that are at risk of not being paid, past collection experience, as applicable, current conditions, and reasonable and supportable forecasts.

The allowance for credit losses under the current expected credit losses (CECL) methodology is determined using the loss rate approach and measured on a collective (pool) basis when similar risk characteristics, such as financial asset type and the historical or expected credit loss pattern, exist. Where financial instruments do not have similar risk characteristics, they are evaluated on an individual basis. The allowance for credit losses is based on relevant available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. The loss rate approach does not apply to individually assessed receivables. The allowance for credit losses as of December 31, 2025 and 2024 was \$1.8 million, which mostly related to specifically identifiable issuers, broker-dealers, registered public accounting firms, and their associated persons. Less than \$0.1 million related to receivables with similar risk characteristics.

Cloud Computing Arrangements—We incur costs to implement cloud computing arrangements that are hosted by a third-party vendor as we move certain on-premises systems and services to the cloud. Implementation costs incurred during the application development stage are generally capitalized and amortized over the term of the hosting arrangement on a straight-line basis.

We capitalized \$6.5 million and \$8.3 million of costs incurred to implement cloud computing arrangements as of December 31, 2025 and 2024, respectively. These costs are generally related to the development of, or significant enhancements to, certain cloud applications supporting the PCAOB's mission. During the year ended December 31, 2025, we recognized an impairment loss of \$2.6 million as discussed in the Long-Lived Assets section below.

The deferred cloud implementation costs of \$2.8 million and \$5.8 million as of December 31, 2025 and 2024, respectively, net of \$3.7 million and \$2.5 million of accumulated amortization, respectively, are included within prepaid expenses and other assets on the statements of financial position and will be expensed over the term of the related cloud computing arrangements. Amortization expense of capitalized implementation costs for cloud computing arrangements totaled \$1.2 million and \$0.9 million for each of the years ended December 31, 2025 and 2024, respectively, and is included in computing, network, and telecommunications expenses as presented in Note 8.

Long-Lived Assets—Long-lived assets, which include deferred cloud implementation costs, discussed above; furniture and equipment, leasehold improvements, and technology; and operating right-of-use assets, are reviewed for impairment annually or more frequently, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

During the year ended December 31, 2025, we recognized an impairment loss of \$2.6 million related to the write-off of deferred implementation costs for a cloud computing implementation project that was cancelled in 2025. Management determined that the \$2.6 million of deferred implementation costs related to the cancelled project would no longer provide any future economic benefit. The impairment loss is included in registration and inspections operating expenses in the statements of activities and is included in the Impairment loss caption in Note 8. No indicators of impairment were identified as of December 31, 2024.

Furniture and Equipment, Leasehold Improvements, and Technology, Net—Furniture and equipment, leasehold improvements, and technology, net, are stated at cost, less accumulated depreciation and amortization, computed using the straight-line method utilizing a half-year convention. Furniture and equipment and technology are depreciated over their estimated useful lives of three to five years. Leasehold improvements are amortized over the lesser of the remaining term of the lease or the useful life of the asset. Costs incurred during the application development stage for internally developed software are capitalized and amortized using the straight-line amortization method over the estimated useful life of the applicable software. Repairs and maintenance are charged to expense when incurred.

Leases—We lease space for our 10 office locations and two data centers. We determine if a contractual arrangement contains a lease at the inception of the arrangement. As part of the lease determination process under ASC Topic 842, Leases, we assess several factors, including, but not limited to, whether we have the right to control and direct the use of the asset and whether the other party has a substantive substitution right. After a lease is identified, if there are multiple components, we identify separate lease components based on whether the right to use the underlying assets is distinct and neither highly dependent nor highly interrelated with other rights in the contract. We also evaluate whether there are any nonlease components in the arrangement. For our office leases (see Note 5 to the financial statements for additional details), if separate lease and nonlease components are identified, we allocate the consideration in the contract to the lease and nonlease components using the relative stand-alone price method at lease inception. For all other classes of underlying assets, we have elected the available practical expedient to not separate nonlease components from lease components.

Many of our leases include options to renew at our sole discretion. Renewal and termination options, as applicable, are considered in the determination of the lease term at the commencement date when we are reasonably certain the options will be exercised, subject to reassessment in certain circumstances. When assessing the likelihood of electing these options, we consider the length of the renewal period, market conditions, plans for our facilities, the existence of a termination penalty, as well as other factors. Our lease agreements do not contain any material residual value guarantees, restrictive covenants, or variable lease payments that would be included in the operating lease liability.

Right-of-use (ROU) assets represent our right to use an underlying asset for the term of the lease, and lease liabilities represent our obligation to make lease payments throughout the term of the lease. ROU assets and lease liabilities are recognized as of the commencement date of the lease based on the present value of contractual lease payments due over the term of the lease. We elected to use the risk-free rate for all classes of underlying assets to determine the present value of the lease payments as the rate implicit in the respective leases was not readily determinable. ROU assets also include, if applicable, prepaid lease payments and initial direct costs, less lease incentives received.

ROU assets and lease liabilities resulting from operating leases are presented on our statements of financial position. We did not have any subleases as of December 31, 2025 and 2024.

Operating lease expense is recognized on a straight-line basis over the term of the lease. Some of our leases include tenant improvement allowances, which are recorded when we are reasonably certain to utilize the allowance and are amortized on a straight-line basis over the shorter of the lease terms or the asset lives. Leases with an initial lease term of twelve months or less are considered short-term leases. Short-term leases are not presented on our statements of financial position. Expenses associated with short-term leases are recognized on a straight-line basis over the term of the lease. Short-term lease costs were immaterial for each of the years ended December 31, 2025 and 2024.

Revenue Recognition—The Sarbanes-Oxley Act established funding for our activities primarily through the annual ASF assessed on issuers and SEC-registered broker-dealers. The annual ASF is approved by the SEC. We also assess registration fees and annual fees on registered public accounting firms and may impose monetary penalties as prescribed by the Sarbanes-Oxley Act.

Annual ASF—The annual ASF is assessed on issuers, as defined in the Sarbanes-Oxley Act, and on broker-dealers registered with the SEC. The purpose of the fees is to fund our mission to oversee the audits of public companies and SEC-registered broker-dealers to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports. The ASF is established annually by the Board based on our approved operating budget for each calendar year and adjusted to reflect amounts estimated to fund our operations for the first five months of the subsequent year, as well as other adjustments. The ASF is recognized as operating revenue in the year in which it is assessed.

Registration Fees—Each public accounting firm must pay a registration fee when it applies for registration with us. Registration fees are recognized as operating revenue in the year the application is submitted.

Annual Fees—All registered public accounting firms are required to file annual reports with us and pay annual fees to us. Annual fees are recognized as operating revenue in the year they are assessed.

Monetary Penalties, Net—Our sanctions may include monetary penalties imposed pursuant to Section 105 of the Sarbanes-Oxley Act. Monetary penalties are recognized as other revenue generally in the year (1) disciplinary orders are settled or (2) adjudicated final Board actions imposing sanctions in disciplinary proceedings are effective.

Monetary Penalties, Net and Scholarship Payments, Net—Amounts collected from monetary penalties are required to be used to fund merit scholarships awarded to students of accredited accounting degree programs, after congressional appropriation for such use of the monetary penalties. Amounts not paid out as of year-end are included in restricted cash and cash equivalents in the statements of financial position. In the statements of financial position, the net change in penalties assessed, including related interest income, and paid out as merit scholarships is reported as an increase or decrease in net assets without donor restrictions statutorily designated for scholarships in accordance with Section 109(c)(2) of the Sarbanes-Oxley Act.

Interest Income and Other—Interest income and net gains and losses are recorded on an accrual basis. Interest income consists of interest income earned on our cash and cash equivalents and restricted cash and cash equivalents, investment income on our short-term investment, interest fee income from issuers and broker dealers who were assessed accounting support fees, and collection fees for invoicing and collecting the FASB ASF.

Cash Held for Others under Agency Agreement—We serve as the collection agent for invoicing and collecting the FASB ASF and are paid a collection fee by FASB for serving as its collection agent. As FASB's collection agent, we received a collection fee of \$0.2 million in each of 2025 and 2024. Pursuant to the collection agent agreement, we collected \$32.9 million on behalf of FASB and remitted \$32.7 million to FASB in 2025, and collected \$43.1 million and remitted \$42.9 million in 2024. Funds received and not remitted to the FASB by year-end are included in restricted cash and cash equivalents, with a corresponding amount included in accounts payable and accrued expenses. The collection fees are included in interest income and other in the accompanying statements of activities and statements of cash flows.

Taxes—We are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Use of Estimates—The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements and accompanying notes. These estimates and assumptions are based on management's best knowledge of current and future events. Estimates and assumptions are used in accounting for, among other items, the allowance for credit losses, useful lives of furniture and equipment, certain accrued benefits, and allocation of expenses to program services and supporting activities. Actual results could differ from these estimates.

Statements of Cash Flows—We use the direct method of reporting net cash provided by or used in operating activities in the statements of cash flows.

The total of cash and cash equivalents and restricted cash and cash equivalents in the statements of financial position is shown in the statements of cash flows as of December 31, 2025 and 2024 as follows:

(\$ in millions)	2025	2024
Cash and cash equivalents	\$194.6	\$183.3
Restricted cash and cash equivalents	77.0	66.3
Total cash and cash equivalents and restricted cash and cash equivalents shown in the statements of cash flows	\$271.6	\$249.6

Note 3—Accounts and Other Receivables, Net

Accounts and other receivables, net consist of the following as of December 31, 2025 and 2024:

(\$ in millions)	2025	2024
Accounts receivable—issuer and broker-dealer accounting support fees and annual fees	\$1.3	\$0.9
Accounts receivable—other	1.7	1.0
Other receivables—monetary penalties	0.9	0.9
Accounts and other receivables, gross	3.9	2.8
Less: Allowance for credit losses	(1.8)	(1.8)
Accounts and other receivables, net of allowance for credit losses	\$2.1	\$1.0

The changes in our allowance for credit losses for accounts and other receivables are as follows:

(\$ in millions)	Year ended December 31, 2025				Year ended December 31, 2024			
	Issuer and broker-dealer accounting support fees and annual fees	Accounts receivables – other	Other receivables – monetary penalties	Total	Issuer and broker-dealer accounting support fees and annual fees	Accounts receivables – other	Other receivables – monetary penalties	Total
Beginning of period balance	\$ (0.7)	\$ (0.3)	\$ (0.8)	\$ (1.8)	\$ (1.1)	\$ (0.1)	\$ (0.7)	\$ (1.9)
(Provision for) / recovery of expected credit losses	(0.1)	(0.1)	-	(0.2)	(0.1)	(0.2)	(0.1)	(0.4)
Write-offs	0.2	-	-	0.2	0.5	-	-	0.5
End of period balance	\$ (0.6)	\$ (0.4)	\$ (0.8)	\$ (1.8)	\$ (0.7)	\$ (0.3)	\$ (0.8)	\$ (1.8)

Note 4—Furniture and Equipment, Leasehold Improvements, and Technology, Net

Furniture and equipment, leasehold improvements, and technology, net consist of the following as of December 31, 2025 and 2024:

<i>(\$ in millions)</i>	2025	2024
Technology		
Hardware	\$8.1	\$9.1
Purchased and developed software	8.2	11.9
Leasehold improvements	18.2	18.0
Furniture and equipment	6.0	6.5
Technology development and construction in process	0.4	0.4
Total furniture and equipment, leasehold improvements, and technology	40.9	45.9
Less: Accumulated depreciation and amortization	(34.6)	(38.9)
Furniture and equipment, leasehold improvements, and technology, net	\$6.3	\$7.0

Depreciation and amortization expense was \$2.6 million and \$2.9 million for the years ended December 31, 2025 and 2024, respectively.

Note 5—Leases

As of December 31, 2025, operating leases consisted of space for 10 office locations and two data centers with various expiration dates ranging from 2026 through 2031. Most of the leases contain escalation clauses and option(s) to renew. These renewal terms can extend the lease term from 1 year to 10 years at prevailing market rental values. These renewals are included in the lease term when it is reasonably certain that the PCAOB will exercise the option.

During 2024, the leases for five of our offices expired. We relocated and entered into new leases for our offices in San Francisco, California; Denver, Colorado; Atlanta, Georgia; and Dallas, Texas. The Irvine, California, office lease was amended in 2023 and commenced in July 2024. We also extended the lease for our data center space in Ashburn, Virginia, in October 2024 by exercising the option to renew the lease for 12 months upon the expiration of the initial term in early 2025. The Irvine, California, office lease amendment and data center lease extension were accounted for as lease modifications.

During 2025, the lease for our Ashburn, Virginia, office expired. We relocated and entered into a new lease for our Ashburn, Virginia, office. We also extended the lease for our existing data center space in Ashburn, Virginia in August 2025 by exercising the option to renew the lease for another 12 months upon the expiration of the term in early 2026. The data center lease extension was accounted for as a lease modification. We also entered into an agreement at the end of 2024 that commenced in 2025 for a second data center space in Ashburn with a reasonably certain lease term of two years.

Supplemental information related to leases is presented in the table below (in millions, except weighted-average remaining lease term and discount rate):

Years ended December 31	2025	2024
Operating lease cost	\$14.6	\$15.2
Cash paid for amounts included in the measurement of operating lease liabilities	17.1	17.4
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	\$1.8	\$5.2
As of December 31	2025	2024
Weighted-average remaining lease term — operating leases	2.8 years	3.7 years
Weighted-average discount rate — operating leases	1.9%	1.8%

Maturities of operating lease liabilities are as follows:

(\$ in millions)	
Year ending December 31,	Operating Leases
2026	\$17.7
2027	17.1
2028	11.8
2029	1.4
2030	0.5
2031	Less than \$0.1 million
Total lease payments	48.5
Less: imputed interest ¹	(1.4)
Present value of lease liabilities	\$47.1

¹ Imputed interest was calculated using the risk-free rate applicable for each lease arrangement.

As of December 31, 2025 and 2024, there were no material finance leases in which the PCAOB was a lessee.

Note 6—Retirement Benefit Plan

We have a defined contribution retirement plan that covers all eligible employees. For each of the years ended December 31, 2025 and 2024, we matched 100% of employee contributions up to 7% of eligible compensation. Our contributions vest immediately. We recognized personnel costs of \$13.8 million and \$13.6 million, for the years ended December 31, 2025 and 2024, respectively, related to our matching contributions.

Note 7—Net Assets Without Donor Restrictions

Our net assets are not subject to any donor-imposed restrictions. Our net assets include a working capital reserve that we maintain to fund our operations during the five-month period subsequent to December 31, 2025, prior to the collection of the issuer ASF for 2026. Our net assets also include funds designated for specific uses, as described below.

Designated for the PCAOB Scholarship Program—In 2025, we awarded 685 merit-based scholarships of \$15,000 each to eligible students for the 2025-2026 academic year. In 2024, we awarded 676 merit-based scholarships of \$15,000 each to eligible students for the 2024-2025 academic year.

Statutorily designated funds for scholarships are included in restricted cash and cash equivalents. The activity of the statutorily designated funds for the years ended December 31, 2025 and 2024, was as follows:

(\$ in millions)	
Statutorily designated funds, as of December 31, 2023	\$37.7
Monetary penalties assessed in 2024, net	38.6
Less scholarship payments for the 2024–2025 academic year, net of amounts unused or deferred	(10.0)
Statutorily designated funds, as of December 31, 2024	\$66.3
Monetary penalties assessed in 2025, net	20.8
Less scholarship payments for the 2025–2026 academic year, net of amounts unused or deferred	(9.8)
Statutorily designated funds, as of December 31, 2025	\$77.3

Of the \$77.3 million in statutorily designated funds for scholarships as of December 31, 2025, \$68.9 million (of which \$68.6 million is included in restricted cash and cash equivalents and \$0.3 million is included in accounts and other receivables, net) has already been appropriated by Congress and may be used for awarding scholarships in 2026 or subsequent years. Prior to 2018, Congress had appropriated each year the full amount of monetary penalties collected in the previous year and made them available for scholarships. In 2018, Congress limited the appropriation it provided for scholarships to \$1 million of the total monetary penalties collected in 2017. All penalties collected in 2018 and 2019 were appropriated by Congress. In 2019, Congress appropriated in advance all penalties collected in 2020 and future years for disbursement. As of December 31, 2025, Congress has not appropriated \$8.4 million of the remaining monetary penalties collected in 2017, including subsequent investment earnings. As a result, as of December 31, 2025, \$8.4 million of the \$77.3 million in statutorily designated funds was not available to distribute for scholarships. As of December 31, 2024, \$8.1 million of the \$66.3 million in statutorily designated funds was not available to distribute for scholarships.

Designated for Sequestration—The statements of financial position include funds statutorily designated for sequestration. In March 2013, the Office of Management and Budget (OMB) determined that we are subject to sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, 2 U.S.C. § 901a. In November 2013, OMB determined that our sequestered funds represent temporary reductions, such that funds that are sequestered in one year become available in subsequent years.

On March 11, 2024, OMB issued a report, “OMB Report to the Congress on the BBEDCA 251A Sequestration for Fiscal Year 2025,” specifying that our sequestration percentage in 2025 was 5.7% of our approved 2025 budget, or \$22.8 million. These sequestered funds remained unspent as of December 31, 2025, and are included in short-term investment in the accompanying statements of financial position. In a separate report issued on May 30, 2025, “OMB Report to the Congress on the BBEDCA 251A Sequestration for Fiscal Year 2026,” OMB specified that our sequestration percentage in 2026 was 5.7% of our approved 2026 budget, or \$20.6 million. We used the \$22.8 million sequestered in 2025 to offset the \$20.6 million sequestered for 2026. The excess reduces our 2026 ASF by \$2.2 million from what it otherwise would have been. The scholarship funds were not subject to sequestration in 2025 or 2024.

Note 8—Expenses by Program Services and Supporting Activities

The statements of activities reflect program services related to registration and inspections, enforcement, standard setting, economic and risk analysis, and Board and related activities. Program services consist of the following:

- Registration and inspections executes the Board’s registration and inspections authority under the Sarbanes-Oxley Act. Registration and inspections processes and makes recommendations to the Board on applications from public accounting firms to register with the PCAOB. Registration and inspections also inspects registered public accounting firms to assess compliance with the Sarbanes-Oxley Act, the rules of the Board and the SEC, and professional standards, in connection with the performance of audits, issuance of audit reports, and related matters involving issuers and broker-dealers audited by the registered firms.
- Enforcement conducts investigations and recommends instituting disciplinary proceedings concerning registered public accounting firms and their associated persons related to possible violations of the Sarbanes-Oxley Act, the rules of the Board and the SEC, the provisions of the securities laws relating to the preparation and issuance of audit reports and the obligations of accountants with respect to audit reports, and professional standards.
- Standard setting advises the Board on establishing or amending auditing, quality control, ethics, independence, and attestation standards applicable to registered public accounting firms in the preparation and issuance of audit reports as required by the Sarbanes-Oxley Act or the SEC, or as may be necessary for the protection of investors and the public interest, and supports the implementation of the standards and rules through conducting stakeholder outreach, publishing guidance, conducting webinars, responding to external inquiries, and performing other activities to improve the quality of audit services.
- Economic and risk analysis conducts economic analysis and research, risk assessment, and data analysis to inform our other program services.
- Board and related activities primarily consists of the programmatic activities of the Board and the Office of International Affairs (OIA). Supported by the other program services, the Board issues inspection reports on registered public accounting firms; approves registration applications of public accounting firms; initiates formal investigations and enforcement actions; and establishes or amends auditing, quality control, ethics, independence, and attestation standards for registered public accounting firms. Under the direction and supervision of the Board, OIA promotes our mission internationally by developing and fostering bilateral relationships and negotiating bilateral cooperative arrangements with non-U.S. regulators to facilitate our international inspections and investigations.

Program expenses include salaries, benefits, occupancy, program-specific technology costs, and other direct and indirect operating expenses. The statements of activities also reflect costs associated with supporting activities such as accounting and finance, legal, human resources, enterprise risk, communication and engagement, and information technology. Indirect costs, including certain occupancy and depreciation costs, are allocated to program services and supporting activities proportionately based on headcount.

The statements of activities report certain categories of expenses that are attributable to more than one program service or supporting activity. These expenses are allocated on a reasonable basis that is consistently applied. In particular, these expenses have been allocated to program services and supporting activities based on direct usage or benefit, where identifiable, with the remainder allocated on a pro rata basis of headcount or other measures such as time and effort. The expenses that are allocated in this manner include: personnel costs, including fringe benefits and payroll taxes; occupancy costs; computing, network, and telecommunications expenses; and depreciation.

For the year ended December 31, 2025
(\$ in millions)

	Program services						Supporting activities			Total
	Registration and inspections	Enforcement	Standard setting	Economic and risk analysis	Board and related activities	Programs subtotal	Administration and general	Information technology	Supporting subtotal	
Personnel costs	\$157.9	\$24.7	\$10.5	\$15.1	\$11.5	\$219.7	\$50.9	\$10.8	\$61.7	\$281.4
Occupancy costs	6.7	2.2	0.8	1.2	0.9	11.8	4.0	0.9	4.9	16.7
Travel expenses	14.3	0.1	-	0.1	0.5	15.0	0.3	0.1	0.4	15.4
Computing, network, and telecommunications expenses	8.8	1.8	0.5	0.9	0.5	12.5	3.6	1.6	5.2	17.7
Professional and consulting fees	11.2	1.6	0.4	0.6	0.3	14.1	7.5	2.3	9.8	23.9
Data subscriptions, insurance, and other expenses	2.4	0.8	0.2	1.3	0.4	5.1	4.2	0.6	4.8	9.9
Impairment loss	2.6	-	-	-	-	2.6	-	-	-	2.6
Depreciation and amortization	1.3	0.3	0.1	0.2	0.1	2.0	0.5	0.1	0.6	2.6
Total operating expenses	\$205.2	\$31.5	\$12.5	\$19.4	\$14.2	\$282.8	\$71.0	\$16.4	\$87.4	\$370.2

For the year ended December 31, 2024
(\$ in millions)

	Program services						Supporting activities			Total
	Registration and inspections	Enforcement	Standard setting	Economic and risk analysis	Board and related activities	Programs subtotal	Administration and general	Information technology	Supporting subtotal	
Personnel costs	\$156.7	\$24.8	\$11.4	\$16.0	\$13.0	\$221.9	\$47.5	\$14.1	\$61.6	\$283.5
Occupancy costs	7.1	2.3	0.9	1.2	0.9	12.4	3.8	1.1	4.9	17.3
Travel expenses	10.6	0.2	-	0.1	0.6	11.5	0.4	0.1	0.5	12.0
Computing, network, and telecommunications expenses	8.1	2.1	0.4	1.2	0.4	12.2	3.3	1.6	4.9	17.1
Professional and consulting fees	14.4	1.9	0.8	0.9	0.3	18.3	7.3	2.1	9.4	27.7
Data subscriptions, insurance, and other expenses	3.0	0.8	0.2	1.2	0.4	5.6	3.8	0.6	4.4	10.0
Depreciation and amortization	1.4	0.3	0.1	0.2	0.1	2.1	0.6	0.2	0.8	2.9
Total operating expenses	\$201.3	\$32.4	\$13.8	\$20.8	\$15.7	\$284.0	\$66.7	\$19.8	\$86.5	\$370.5

Note 9—Liquidity

We are primarily funded by the ASF, with certain assets being subject to statutory restrictions or contractual restrictions under an agency agreement. The primary goal of our liquidity management policy is to structure our financial assets to be available as our general expenditures, liabilities, and other obligations come due.

As of December 31, 2025, we held cash and cash equivalents of \$194.6 million, which were available on demand to pay general expenditures. As of December 31, 2025, we held a short-term investment of \$20.7 million, which is designated for sequestration in 2026. As of December 31, 2025, \$68.6 million of restricted cash and cash equivalents were available to pay for future scholarship awards, with an additional \$8.4 million that is required to be appropriated by Congress prior to their use to fund scholarships (as discussed in Note 7).

Note 10—Contingencies

The PCAOB is not currently a party to any legal proceeding that it believes would have a material adverse impact on its financial statements.

Note 11—Subsequent Events

We have evaluated subsequent events through March 30, 2026, which represents the date the audited financial statements were available to be issued.

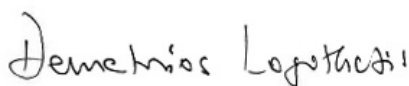
FINANCIAL REPORTING MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The PCAOB's financial reporting management, including the Chief Operating Officer and the Chief Financial Officer, under the direction of the Chair (collectively, "financial reporting management"), is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

The PCAOB's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the PCAOB; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the PCAOB are being made only in accordance with authorizations of management of the PCAOB; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the PCAOB's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The PCAOB's financial reporting management assessed the effectiveness of the PCAOB's internal control over financial reporting as of December 31, 2025. In making this assessment, financial reporting management used the criteria established in *Internal Control—Integrated Framework* (2013 version), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, the PCAOB's financial reporting management concluded that the organization's internal control over financial reporting was effective as of December 31, 2025.

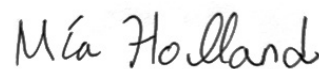
March 30, 2026



Demetrios Logothetis
Chairman



Randy Thornton
Acting Chief Operating Officer



Mia Holland
Acting Chief Financial Officer

