DEDICATED TO PROTECTING INVESTORS

2015 ANNUAL REPORT

PCAOB

Public Company Accounting Oversight Board

Improving the Quality of the Audit for the Protection and Benefit of Investors

REGISTRATION

Registration with the PCAOB is a fundamental requirement for accounting firms that perform or play certain roles in the audits of public companies, brokers and dealers. Registration subjects each firm to the oversight activities assigned to the PCAOB. At the end of 2015, there were 2,107 firms registered with the PCAOB, including 1,208 domestic firms and 899 non-U.S. firms located in 90 jurisdictions.

INSPECTIONS

PCAOB inspections assess registered accounting firms' compliance with applicable laws, rules and professional standards in the portions of audits selected for inspection and in the firms' systems of quality control. In 2015, the PCAOB examined portions of more than 810 audits of public companies performed by 215 accounting firms. Under an interim inspection program, the PCAOB examined portions of 115 audits of brokers and dealers performed by 75 firms.

From the PCAOB Strategic Plan for 2015–2019

The Sarbanes-Oxley Act of 2002 established the PCAOB to oversee the audits of the financial statements of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act amended the Act and, among other things, vested the PCAOB with the authority to oversee the audits of the financial statements and related review of selected practices and procedures of broker-dealers.

STANDARDS

The PCAOB sets auditing and related professional practice standards to strengthen the reliability of audits for investors and other interested parties. In 2015, the Board adopted new rules to provide investors and other financial statement users with more information about participants in issuer audits. The Board also adopted the reorganization of its auditing standards to help users navigate the standards more easily.

ENFORCEMENT

The PCAOB uses its investigative authority to identify serious audit deficiencies that pose risks to investors and uses its disciplinary authority to impose sanctions and penalties for those deficiencies. In 2015, the PCAOB made public 44 settled disciplinary orders, revealing sanctions on auditors ranging from censures to monetary penalties to revocations of registration and bars on association with registered accounting firms.

We have designed our programs to address our four primary responsibilities under the Act: (i) registration of accounting firms; (ii) inspections of registered firms' audits and quality control; (iii) establishment of auditing and related attestation, quality control, ethics, and independence standards; and (iv) investigation and discipline of registered public accounting firms and their associated persons for violations of specified laws or professional standards.

We analyze information obtained in our inspections, investigations, and other sources, to identify risks that may have resulted in, or could lead to, audit, quality control, ethics or independence failures by registered firms. We also use such analysis to identify weaknesses in, and appropriate improvements to, auditing and related professional practice standards and in considering a need for guidance on how to apply such standards in particular circumstances. We further use this analysis to identify ways in which we can improve the effectiveness of our oversight programs.

FROM THE CHAIRMAN

Ten years after the Sarbanes-Oxley Act became law, former Congressman Mike Oxley vividly recalled the circumstances that led to the landmark financial legislation:

"As a result of the revelations about Enron, WorldCom and others, we lost almost $8 trillion of market cap—almost $8 trillion," he said at a forum on the Act's 10th anniversary. "It became a very personal thing with the American investor and the American public, and that is why they demanded that the Congress act."

Representative Oxley, who was Chairman of the House Financial Services Committee, died Jan. 1, 2016. His legacy, and that of his counterpart on the Senate Banking Committee, Senator Paul Sarbanes, is a law that set in place a sweeping overhaul of corporate governance and, for the first time, established independent oversight of audits and auditing through the Public Company Accounting Oversight Board.

The Sarbanes-Oxley Act set a lofty mission for the PCAOB to protect the interests of investors in informative, accurate and independent audit reports.

For nearly a century, U.S. law has entrusted to the audit profession the duty to determine whether a company's financial reports are fairly presented consistent with an appropriate accounting framework—a prerequisite for that company to access U.S. capital markets.

The PCAOB has an overriding responsibility to serve the public that invests in those markets by setting auditing and related professional practice standards, inspecting audit engagements and accounting firms' quality control systems against those standards and, when necessary, disciplining auditors that fail to comply.

In my time at the PCAOB, we have seen changes in firms' behavior. My arrival five years ago coincided with a period of high levels of inspection findings. At the same time, some accounting firms were challenging the Board's determination that their systems of quality control were deficient and required improvement—a process we call remediation.

With the credibility of the PCAOB inspection process, remediation has proven effective for the firms that committed to the concept of addressing deficiencies in quality control and looking for the root causes of the shortcomings. In those firms, inspections findings are beginning to decline.

Throughout our inspections program, we have established an interactive process that is fair, expertly implemented and transparent to the firms. We have also been mindful of our impact on the preparers of financial statements, and, to better understand their concerns—particularly in the area of internal control over financial reporting—we have met with preparers and auditors and discussed the concerns with our Investor Advisory Group.

We use this constructive engagement to inform our ongoing commitment to improve the content of our inspection reports and bolster understanding of our inspection

"The Sarbanes-Oxley Act set a lofty mission for the PCAOB to protect the interests of investors in informative, accurate and independent audit reports."

process. As part of that objective, we issued several new communications in 2015, including staff inspections briefs describing the areas of audits that would be the focus of our inspections during the year.

We hosted our first webcast seminars, directed at auditors of SEC-registered brokers and dealers, and we issued a digital newsletter, Audit Committee Dialogue, to help those who hire and supervise public company auditors understand better how the PCAOB's work affects theirs.

In 2015, we completed a multi-year effort to reorganize our standards, in order to make them more usable for auditors and others who refer to them.

Some of our most important standards are principles-based—relating to independence, skepticism and due care. But we also have an active standard-setting agenda to address current challenges that involves consideration of appropriate audit procedures, as well as auditor reporting and disclosures.

We achieved a major milestone in December with the adoption of a rule requiring firms to publicly report the names of the engagement partner and any accounting firms whose work represented more than 5 percent of the audit of every company traded on U.S. markets. This rule was approved by the SEC in 2016 and will be effective in 2017.

We continue to be active on a number of fronts in 2016. In April, we announced that the Center for Economic Analysis will perform the first post-implementation review of the overall effect of previously adopted PCAOB rules and standards. In May, we reproposed a standard that is designed to make the auditor's report more useful and informative to investors and other financial statement users.

In July, we were pleased to learn that the European Commission adopted a new adequacy decision that will extend through July 2022, permitting audit regulators in EU member states to make bilateral inspection arrangements with the PCAOB. This renewal doubled the length of time of previous authorizations.

With these accomplishments, and many others detailed on the pages that follow, I believe we are living up to Congressman Oxley's vision for the PCAOB as set out in the Sarbanes-Oxley Act:

"The tenet behind restoring investor confidence in the Act was more transparency and accountability," he said in July 2012. "That was what the law was all about."

That, I submit, is what the PCAOB is all about.

James R. Doty, *Chairman*
Public Company Accounting Oversight Board
Washington, D.C.
September 21, 2016

REGISTRATION

Any accounting firm that prepares or issues an audit report for an issuer or an SEC-registered broker or dealer, or plays certain roles in those audits, must be registered with the PCAOB. Issuers, generally, are public companies with SEC reporting obligations.

The public accounting firms registered with the PCAOB vary in size, ranging from sole proprietorships to large audit firms that are members of extensive global networks, comprising numerous separately registered accounting firms in multiple jurisdictions.

In 2015, the Board considered and approved registration applications of 70 accounting firms, including 22 non-U.S. firms. The Board disapproved two registration applications, revoked the registration of 15 firms and suspended the registration of two firms. During the year, 149 firms withdrew from registration.

At the end of 2015, there were 2,107 firms registered with the PCAOB, including 1,208 domestic firms and 899 non-U.S. firms located in 90 jurisdictions.

FIRMS WITH MORE THAN 100 PUBLIC COMPANY AUDIT CLIENTS IN 2014

Inspected in 2015 by the PCAOB

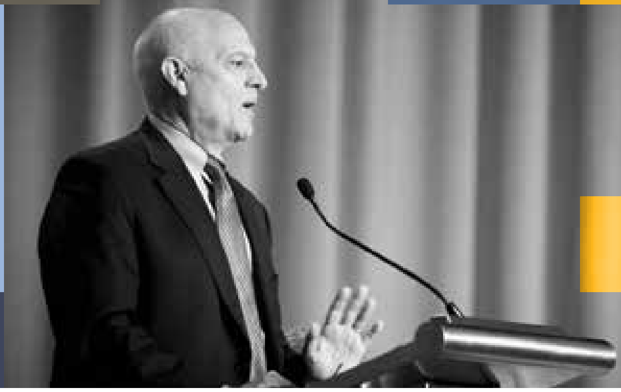
- BDO USA, LLP
- Crowe Horwath LLP
- Deloitte & Touche LLP
- Ernst & Young LLP
- Grant Thornton LLP
- KPMG LLP
- MaloneBailey, LLP
- Marcum LLP
- RSM US LLP
- PricewaterhouseCoopers LLP

AUDIT REPORTS PER REGISTERED FIRM*

Reports for public companies and mutual funds as of Dec. 31, 2015 (used for planning 2016 inspections)

	U.S.	Non-U.S.	Total
Firms that issued no issuer audit reports	831	703	1,534
Firms that issued audit reports for 1–5 issuers	234	143	377
Firms that issued audit reports for 6–10 issuers	41	30	71
Firms that issued audit reports for 11–25 issuers	54	15	69
Firms that issued audit reports for 26–50 issuers	24	4	28
Firms that issued audit reports for 51–100 issuers	14	4	18
Firms that issued audit reports for >100 issuers	10	0	10
Totals	**1,208**	**899**	**2,107**

** Includes opinions signed by firms with a registration status of Currently Registered, Withdrawal Pending and Registration Suspended as of Dec. 31, 2015.*



INSPECTIONS

The PCAOB regularly inspects registered accounting firms that perform audits of public companies and other issuers. In 2015, the PCAOB inspected 215 such firms and examined portions of more than 810 audits.

The PCAOB also conducts an interim program of inspections of firms that audit SEC-registered brokers and dealers. In 2015, the PCAOB inspected 75 such firms, covering portions of 115 audit and attestation engagements, and issued its annual report on the interim inspection program.

Board inspections are designed to identify and address weaknesses and deficiencies related to how a firm conducts audits. To achieve that goal, Board inspections include an evaluation of the firm's performance in selected audit engagements, as well as an evaluation of the design and operating effectiveness of a firm's quality control policies and procedures.

For firms that audit issuers, the PCAOB prepares a report on each inspection and makes portions of each report publicly available, subject to statutory restrictions on public disclosure. In 2015, the PCAOB issued 218 reports on inspections of individual firms.

The PCAOB also issues general reports that are not firm-specific but provide information and analysis concerning specific audit issues or a summary and analysis of results from inspections of a specified category of firms over a particular period. The PCAOB issued a general report on Oct. 15, 2015, focusing on registered audit firms' implementation of and compliance with certain auditing standards related to the auditor's assessment of and response to risk in an audit.

Inspections reports, whether firm-specific or general, are intended to drive improvement in audit quality among registered firms. They may also offer valuable insights for investors, audit committees and other users of audited financial statements.

With that benefit in mind, the Board continues its efforts to improve the timeliness, content and readability of inspection reports. In 2015, inspection reports for the largest firms were expanded to provide summaries of the information contained in the report, including the aggregate counts of the audit opinions affected and a summary of the most frequently identified audit deficiencies. Information about industries inspected and findings by industry was also added to the inspection reports for the largest firms.

In 2015, the PCAOB issued its first staff inspection briefs, highlighting the objectives, focus and scope of its 2015 inspections.

AUDITS OF PUBLIC COMPANIES AND OTHER ISSUERS

Registered firms that issue audit reports for more than 100 issuers are required to be inspected annually. In 2015, the PCAOB inspected 10 such firms. As part of these inspections, PCAOB inspectors examined portions of more than 320 audits performed by these firms.

Registered firms that issue audit reports for 100 or fewer issuers are, in general, inspected at least once every three years. At any time, the PCAOB may also inspect any other registered firm that plays a role in the audit of an issuer. The PCAOB inspected 205 firms in these categories in 2015, including 63 non-U.S. firms located in 29 jurisdictions. In the course of those inspections, PCAOB staff examined portions of more than 490 audits.

The PCAOB carries out these inspections through two programs. The Global Network Firm Inspection Program focuses on

INSPECTIONS
CONTINUED

the six largest U.S. firms and the non-U.S. members of the international networks with which they are affiliated. Those networks are: BDO International Limited, Deloitte Touche Tohmatsu Limited, Ernst & Young Global Limited, Grant Thornton International Limited, KPMG International Cooperative, and PricewaterhouseCoopers International Limited. The Non-Affiliate Firm Inspection Program carries out the inspections of other firms.

In 2015, the Global Network Firm Inspection Program inspected 58 firms, including the six largest U.S. firms and 52 non-U.S. firms. Those U.S. firms are among the firms that the Board inspects annually, and in 2015 PCAOB inspectors examined portions of more than 270 audits performed by them. The 52 non-U.S. firms are among the firms that are required to be inspected at least triennially, and in 2015 PCAOB inspectors examined those 52 firms' work on approximately 160 audits.

Many firms registered with the Board report that they perform no audit work for issuers, brokers or dealers, and the PCAOB does not inspect those firms.

PCAOB inspections staff plan each year's inspections by selecting issuer audits to inspect based largely on an analysis of risk, including risk emanating from economic trends; company or industry developments; audit areas with significant recurring deficiencies; and the audit firm's inspection history.

A staff inspection brief, released Oct. 1, 2015, highlighted the objectives, focus and scope of the PCAOB's 2015 inspections of auditors and certain audits of public companies and other issuers.

For example, inspections staff in 2015 continued to evaluate firms' work in audit areas with significant recurring deficiencies, such as:

- Auditing internal control over financial reporting;
- Assessing and responding to risks of material misstatement; and
- Auditing accounting estimates, including fair value measurements.

The staff inspection brief also contains additional information on the Global Network Firm and Non-Affiliate Firm Inspection Programs; issuer industry sector and market capitalization demographics; and inspection focus data for issuer audits inspected covering inspection cycles 2011 through 2014.

ASSESSMENT OF AND RESPONSE TO RISK IN AN AUDIT

As part of its effort to improve audit quality, the PCAOB issued a report Oct. 15, 2015, focusing on registered audit firms' implementation of and compliance with eight auditing standards related to the auditor's assessment of and response to risk in an audit.

Auditing Standards No. 8 through No. 15—collectively referred to as the risk assessment standards—were adopted in 2010 and are designed to address the auditor's assessment of and response to risk of material misstatements and the auditor's evaluation of the results of procedures performed in an audit.

The report, based on observations during inspections from 2012 through 2014, describes firms' implementation of the risk assessment standards, which address procedures performed in all stages of the audit, from initial planning through the evaluation of audit results, to support an opinion. Inspections staff found that firms generally made appropriate adjustments to their audit methodologies to implement the new standards.

In 26 percent of the 632 engagements inspected in 2012 where the risk assessment standards were applicable, inspections staff found an audit deficiency related to one or more of those standards that contributed to an insufficiently supported audit opinion. The rate was 27 percent for the 848 engagements inspected in 2013.

A preliminary analysis of 2014 inspection data indicated that a high rate of audit deficiencies related to the risk assessment standards continued to be identified.

Common deficiencies included failing to perform substantive procedures specifically responsive to fraud risks and other significant risks identified; not evaluating the accuracy and completeness of financial statement disclosures; and not testing the accuracy and completeness of information produced by the company.

The report also explores several potential root causes of noncompliance with the risk assessment standards and identifies potential remedial actions that firms can take to remain in compliance with the auditing standards.

AUDITS OF BROKERS AND DEALERS

The Board increased its efforts in 2015 to inform broker-dealer auditors about PCAOB standards and inspections plans and results under its interim inspection program related to broker-dealer audits. PCAOB inspections continue to identify audit deficiencies and independence findings in the audits of SEC-registered brokers and dealers.

The PCAOB issued two reports in 2015 describing the independence findings and audit deficiencies observed during its 2014 inspections of auditors of broker-dealers: one covering audits performed under generally accepted auditing standards and another covering limited observations about the first audit and attestation engagements required to be performed in accordance with PCAOB standards, which applied to fiscal years ending on or after June 1, 2014, pursuant to an amendment to SEC Exchange Act Rule 17a-5.

The PCAOB also issued its first staff inspection brief Aug. 18, 2015, detailing the objectives, focus and scope of its 2015 inspections of auditors of brokers and dealers, the first full year in which all of the audit and attestation engagements included in the inspections were required to be performed under PCAOB standards.

The staff inspection brief described the inspections staff's intention in 2015 to evaluate how firms performed on audit and attestation engagements and focus on:

- The examination of compliance reports and the review of exemption reports under PCAOB standards;
- Financial statement audit areas that had deficiencies identified in past inspections, including revenue recognition and use of information produced by broker-dealers;
- Audit procedures on the supplemental schedules to the financial statements;
- The engagement quality review; and
- Auditor independence.

In the annual report on the results of the PCAOB's 2014 inspections of auditors of brokers and dealers, released Aug. 18, 2015, the PCAOB identified high levels of independence findings and audit deficiencies, similar to reported findings and deficiencies in previous years.

INSPECTIONS
CONTINUED

For inspections conducted in 2014, inspections staff identified:

- Independence findings in 26 of the 106 audits selected for inspection, primarily related to auditors' assisting with the preparation of financial statements;
- Audit deficiencies at each of the 66 firms inspected and in 87 percent of the audits selected for inspection; and
- Audit deficiencies in the procedures performed by the firms related to the customer protection rule in 43 percent of the audits selected for inspection where the broker-dealer held customer assets.

Audit deficiencies involve auditors omitting, or insufficiently performing, certain required audit procedures. They do not necessarily indicate that there are errors in a broker-dealer's financial reporting or that the broker-dealer was not in compliance with relevant SEC rules.

Since the inception of the interim program, independence findings and audit deficiencies have been identified across firms of varying characteristics, with firms that did not also audit issuers noted to have higher percentages of findings and deficiencies than firms that also audited issuers.

Inspections staff also noted lower percentages of audits and audit areas with findings and deficiencies for the selected audits of broker-dealers with the largest amounts of reported net capital, revenues, or assets.

On Jan. 28, 2015, the PCAOB issued a report summarizing the first five inspections covering broker-dealer audit and attestation engagements that were subject to PCAOB standards. Inspections staff observed deficiencies in all five of the audits included in these inspections and in four of the five attestation engagements.

BROKER OR DEALER AUDITS PER REGISTERED FIRM

For Fiscal Years that Ended During 2014

NUMBER OF BROKER OR DEALER AUDITS PER FIRM	NUMBER OF FIRMS
1	247
2 to 20	345
21 to 50	22
51 to 100	10
More than 100	5
Totals	**629**

There were 629 registered public accounting firms that issued audit reports on the financial statements of 4,075 brokers and dealers that were filed for fiscal periods ended during 2014. This information is based on the number of brokers and dealers who filed financial statements through May 15, 2015, for fiscal years ended during 2014, that included audit reports issued by firms registered with the PCAOB at the time of issuance. Of these 629 firms, 590 were still registered with the PCAOB on Feb. 2, 2016.

INTERNATIONAL OVERSIGHT

Public companies, whether located in the U.S. or abroad, access U.S. capital markets by complying with certain U.S. legal requirements, including the requirement to periodically file audited financial statements with the Securities and Exchange Commission. Their auditors, whether located in the U.S. or abroad, must be registered with and inspected by the PCAOB.

The PCAOB has conducted inspections in 47 non-U.S. jurisdictions since non-U.S. inspections began in 2005.

In many jurisdictions, the PCAOB is able to conduct inspections without having to enter into a cooperative agreement with the local audit regulator; however, in a number of jurisdictions, such as the European Union member states, such cooperative agreements are a prerequisite for carrying out inspections of PCAOB-registered auditors from those jurisdictions.

In 2015, the PCAOB announced cooperative agreements with audit oversight authorities in Greece, Hungary and Luxembourg, bringing the total number of cooperative agreements reached with non-U.S. auditor oversight authorities to 21. The PCAOB also continued to make significant progress on such agreements with authorities in other jurisdictions in the European Union and elsewhere.

These agreements generally provide a basis for cooperation in oversight, including inspections and investigations, of firms subject to the jurisdiction of both parties to the agreement. Many of the PCAOB's cooperative agreements also enable the PCAOB to exchange confidential information with its non-U.S. counterparts under authority granted to the PCAOB by the Dodd-Frank Act.

As of Dec. 31, 2015, the PCAOB had access to inspect more than 80 percent of the audits for which audit reports were issued in non-U.S. jurisdictions and had access to inspect 76 percent of the non-U.S. auditors who previously reported performing a substantial role in an audit.

The PCAOB in 2015 continued to face varying obstacles to conducting inspections of registered firms in a number of foreign jurisdictions. In six European Union member states where the PCAOB was required to inspect (Austria, Belgium, Czech Republic, Ireland, Italy and Portugal), the PCAOB was unable to conduct inspections of registered firms due to asserted restrictions under local law, although the PCAOB continued to make progress during the year on the negotiation of such agreements with most of these local regulators.

The PCAOB was also unable to conduct inspections in China due to asserted restrictions under local law and objections based on national sovereignty. Due to the position taken by the authorities in China, the PCAOB also was prevented from conducting inspections in 2015 of any registered firm in Hong Kong and one firm each in Singapore and Taiwan to the extent that their audit clients had operations in China.

The PCAOB staff continued discussions in 2015 with the China Securities Regulatory Commission and China's Ministry of Finance regarding inspections of PCAOB-registered audit firms based in China that audit Chinese companies listed on U.S. exchanges or the Chinese operations of U.S. companies listed on U.S. exchanges. In addition to a number of bilateral meetings between the staffs of the PCAOB, CSRC and MOF, PCAOB Chairman James R. Doty participated in the U.S.-China Strategic and Economic Dialogue in Washington, D.C., in June 2015.

As of Dec. 31, 2015, 85 audit firms in China were registered with the PCAOB, including 41 audit firms in Hong Kong. Thirteen of these firms are required to be inspected because they issue audit reports for issuers, and five of these firms have reported playing a substantial role in an audit of an issuer.

INTERNATIONAL OUTREACH

In December 2015, the PCAOB convened its ninth International Institute on Audit Regulation, drawing approximately 80 representatives from auditor oversight bodies and government agencies in 33 non-U.S. jurisdictions and five international organizations. In 2015, in light of the development of independent oversight around the world over the past decade, the institute focused on promoting thought leadership and the sharing of experiences regarding key advancements and issues in global audit oversight.

In addition to updates on PCAOB activities from a panel of Board members, the institute included panel discussions and presentations on topics including current and future challenges and opportunities in audit regulation; audit committee perspectives on current trends, developments and challenges regarding audit; barriers to audit quality; data analytics; academic perspectives on audit regulation; audit quality indicators; and key international developments in audit.

In 2015, the PCAOB continued its leadership roles with the International Forum of Independent Audit Regulators (IFIAR). Composed of 50 independent audit regulators from around the world, IFIAR was formed in September 2006 to provide a forum for regulators to share knowledge of the audit market environment and the practical experience gained from their independent audit regulatory activity.

Board member Lewis H. Ferguson was appointed Chair of IFIAR's Global Audit Quality Working Group (formerly known as the GPPC Working Group). Board Member Steven B. Harris, Chair of IFIAR's Investor and Other Stakeholders Working Group, co-chaired the Current Trends in the Audit Industry panel at the 2015 IFIAR session, which focused on the Business Model of the Firm. At the end of the meeting, he completed his term as chair of that Group. Claudius Modesti, director of the PCAOB's Division of Enforcement and Investigations, continued to serve as Vice-Chair of IFIAR's Enforcement Working Group.

The PCAOB continued its efforts in 2015 to monitor the activities of various international professional bodies that develop professional standards for auditors. The PCAOB served as an observer to three consultative advisory groups of certain standard-setting boards affiliated with the International Federation of Accountants: the International Auditing and Assurance Standards Board, the International Ethics Standards Board for Accountants and the International Accounting Education Standards Board.

NUMBER OF REGISTERED PUBLIC ACCOUNTING FIRMS BY JURISDICTION

(as of Dec. 31, 2015)

JURISDICTION	NUMBER OF REGISTERED FIRMS
United States	1,208
China*	85
India	67
United Kingdom**	56
Australia	43
Germany	39
Canada	37
France	28
Singapore	25
Peru	24
Mexico	22
Netherlands	20
Spain	19
Chile, Turkey	18 each
Argentina, Israel	17 each
Brazil, Russian Federation	16 each
Japan, Malaysia	15 each
Italy	14
Ireland, Republic of Korea, South Africa, Taiwan	13 each
Belgium, Colombia	11 each
New Zealand	10
Sweden, United Arab Emirates	9 each
Indonesia, Philippines, Switzerland	8 each
Cayman Islands, Greece, Ukraine, Venezuela	7 each
Austria, Czech Republic, Denmark, Hungary, Poland	6 each
Costa Rica, Finland, Norway, Pakistan, Portugal	5 each
Bermuda, Luxembourg, Nigeria, Panama, Thailand, Uruguay, Vietnam	4 each
Bahamas, Bolivia, Dominican Republic, Egypt, Kazakhstan, Paraguay, Romania, Saudi Arabia	3 each
Bahrain, Barbados, Ghana, Iceland	2 each
Armenia, Belize, Croatia, Curacao, Cyprus, Ecuador, El Salvador, Estonia, Guatemala, Haiti, Jamaica, Kuwait, Libya, Malta, Mauritius, Papua New Guinea, Slovakia, Tanzania, Tunisia	1 each
Total	**2,107**

**The number of registered firms in China includes 41 firms located in Hong Kong.*

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

CENTER FOR ECONOMIC ANALYSIS

The Center for Economic Analysis studies and advises the Board and PCAOB staff on the role of the audit in capital formation and investor protection and how economic theory and analysis can be used and further developed to enhance the effectiveness of PCAOB programs.

The Center works to integrate economics and rigorous data analysis across the entire range of PCAOB programs, including standard setting, inspections, enforcement and risk assessment.

During 2015, the Board approved the mission of the Center and an activity plan. The Center's activities include: (1) preparing economic analysis to inform standard setting and other PCAOB rulemaking; (2) developing empirical tools for use in PCAOB oversight programs; and (3) fostering economic research on audit-related topics including the role and relevance of the audit in capital markets.

In 2015, the PCAOB consolidated its staff economists into the Center to conduct economic analysis. Previously, some of the economists were in the Office of Research and Analysis and the Office of the Chief Auditor.

PREPARING ECONOMIC ANALYSIS TO INFORM STANDARD SETTING AND OTHER PCAOB RULEMAKING

The Center conducts economic analyses to inform standard setting initiatives and ensure that regulatory decisions, including whether to adopt new requirements and impose corresponding burdens, are informed by a rigorous review and analysis of the best information available. Center economists help tailor solutions to identified problems and provide information and analysis that allows the Board, the SEC and the public to compare the relative merits of different approaches.

In 2015, economic analyses developed by Center economists were included in releases on the reorganization of PCAOB auditing standards (March 31) and auditor reporting of certain audit participants (Dec. 15), as well as a staff consultation paper on the auditor's use of the work of specialists (May 28).

DEVELOPING EMPIRICAL TOOLS FOR USE IN PCAOB OVERSIGHT PROGRAMS

In collaboration with other PCAOB offices and divisions, the Center uses economic and statistical analyses to enhance PCAOB programs and its ability to oversee auditors and further enhance investor protection. Among other things, the Center has commenced a program to conduct post-implementation reviews to help evaluate the overall effect of PCAOB rulemaking. The Center also performs analyses that inform selection of audit engagements for inspection; and considers ways to apply economic and statistical analyses to help measure the effectiveness of PCAOB oversight activities and identify and implement opportunities to improve PCAOB critical processes.

FOSTERING ECONOMIC RESEARCH ON AUDIT-RELATED TOPICS

High quality economic research on audit-related topics, including the role and relevance of the audit in capital markets, informs the PCAOB in its oversight activities and provides evidence regarding the possible outcomes of policy decisions.

As part of the PCAOB's outreach to academics, the Center engages the academic community through its economic research fellowship program and an annual Conference on Auditing and Capital Markets. In keeping with the PCAOB's mission to protect investors, the Center is also engaged in specific research activities related to the auditor's approach to detecting financial statement fraud and seeks to encourage further academic research in this area.

ECONOMIC RESEARCH FELLOWSHIP PROGRAM

The Center maintains a research fellowship program that is intended to generate high quality, publishable economic research from an outside perspective on topics that are of direct relevance to the mission of the PCAOB. Among other things, the fellowship program provides a way for the Board to support analysis of data collected by the PCAOB through its oversight activities.

Each year, the Center publicly solicits candidates for up to four economic research fellowships. The fellows generate economic research that informs the oversight activities of the PCAOB. During 2015, the work of the Center research fellows resulted in five working papers, which can be accessed through the PCAOB's website. Working papers are preliminary materials that have not been approved by the Board and reflect only the views of the authors.

CONFERENCE ON AUDITING AND CAPITAL MARKETS

In conjunction with the *Journal of Accounting Research,* the Center hosted a second annual Conference on Auditing and Capital Markets, an event promoting academic research that studies the economic impact of auditing on capital markets.

The two-day conference, held in Washington, D.C., Oct. 22–23, 2015, was attended by more than 120 researchers from around the world. Participants heard presentations and discussions on eight research papers, two of which were developed by PCAOB research fellows.

OFFICE OF RESEARCH AND ANALYSIS

The Office of Research and Analysis supports the Board's oversight activities by providing information critical to regulatory oversight, performing analyses of risks affecting public accounting firms and performing research into risks to audit quality and related policy options that support the Board's goals and objectives.

The office's business intelligence group transforms data into information that enables effective decision making for the Board's oversight programs. The office's risk analysis group supports the Board's risk-based inspection and enforcement programs by identifying and analyzing emerging audit and accounting issues that present elevated risks of audit failure and communicates these risks to the PCAOB's other divisions.

The office continued to lead a project on the identification and usage of a set of potential audit quality indicators. The project reflects a premise that employing quantifiable measures of aspects of auditing may provide additional insight for audit committees and, ultimately, investors, about the elements of a quality audit. Use of such measures may encourage audit firms to compete on the basis of audit quality. Such measures could also inform the Board's policy and inspection decisions, aid work of other regulators and assist audit firms in quality control efforts.

On June 30, 2015, the Board issued a concept release seeking comment on the content and possible uses of audit quality indicators. Issues raised by the release include: (1) the nature of the potential indicators, (2) the usefulness of particular indicators described in the release, (3) suggestions for other indicators, (4) potential users of the indicators, and (5) an approach to implementation over time of an audit quality indicator project.

PCAOB staff discussed the project in a podcast posted to the public website and led discussions of the project with the PCAOB's Standing Advisory Group Nov. 12 and 13, 2015.

The office continued to study the business models of registered accounting firms, with a focus on identifying and responding to potential audit quality risks posed by such business models.

STANDARDS

The Board's standard-setting activities in 2015 included adoption of new rules to provide investors and other financial statement users with more information about participants in issuer audits—specifically the identity of the engagement partner and the names and extent of participation of other accounting firms that participated in the audit. The Board also adopted the reorganization of its auditing standards to help users navigate the standards more easily.

The PCAOB issued a staff consultation paper that seeks public comment on potential changes to standards for the auditor's use of the work of specialists, specifically the objectivity and oversight of specialists and the use of their work in audits.

Standard-Setting Process

The PCAOB seeks to establish and maintain high-quality auditing and related professional practice standards for audits of issuers, brokers and dealers in support of the PCAOB's overall mission to protect investors and the public interest. The development of new or modified standards is informed by the PCAOB staff's economic analysis. As part of the process, consideration also is given to whether new standards should apply to audits of emerging growth companies.

The Office of the Chief Auditor's standard-setting agenda, which is updated quarterly, is informed by the PCAOB's oversight activities, including inspections; monitoring of the economic environment; consultation with the Board's Standing Advisory Group; input from the Board's Investor Advisory Group; discussion with the Securities and Exchange Commission staff; and other factors.

In addition, the PCAOB takes into consideration the work of other standard setters, such as the Financial Accounting Standards Board, the International Accounting Standards Board and the International Auditing and Assurance Standards Board, in the development of new or modified standards.

In 2015, the PCAOB began a review of its standard-setting process to identify ways to advance standard-setting initiatives more efficiently and effectively. To that end, the PCAOB worked closely with an outside consultant to identify ways to improve the process, including through enhanced research before adding a project to the standard-setting agenda; better identification of the issue and possible alternatives to address the issue; and more engagement with Board members and SEC staff in order to obtain and maintain support for key decisions in a standards project in a timely manner.

By the end of 2015, the PCAOB had completed the initial phases of the review and was nearing completion of a redesigned process. Implementation of some aspects has commenced, including beginning to integrate new internal processes in the PCAOB's active standards projects.

PCAOB standards are rules of the Board. The Board uses a notice-and-comment process similar to the process used by federal agencies, under which the Board proposes standards for public comment before adopting new standards or amendments to existing standards in a public meeting. All standards of the Board must be approved by the SEC before they can become effective.

ADOPTED STANDARDS, AMENDMENTS AND RULES

Auditor Reporting of Certain Audit Participants

On Dec. 15, 2015, the Board adopted new rules and amendments to PCAOB auditing standards that will provide investors and other financial statement users with information about engagement partners and accounting firms that participate in the audits of issuers.

As approved by the SEC, the final rules require accounting firms to file a new PCAOB form for each issuer audit, disclosing:

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- The name of the engagement partner;
- The name, location, and extent of participation of each other accounting firm participating in the audit whose work constituted at least 5 percent of total audit hours; and
- The number and aggregate extent of participation of all other accounting firms participating in the audit whose individual participation was less than 5 percent of total audit hours.

The information will be filed on Form AP, *Auditor Reporting of Certain Audit Participants*, and will be available in a searchable database on the PCAOB website.

The disclosure requirement for the engagement partner is effective for auditors' reports issued on or after Jan. 31, 2017. For disclosure of other accounting firms participating in the audit, the requirement is effective for auditors' reports issued on or after June 30, 2017.

The standard filing deadline for Form AP will be 35 days after the date the auditor's report is first included in a document filed with the SEC. In the case of initial public offerings, the Form AP filing deadline will be 10 days after the auditor's report is first included in a document filed with the SEC.

On June 28, 2016, the PCAOB issued Staff Guidance—Form AP, *Auditor Reporting of Certain Audit Participants* and Related Voluntary Audit Report Disclosure Under AS 3101, *Reports on Audited Financial Statements.*

Reorganization of Auditing Standards

On March 31, 2015, the Board approved the reorganization of its auditing standards to improve the usability of the standards, including helping users navigate the standards more easily with a topical structure and a single, integrated numbering system for all auditing standards.

The rules and amendments implementing the reorganization were approved on Sept. 17, 2015, by the SEC and will be effective as of Dec. 31, 2016. These rules and amendments do not impose new requirements on auditors or change the substance of the requirements for performing and reporting on audits under PCAOB standards. Auditors may begin to use and reference the reorganized PCAOB auditing standards before Dec. 31, 2016.

Under the reorganization, auditing standards are grouped into the following topical categories:

- *General Auditing Standards*—Standards on broad auditing principles, concepts, activities and communications.
- *Audit Procedures*—Standards for planning and performing audit procedures and for obtaining audit evidence.
- *Auditor Reporting*—Standards for auditors' reports.
- *Matters Relating to Filings under Federal Securities Laws*—Standards on certain auditor responsibilities relating to SEC filings for securities offerings and reviews of interim financial information.
- *Other Matters Associated with Audits*—Standards for other work performed in conjunction with an audit of an issuer or of a broker or dealer.

PROPOSED STANDARDS, AMENDMENTS AND RULES

Audits Involving Other Auditors. The roles of other accounting firms and individual accountants in audits (collectively, "other auditors") have taken on greater significance with the increasingly global operations of companies. The lead auditor often involves other auditors at various locations of the company, including in areas of the audit where there is a high risk of material misstatement in the financial statements.

On April 12, 2016, the Board voted to propose amendments to its auditing standards relating to the supervision of audits involving other auditors and proposed a new auditing standard, *Dividing Responsibility for the Audit with Another Accounting Firm.*

Auditor's Report. On Aug. 13, 2013, the Board issued for public comment

proposed auditing standards and related amendments on the auditor's report and the auditor's responsibilities regarding other information.

On May 11, 2016, the Board reproposed a standard, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion.*

The proposed standard would retain the pass/fail model in the existing auditor's report but would enhance the form and content of the report to make it more relevant and informative, including through the auditor's communication of critical audit matters. The staff continues to evaluate possible next steps to enhance the auditor's responsibility with respect to information outside the financial statements that is contained in documents that include the audited financial statements and the related auditor's report.

STAFF CONSULTATION PAPER

The Auditor's Use of the Work of Specialists

On May 28, 2015, the PCAOB issued a staff consultation paper to seek public comment on potential revisions to PCAOB standards. The paper discusses the increased use and importance of specialists in recent years due, in part, to the increasing complexity of business transactions reported in a company's financial statements. The staff sought comment on current audit practice, the potential need for changes to PCAOB standards and possible alternative actions related to the auditor's use of the work of specialists. Matters pertaining to the use of specialists by auditors were also discussed at the Sept. 9, 2015, meeting of the IAG and the Nov. 13, 2015, meeting of the SAG. The staff is analyzing the comments received on the staff consultation paper and is drafting a proposal for the Board's consideration. Because auditors often use the work of specialists in auditing accounting estimates, including fair value measurements, the timing of this project is being coordinated with the project on auditing accounting estimates, including fair value measurements.

FUTURE STANDARD SETTING

The PCAOB regularly assesses the need for new standards or amendments to existing standards and updates its plans for addressing those areas. Among the areas under consideration are:

Going Concern. The auditor's evaluation of a company's ability to continue as a going concern is an important part of an audit under PCAOB standards and federal securities law. The staff is evaluating potential revisions to the existing PCAOB standard on the auditor's going concern evaluation and reporting in light of changes in the relevant accounting requirements, input from the SAG and IAG and relevant research.

Auditing Accounting Estimates, including Fair Value Measurements and Related Disclosures. On Aug. 19, 2014, the PCAOB issued for public comment a staff consultation paper on standard-setting activities related to auditing accounting estimates and fair value measurements. The paper discusses how accounting estimates, including fair value measurements, are pervasive in financial statements and, in some cases, have been challenging to audit. The staff sought comment on current audit practice, the potential need for changes to PCAOB standards and possible alternative actions related to auditing accounting estimates and fair value measurements, as well as derivative instruments and securities.

In response to comments received on the staff consultation paper, issues identified during the inspection of accounting firms, and comments received from members of the SAG, the staff is developing, for the Board's consideration, a proposal for a standard on auditing accounting estimates, including fair value measurements. Because auditors often use the work of specialists in

STANDARDS
CONTINUED

auditing accounting estimates, including fair value measurements, the timing of this project is being coordinated with the project on auditor's use of the work of specialists.

Quality Control Standards, Including Assignment and Documentation of Firm Supervisory Responsibilities. Deficiencies identified through PCAOB inspections suggest that improvements are needed in firms' systems of quality control. The staff is exploring whether changes to PCAOB quality control standards—including improvements related to assignment and documentation of firm supervisory responsibilities—could prompt firms to improve their quality control systems and, in turn, audit quality. This project is considering, among other things, observations from the Board's oversight activities, relevant research, input from the SAG, and activities of international audit regulators, as well as related PCAOB activities, specifically, initiatives on root cause analysis and audit quality indicators. The staff is also monitoring developments related to the IAASB's project on quality control. The staff also plans to perform outreach, such as a staff consultation paper or public roundtable, to seek input on current practice and the potential need to improve the quality control standards, taking into account potential impacts on large and small domestic and international firms.

ADVISORY GROUPS

The Sarbanes-Oxley Act authorizes the Board to convene expert advisory groups "to make recommendations concerning the content (including proposed drafts) of auditing, quality control, ethics, independence or other standards..."

Under that authority, the Board created the Standing Advisory Group in June 2003 and the Investor Advisory Group in July 2009.

Briefing papers and presentations for the SAG and IAG meetings are available on the PCAOB's website.

Standing Advisory Group

Members of the Standing Advisory Group provide views and advise the PCAOB on the development of auditing and related professional practice standards and on other aspects of the Board's programs. The advisory group includes auditors, academics, investors, public company executives and others.

At its June 18, 2015, meeting, the SAG focused on two ongoing standard-setting projects: the auditor's use of the work of specialists and auditing accounting estimates, including fair value measurements.

At its Nov. 12–13, 2015, meeting, the SAG focused largely on the PCAOB's initiative on audit quality indicators and emerging issues that could affect audits, auditors or the PCAOB. Participants also received an update on the project regarding the auditor's use of the work of specialists.

Investor Advisory Group

Members of the Investor Advisory Group provide views and advice to the Board on broad policy issues and other matters that affect investors and are related to the work of the Board. Members of the IAG represent a wide range of professionals within the investment community.

At its Sept. 9, 2015, meeting, members of the IAG presented the results of an investor survey on matters the PCAOB should consider; investor perspectives on certain PCAOB publications; and views on the auditor's evaluation of a company's ability to continue as a going concern.

OUTREACH

Interaction with outside groups—including investors, auditors, academics, students and audit committees—is a priority for the PCAOB. Through forums, speeches and new web-based communication, the Board and staff of the PCAOB provide and receive information that can lead to improvements in audit quality and, subsequently, investor protection.

In 2015, the PCAOB introduced new outreach initiatives to leverage the information it gathers through oversight: a web-based publication for members of public company audit committees; a podcast discussion with Board members and staff; newly designed, more readable and accessible summaries of inspections-related information; videos featuring Board members and staff; and webcast seminars to communicate important, time-sensitive issues.

The digital "Audit Committee Dialogue" was issued May 7, 2015, to highlight insights from PCAOB inspection activities as well as certain emerging risks to the audit. The publication provides targeted questions that committee members may find useful to incorporate into their discussions with their auditors about the planning and conclusion of the audit and into their considerations related to auditor retention.

The Dialogue outlines the audit areas in which significant deficiencies have been found in recent inspections of firms that are members of six large global networks, including auditing internal control over financial reporting; assessing and responding to risks of material misstatement; auditing accounting estimates, including fair value measurements; and work performed by other audit firms and used by the principal audit firm in cross-border audits.

The Dialogue also provides some of the indicators of potential emerging risks that informed PCAOB inspections in 2015, including an increase in mergers and acquisitions, falling oil prices, undistributed foreign earnings and firms' maintenance of audit quality while pursuing growth in other business lines.

In 2015, the PCAOB established a new webcast seminar program. The first two webinars, held in January 2015 for auditors of brokers and dealers, offered two-hour sessions on PCAOB standards and on PCAOB inspections. More than 500 people participated in these seminars. A third webinar for auditors of brokers and dealers, also on PCAOB inspections, was held in January 2016 with more than 600 participants.

FORUMS ON SMALL BUSINESS AND BROKER-DEALER AUDITING

The webcast seminars supplemented the PCAOB's forums for auditors of brokers and dealers, which have been held annually for five years and drawn a total of 2,723 participants. These forums provide attendees with updates on findings from the PCAOB's interim inspection program and also updates on auditing standards applicable to auditors of smaller broker-dealers.

The forums feature Board members and staff from the PCAOB, as well as staff of the SEC and the Financial Industry Regulatory Authority.

In 2015, the PCAOB hosted four forums for auditors of brokers and dealers, drawing 689 participants to Chicago, Jersey City, West Palm Beach and Las Vegas.

In 2015, the PCAOB also hosted six forums on auditing in the small business environment, featuring Board members and staff from the PCAOB and SEC. The forums drew 681 participants to Houston, Seattle, New York City, Pittsburgh, West Palm Beach and Las Vegas.

AUDIT COMMITTEE OUTREACH

In addition to issuing the "Audit Committee Dialogue" and consistent with the Board's priority to enhance its outreach to members of audit committees of publicly traded companies, Board members in 2015 participated individually and in groups in a variety of meetings with chairs and members of audit committees. The meetings were intended to provide audit committees with information about Board activities and perspective and elicit questions and feedback from audit committee members on matters of mutual interest.

PCAOB/AAA AUDITING SECTION ANNUAL MEETING

In April 2015, the PCAOB hosted its 11th annual meeting with members of the academic community, planned jointly by the staff of the PCAOB and the Auditing Section of the American Accounting Association.

The meeting provides an opportunity for the exchange of ideas among PCAOB representatives and members of the AAA Auditing Section regarding matters of mutual interest, including PCAOB standard-setting projects and other Board initiatives.

The meeting was attended by 98 members of the AAA Auditing Section, as well as Board members and staff from the PCAOB and representatives of the SEC, the Financial Accounting Standards Board and the Government Accountability Office.

ENCOURAGING FUTURE AUDITORS

Under the Sarbanes-Oxley Act of 2002, civil monetary penalties collected from Board disciplinary actions are to be used to fund merit scholarships for students in accredited accounting degree programs.

In 2015, the PCAOB awarded $10,000 each to 84 students across the U.S. who demonstrated an interest and aptitude in accounting and auditing and also demonstrated high ethical standards.

The PCAOB also hosted numerous groups of students in its offices in 2015. Board members and PCAOB staff made presentations to students and faculty in accounting and related academic programs at colleges and universities throughout the United States. In addition, 51 students served internships in PCAOB offices in Washington, D.C., and New York in 2015.

PARTICIPATION IN OTHER FORUMS

The PCAOB participated in a variety of forums and conferences in 2015 to provide information and obtain feedback about the PCAOB's standards and other initiatives. Audiences for these events included investors, academics, auditors, issuers, audit committee members and other regulators.

Conference hosts included many universities, the American Institute of Certified Public Accountants, the American Accounting Association, the Institute of Internal Auditors and the Practising Law Institute.

ENFORCEMENT

The Board uses its investigative authority to address serious audit deficiencies that pose significant risks to investors and other potential violations of the federal securities laws and rules. The Board uses its disciplinary authority to demonstrate that auditors who run afoul of their professional obligations will face real consequences. The Board also takes disciplinary action against auditors who threaten the Board's regulatory processes, such as by failing to cooperate in a Board inspection or investigation.

The Board made public 44 settled disciplinary orders in 2015, revealing sanctions on auditors ranging from censures to monetary penalties to revocations of registration and bars on association with registered accounting firms. One of these proceedings involved alleged violations of the antifraud provisions of the Securities Exchange Act of 1934.

The final outcomes in two adjudicated disciplinary proceedings were also made public in 2015. These proceedings resulted in a censure of a respondent and the permanent revocation of a firm's registration and imposition of a $5,000 penalty.

The Board determined for the first time not to commence disciplinary action against an audit firm based on credit given for the firm's extraordinary cooperation with the PCAOB, including self-reporting and remedial actions, under the terms of a policy statement issued by the Board in April 2013.

The Board also issued its first order in which a settling respondent admitted to a disciplinary order's facts, findings and violations. All prior Board settled orders have noted that the settling respondents neither admitted nor denied the Board's findings. The basis for the inclusion of an admission in settlement recommendations for certain disciplinary proceedings is set forth in a staff-issued statement by the Director of Enforcement and Investigations on Oct. 2, 2015.

In each enforcement case in which litigation is initiated, the PCAOB is prohibited by the Sarbanes-Oxley Act from publicly disclosing the allegations and proceedings unless the Board finds good cause to make them public and all parties consent to open them to the public. The PCAOB routinely seeks the consent of the parties to litigated disciplinary proceedings to make the proceedings public. To date, no party has provided such consent.

Even after the PCAOB's hearing officer issues an initial ruling that the alleged violations occurred, and the Board has acted on an appeal, if any, the matter may still remain unknown to the public at least until the case is appealed to the SEC or the opportunity for SEC review has passed.

As a result, for substantial periods, investors are unaware that companies in which they may have invested are being audited by accountants who have been charged, or even sanctioned, by the Board. As of Dec. 31, 2015, Board disciplinary proceedings involving formal allegations of misconduct involving 16 firms and individual auditors were pending but could not be publicly disclosed by the Board because of the statutory restriction.

SUMMARY OF SETTLED DISCIPLINARY ORDERS

ORDERS RELATED TO PERFORMANCE OF AUDITS OF ISSUERS			
DATE	**FIRM OR INDIVIDUAL**	**NATURE OF PRIMARY VIOLATION**	**SANCTIONS AND NOTES**
Jan. 12, 2015	Morrill & Associates, LLC, Douglas W. Morrill, CPA and Grant L. Hardy, CPA PCAOB Release No. 105-2015-001 Clinton, Utah	Repeated failures to comply with PCAOB rules and auditing standards in connection with the audits of financial statements of four issuers. Failure to be independent with respect to two audits of one issuer by Morrill and the firm when Morrill served as the lead partner within the five-year "cooling-off" period after already having served as the lead partner for the maximum five consecutive years. Failure to comply with PCAOB Auditing Standard No. 7 by Hardy by providing his concurring approval of issuance without performing with due professional care the engagement quality reviews for the audits of three issuers. Failure by the firm to comply with PCAOB quality control standards.	Firm: Revocation of registration with right to reapply after three years; censure Morrill: Bar with right to petition for consent to associate after three years; censure Hardy: 1 year suspension; censure Penalty of $20,000 imposed jointly and severally upon firm and Morrill.
Jan. 15, 2015	Madsen & Associates CPAs, Inc., and Ted A. Madsen, CPA PCAOB Release No. 105-2015-002 Salt Lake City, Utah	Repeated failures to comply with PCAOB rules and auditing standards in connection with the audits of the financial statements of two issuers. Failure by Madsen, the individual, to properly supervise and review the work of engagement team members. Failure by the firm to comply with PCAOB quality control standards and to disclose certain reportable events to the Board on PCAOB Form 3.	Firm: Revocation of registration with right to reapply after two years; censure. Individual: Bar with right to petition for consent to associate after two years; censure.
April 1, 2015	Dustin M. Lewis, CPA, and Eric S. Bullinger, CPA PCAOB Release No. 105-2015-005 Las Vegas, Nev.	Violation of independence provisions of securities laws and PCAOB rules and auditing standards in connection with multiple audits. Lewis was not independent with respect to five issuer audit clients because Lewis served as either lead partner or concurring partner on five issuer audits for a combined period of more than five consecutive years. Lewis also violated PCAOB Auditing Standard No. 7 with respect to an engagement quality review performed for an issuer client. Bullinger was not independent with respect to six issuer audit clients because he served as lead partner on four issuer audits for more than five consecutive years and served as either lead partner or concurring partner on two issuer audits for a combined period of more than five consecutive years. Bullinger also failed to comply with PCAOB Auditing Standard No. 7 with respect to audits of two issuers because he served as engagement quality reviewer immediately after serving as the engagement partner without satisfying the mandatory two-year "cooling off" period.	Lewis: Bar with the right to petition for consent to associate after two years; $10,000 penalty; censure. Bullinger: Bar with the right to petition for consent to associate after one year; censure.

ORDERS RELATED TO PERFORMANCE OF AUDITS OF ISSUERS			
DATE	**FIRM OR INDIVIDUAL**	**NATURE OF PRIMARY VIOLATION**	**SANCTIONS AND NOTES**
April 1, 2015	Hazel-Leilani De Los Reyes Bradford, CPA PCAOB Release No. 105-2015-006 Henderson, Nev.	Individual substantially contributed to a firm's violation of PCAOB quality control standards.	Bar with the right to petition for consent to associate after two years; $25,000 penalty; censure.
April 1, 2015	Gordon Brad Beckstead, CPA PCAOB Release No. 105-2015-007 Henderson, Nev.	Failure to comply with PCAOB rules and auditing standards in connection with an audit and an interim review of the financial statements of an issuer audit client.	Suspension for one year; Limitation on his activities in connection with any audit for an additional year; Required completion of professional education courses; censure.
April 1, 2015	Suzanne M. Herring PCAOB Release No. 105-2015-008 Las Vegas, Nev.	Violation of independence provisions of securities laws and PCAOB rules and auditing standards in connection with audits of two issuers. Herring substantially contributed to a firm's violation of relevant independence requirements.	Bar with the right to petition for consent to associate after two years; $5,000 penalty; censure.
April 28, 2015	Ronald R. Chadwick, P.C. and Ronald R. Chadwick, CPA PCAOB Release No. 105-2015-009 Aurora, Colo.	Repeated failures to comply with PCAOB rules and auditing standards in connection with the audits of five issuer clients. Failure to comply with PCAOB standards by adding information to the audit work papers after the documentation completion date without indicating the date such information was added, the name of the person who added it and the reason for the addition.	Firm: Revocation of registration with right to reapply after three years; censure. Chadwick: Bar with right to petition for consent to associate after three years; censure.
May 28, 2015	Mark Shelley CPA, Mark A. Shelley, CPA, and Allan J. Ricks PCAOB Release No. 105-2015-010 Mesa, Ariz.	Failure to comply with PCAOB rules and auditing standards in connection with the firm's audits of one issuer for two years. Failure by the firm to comply with federal securities laws by issuing an audit report stating that the audit of an issuer's financial statements was performed in accordance with PCAOB standards when the firm knew, or was reckless in not knowing, that the statement was false. Failure by the firm to comply with PCAOB Auditing Standard No. 7 by failing to have engagement quality reviews performed for those audits by an engagement quality reviewer possessing the level of knowledge and competence relating to accounting, auditing and financial reporting required by the standard; Shelley substantially contributed to the firm's violations. Failure by Ricks to comply with PCAOB Auditing Standard No. 7 by providing his concurring approval of issuance without performing with due professional care the engagement quality reviews for an issuer's audits.	Firm: Revocation of registration; censure. Shelley: Bar; censure. Ricks: Bar with right to petition for consent to associate after one year; censure.

ORDERS RELATED TO PERFORMANCE OF AUDITS OF ISSUERS			
DATE	**FIRM OR INDIVIDUAL**	**NATURE OF PRIMARY VIOLATION**	**SANCTIONS AND NOTES**
June 16, 2015	Harris & Gillespie CPA's, PLLC, and Thomas J. Harris, CPA PCAOB Release No. 105-2015-011 Seattle, Wash.	Repeated failure to comply with PCAOB rules and standards in connection with the audits of three issuer clients. Violation of independence provisions of securities laws and PCAOB rules and auditing standards because Harris served as lead partner for more than five consecutive years and prepared the restated financial statements for an issuer.	Firm: Revocation of registration with the right to reapply after five years; $15,000 penalty; censure. Harris: Bar with the right to petition for consent to associate after five years; censure.
July 9, 2015	Samyn & Martin, LLC and John J. Samyn, CPA PCAOB Release No. 105-2015-012 Kansas City, Mo.	Violation of independence provisions of securities laws and PCAOB rules and auditing standards because one of its staff auditors provided prohibited non-audit services to its audit clients. Samyn substantially contributed to the firm's violation of applicable independence requirements.	Firm: Revocation of registration with the right to reapply after one year; $10,000 penalty; censure. Samyn: Bar with the right to petition for consent to associate after one year; censure.
July 23, 2015	Cowan, Gunteski & Co., P.A. and William Meyler, CPA PCAOB Release No. 105-2015-021 Toms River and Middletown, N.J.	Failure to be independent with respect to one issuer audit client because Meyler served as lead partner on the audits of that client's financial statements for more than five consecutive years. Failure to comply with PCAOB Auditing Standard No. 7 with respect to one issuer audit client because the individual served as engagement quality reviewer immediately after serving as the engagement partner for the issuer without satisfying the mandatory two-year "cooling-off" period for former engagement partners.	Firm: Censure. Meyler: Censure.
July 23, 2015	Weaver and Tidwell, L.L.P. PCAOB Release No. 105-2015-022 Fort Worth, Texas	Failure to comply with PCAOB Auditing Standard No. 7 in connection with two of the firm's audits of one issuer audit client. A partner at the firm served as engagement quality reviewer on two audits immediately after serving as the engagement partner on the audits, without satisfying the mandatory two-year "cooling-off" period for former engagement partners.	Censure.
July 23, 2015	Dale Jensen, CPA PCAOB Release No. 105-2015-023 Wylie, Texas	Failure to comply with PCAOB Auditing Standard No. 7 in connection with two of the firm's audits of one issuer audit client. Jensen served as the engagement quality reviewer on two audits immediately after serving as the engagement partner on the audits, without satisfying the mandatory two-year "cooling-off" period for former engagement partners.	Censure.
July 23, 2015	HDSG & Associates PCAOB Release No. 105-2015-024 New Delhi, India	Failure to comply with PCAOB Auditing Standard No. 7 in connection with the firm's audit of one issuer audit client, where the firm failed to have an engagement quality review performed even though it was required.	Censure; $5,000 penalty; required remedial measures directed toward ensuring compliance with the engagement quality review criteria requirements.

ORDERS RELATED TO PERFORMANCE OF AUDITS OF ISSUERS			
DATE	**FIRM OR INDIVIDUAL**	**NATURE OF PRIMARY VIOLATION**	**SANCTIONS AND NOTES**
July 23, 2015	Anil Bedi, CPA PCAOB Release No. 105-2015-025 Suwanee, Ga.	Bedi substantially contributed to a firm's violation of PCAOB Auditing Standard No. 7.	Censure.
July 23, 2015	Timothy Alan Coons, CPA and Timothy Coons, CPA PCAOB Release No. 105-2015-026 La Jolla, Calif.	Failure to comply with PCAOB Auditing Standard No. 7 with respect to two issuer clients when the firm failed to have an engagement quality review performed for both audits even though it was required. Coons substantially contributed to the firm's violations.	Firm: Censure; $7,500 penalty; required remedial measures directed toward ensuring compliance with the engagement quality review criteria requirements. Coons: Censure.
July 23, 2015	R.R. Hawkins & Associates, International A Professional Corporation and R. Richard Hawkins, II, CPA PCAOB Release No. 105-2015-027 Los Angeles, Calif.	Failure to comply with PCAOB Auditing Standard No. 7 with respect to one audit of an issuer client and two audits of another issuer client when the firm failed to have an engagement quality review performed for the audits even though it was required. With respect to one of the audits, the firm failed to obtain an engagement quality review despite being on notice of the requirement from PCAOB inspectors. Hawkins substantially contributed to the firm's violations.	Firm: Revocation of registration with the right to reapply after one year; censure. Hawkins: Bar with right to petition for consent to associate after one year; censure.
July 23, 2015	Bravos & Associates CPA's, and Thomas W. Bravos, CPA PCAOB Release No. 105-2015-028 Bloomingdale, Ill.	Repeated failures to comply with PCAOB rules and auditing standards in connection with the audits of the consolidated financial statements of one issuer. Failure to comply with PCAOB Auditing Standard No. 7 when the firm failed to have an engagement quality review performed for each audit engagement even though it was required. Bravos substantially contributed to the firm's violations.	Firm: Revocation of registration with right to reapply after one year; $10,000 penalty; censure. Bravos: Bar with right to petition for consent to associate after one year; censure.
July 23, 2015	Keith K. Zhen, CPA and Keith Zhen, CPA PCAOB Release No. 105-2015-029 Brooklyn, N.Y.	Repeated failure by the firm to comply with PCAOB Auditing Standard No. 7 with respect to five issuer audit clients when the firm failed to have an engagement quality review performed for each audit engagement even though it was required. Individual substantially contributed to the firm's violations.	Firm: Revocation of registration with the right to reapply after two years; $15,000 penalty; censure. Zhen: Bar with right to petition for consent to associate after two years; censure.

ORDERS RELATED TO PERFORMANCE OF AUDITS OF ISSUERS			
DATE	**FIRM OR INDIVIDUAL**	**NATURE OF PRIMARY VIOLATION**	**SANCTIONS AND NOTES**
Oct. 2, 2015	David A. Aronson, CPA, P.A., and David A. Aronson, CPA PCAOB Release No. 105-2015-034 North Miami Beach, Fla.	Repeated failure by the firm to comply with PCAOB Auditing Standard No. 7 in connection with ten issuer audit engagements when the firm failed to have an engagement quality review performed for each audit engagement even though it was required. For eight of these audits, the firm failed to obtain engagement quality reviews despite being on notice of the requirement from PCAOB inspectors and, in one case, despite also being on notice from the PCAOB's Division of Enforcement and Investigations. Aronson substantially contributed to the firm's violations. Additionally, for five of the audit engagements, Respondents issued audit reports related to issuers for which Aronson's son had acted in an accounting role during the period under audit in violation of independence requirements that prohibit auditors from having certain employment relationships with an audit client.	Firm: Revocation of registration; censure. Aronson: Bar; censure. Respondents admitted the facts, findings, and violations in the order.
Oct. 15, 2015	Turner, Jones and Company PLLC; Stephen M. Turner, CPA; and Mark E. Turbyfill, CPA PCAOB Release No. 105-2015-038 Vienna, Va.	Failure to comply with PCAOB rules and auditing standards in connection with two audits of one issuer client.	Firm: Revocation of registration with right to reapply after two years; $10,000 penalty; censure. Turner: Bar with right to petition for consent to associate after two years; censure. Turbyfill: Bar with right to petition for consent to associate after one year; censure.
Dec. 3, 2015	Stein & Company, LLP and Jon H. Stein, CPA PCAOB Release No. 105-2015-040 Glendale, Calif.	Failure by firm to comply with PCAOB Auditing Standard No. 7 with respect to two audits of an issuer client when the firm failed to have an engagement quality review performed for the audits even though an engagement quality review was required. Stein substantially contributed to the firm's violations.	Firm: Censure; $5,000 penalty; required remedial measures directed toward ensuring compliance with the engagement quality review requirements. Stein: Censure.
Dec. 3, 2015	L.L. Bradford & Company, LLC PCAOB Release No. 105-2015-041 Las Vegas, Nev.	Repeated failure by Firm to comply with independence provisions of securities laws, PCAOB rules and standards, as well as quality control standards, in connection with the Firm's audits of numerous issuer clients.	Revocation of registration with right to reapply after 5 years; $12,500 penalty; censure.

ORDERS RELATING TO AUDITS OF BROKERS AND DEALERS

DATE	NATURE OF PRIMARY VIOLATION	SANCTIONS AND NOTES
July 9, 2015	Violations of Commission independence criteria by preparing financial statements for registered broker-dealer audit clients, auditing the financial statements and issuing audit reports on the financial statements.	Censures; penalties ranging from $2,500 to $7,500; Required remedial measures to ensure compliance with independence criteria.

FIRM OR INDIVIDUAL

MULTIPLE:

Conn & Company, P.C.
PCAOB Release No. 105-2015-013
Atlanta, Ga.

CST Group, CPAs, P.C.
PCAOB Release No. 105-2015-014
Reston, Va.

James G. Pirolli, CPA
PCAOB Release No. 105-2015-017
Holland, Pa.

Sanford, Baumeister & Frazier, LLP
PCAOB Release No. 105-2015-019
Fort Worth and Dallas, Texas

Walker & Armstrong LLP
PCAOB Release No. 105-2015-020
Phoenix, Tucson and Carefree, Ariz.

Oliva, Goddard & Wright, Certified Public Accountants
PCAOB Release No. 105-2015-035
San Diego, Calif.

Reilly, Penner & Benton LLP
PCAOB Release No. 105-2015-036
Milwaukee, Madison, and McFarland, Wis.

SHEDJAMA, Inc.
PCAOB Release No. 105-2015-037
Lafayette, Ind.

DATE	NATURE OF PRIMARY VIOLATION	SANCTIONS AND NOTES
July 9, 2015	Violations of Commission independence criteria by preparing financial statements for registered broker-dealer audit clients, auditing the financial statements and issuing audit reports on the financial statements. PCAOB inspection staff reviewed aspects of the firms' audit of broker-dealers and communicated to the firms that the preparation of the financial statements had impaired the firms' independence. Notwithstanding that communication, the firms again prepared the broker-dealers' financial statements. Individuals substantially contributed to the firms' violation.	Censures; $20,000 penalties; required remedial measures to ensure compliance with independence criteria in the event that the Board grants a future registration application. For individuals, bars with the right to petition for consent to associate after one year; $10,000 penalty (Sewell); censures.

FIRM OR INDIVIDUAL

MULTIPLE:

Goracke & Associates, P.C.
PCAOB Release No. 105-2015-015
La Vista, Neb.

Mistretta Associates and Robert Mistretta, CPA
PCAOB Release No. 105-2015-018
Sacramento, Calif.

Bret M. Sewell, CPA
PCAOB Release No. 105-2015-016
Omaha, Neb.

ORDERS RELATING TO NON-COMPLIANCE WITH ANNUAL REPORTING AND FEE REQUIREMENTS					
NATURE OF PRIMARY VIOLATION			SANCTIONS AND NOTES		
Failure to timely file annual reports with the PCAOB and/or failure to pay annual fees to the PCAOB.			Revocations and suspensions of registration; censures, penalties ranging from $1,000 to $3,000.		
DATE	FIRM OR INDIVIDUAL	DATE	FIRM OR INDIVIDUAL	DATE	FIRM OR INDIVIDUAL
Jan. 22, 2015	R.A. Bianchi & Associates, An Accountancy Corporation PCAOB Release No. 105-2015-003 Woodland Hills, Calif.	Feb. 3, 2015	Brown and Company CPAs PC PCAOB Release No. 105-2015-004 Woodbury, N.J.	Aug. 13, 2015	Albert Thomas PCAOB Release No. 105-2015-030 New York, NY Nancy Pei Hui PCAOB Release No. 105-2015-031 Bayside, N.Y.
Sept. 10, 2015	Brookscardiel & Company, PLLC PCAOB Release No. 105-2015-032 The Woodlands, Texas Buffington & Company, P.C. PCAOB Release No. 105-2015-033 Houston, Texas	Dec. 3, 2015	Vernon Oates PCAOB Release No. 105-2015-042 Fontana, Calif.	Dec. 17, 2015	David A. Levy, CPA, PC PCAOB Release No. 105-2015-043 Needham, Mass. Craig M Harbsmeier, PSC PCAOB Release No. 105-2015-044 Louisville, Ky.
DATE	FIRM OR INDIVIDUAL	NATURE OF PRIMARY VIOLATION		SANCTIONS AND NOTES	
Nov. 12, 2015	BDO Auditores, S.L.P. PCAOB Release No. 105-2015-039 Madrid, Spain	Failure by the firm to timely disclose certain reportable events to the PCAOB on PCAOB Form 3 twice, in violation of PCAOB rules.		Censure; $10,000 penalty, required remedial measures directed toward ensuring compliance with PCAOB reporting requirements.	

SUMMARY OF ADJUDICATED DISCIPLINARY ORDERS			
DATE	FIRM OR INDIVIDUAL	NATURE OF PRIMARY VIOLATION	SANCTIONS AND NOTES
March 23, 2015	Ron Freund, CPA Israel	Failure to comply with a provision of PCAOB auditing standards in connection with the audit of the consolidated financial statements of one issuer.	Censure.
April 16, 2015	Joseph Troche, CPA New York City	Failure to timely file annual reports (2013–2014) and to timely pay annual fees (2012–2014).	Permanent revocation; $5,000 penalty; censure.

ADMINISTRATION

The PCAOB is focused on the careful stewardship of its resources. The PCAOB devotes substantial effort to promoting workplace excellence, integrity and accountability; maintaining and assessing the effectiveness of its internal control over financial reporting; and monitoring its operations through the activities and reviews of its Office of Internal Oversight and Performance Assurance.

The Sarbanes-Oxley Act of 2002 established the PCAOB as a nonprofit, nongovernmental organization that does not receive federal appropriations for its operations. Under the provisions of the Sarbanes-Oxley Act and the Dodd-Frank Act, the PCAOB is primarily funded by fees collected from issuers and brokers and dealers registered with the Securities and Exchange Commission.

Each year, the PCAOB develops a strategic plan that guides the PCAOB's operations and programs, as well as the development of its budget. The PCAOB's strategic plan for 2014–2018 focused on, among other areas, further integration of economic analysis into the PCAOB's programs; further improvements in the standard-setting program; and progress toward completing goals to improve the timeliness, content and readability of inspection reports; to improve the timeliness of determinations that registered firms had addressed quality control deficiencies; and to initiate a project to identify audit quality measures.

SEC OVERSIGHT

The Sarbanes-Oxley Act gives the SEC oversight authority over the PCAOB. PCAOB rules, including its auditing and related professional practice standards, do not go into effect until approved by the SEC. The SEC is also responsible for appointing and removing Board members.

In addition, adverse PCAOB inspection reports and disciplinary actions against registered firms and their associated persons are subject to review by the SEC. The SEC also is responsible for reviewing and approving the PCAOB's annual budget and accounting support fee.

BUDGET

The PCAOB's budget for 2015, as adopted by the Board on Nov. 25, 2014, was $250.9 million. The 2015 budget was 2.9 percent less than the Board's 2014 budget of $258.4 million, largely due to the PCAOB's reassessment of its assumptions related to staffing, travel, and consulting costs. The SEC approved the PCAOB's 2015 budget and accounting support fee on Feb. 4, 2015.

FUNDING

The PCAOB's funding is derived from accounting support fees, registration fees and annual fees.

Under the Sarbanes-Oxley Act, as amended by the Dodd-Frank Act, the PCAOB budget provides for the assessment of an accounting support fee paid by issuers, as well as SEC-registered brokers and dealers. The total accounting support fee for 2015 was approximately $226.5 million, with $199.1 million allocated to issuers and $27.4 million allocated to SEC-registered brokers and dealers.

The Sarbanes-Oxley Act, as amended, requires the PCAOB to assess and collect a registration fee and an annual fee from each registered public accounting firm in amounts that are sufficient to recover the costs of processing and reviewing applications and annual reports. Those fees assessed and collected totaled $1.5 million in 2015.

ISSUER ACCOUNTING SUPPORT FEE

The issuer accounting support fee is allocated annually to issuers based on their relative average, monthly U.S. equity market capitalization during the preceding calendar year.

In 2015, issuers with an average, monthly market capitalization greater than $75 million during the preceding calendar year and investment companies with an average, monthly market capitalization, or net asset value, greater than $500 million during the preceding calendar year were allocated shares of the issuer accounting support fee. In 2015, issuers were assessed approximately 93.5 percent of the total issuer accounting support fee, and investment companies were assessed the remaining 6.5 percent, similar to the allocations in 2014.

The PCAOB invoiced 8,762 issuers approximately $199.1 million in 2015, compared to 8,217 issuers invoiced approximately $225.4 million in 2014. Approximately 31.7 percent of the issuers billed in 2015 received invoices for $1,000 or less.

ISSUER ACCOUNTING SUPPORT FEE

ASSESSMENT RANGES	NUMBER OF ISSUERS 2015	NUMBER OF ISSUERS 2014
$100–500	992	347
$501–1,000	1,785	1,659
$1,001–5,000	3,037	3,066
$5,001–10,000	889	922
$10,001–50,000	1,388	1,487
$50,001–100,000	296	314
$100,001–500,000	314	352
$500,001–1,000,000	36	40
$1,000,001+	25	30
Total	**8,762**	**8,217**

BROKER-DEALER ACCOUNTING SUPPORT FEE

The broker-dealer accounting support fee is allocated annually to SEC-registered brokers and dealers based on their relative average, quarterly tentative net capital during the preceding calendar year. In 2015, SEC-registered brokers and dealers with average, quarterly tentative net capital greater than $5 million during the preceding calendar year were allocated shares of the broker-dealer accounting support fee.

The PCAOB invoiced 654 brokers and dealers approximately $27.4 million in 2015, compared to 656 brokers and dealers invoiced approximately $26.6 million in 2014. In 2015, approximately 20.6 percent of the brokers and dealers billed received invoices for $1,000 or less, and the largest 100 invoice amounts comprised approximately 92.4 percent of the total broker-dealer accounting support fee.

BROKER-DEALER ACCOUNTING SUPPORT FEE

ASSESSMENT RANGES	NUMBER OF BROKERS AND DEALERS 2015	NUMBER OF BROKERS AND DEALERS 2014
$100–500	0	0
$501–1,000	135	139
$1,001–5,000	288	288
$5,001–10,000	76	77
$10,001–50,000	93	93
$50,001–100,000	23	20
$100,001–500,000	26	28
$500,001–1,000,000	4	3
$1,000,001+	9	8
Total	**654**	**656**

REGISTRATION AND ANNUAL FEES FROM ACCOUNTING FIRMS

In 2015, the PCAOB assessed annual fees totaling approximately $1.6 million to 2,154 registered public accounting firms, compared to $1.6 million to 2,265 registered firms in 2014. Annual fees are determined based on each firm's headcount and the number of issuer audit clients.

ANNUAL FEES FROM ACCOUNTING FIRMS

FEE AMOUNT	NUMBER OF ACCOUNTING FIRMS 2015	NUMBER OF ACCOUNTING FIRMS 2014
$100,000	4	4
$25,000	3	3
$500	2,147	2,258
Total	**2,154**	**2,265**

In 2015, the PCAOB collected approximately $39,500 in registration application fees from 79 firms, compared to $42,000 in registration fees collected from 84 firms in 2014.

STAFFING

The PCAOB's staff totaled 851 as of Dec. 31, 2015, and worked in 16 offices, including the headquarters in Washington, D.C. More than 60 percent of the PCAOB's staff work in the Division of Registration and Inspections.

INFORMATION TECHNOLOGY

In 2015, the PCAOB continued its focus on maintaining and improving rigorous processes and systems to manage the portfolio of its information technology workload and resources. The PCAOB continued to enhance its technological capabilities for data analytics; upgraded its core network infrastructure and implemented enhanced security controls; and developed a technology platform for audit firms to file a new PCAOB form to disclose the engagement partners and accounting firms that participate in the audits of issuers.

The PCAOB also made progress on upgrading its legacy financial applications and implemented several solutions to help automate business processes. Progress on other program-related projects included completing the rollout of the payroll portion of the new human resources management system and continued improvements to the PCAOB's inspections information system.

INTERNAL OVERSIGHT AND PERFORMANCE ASSURANCE

The Office of Internal Oversight and Performance Assurance (IOPA) performs a role similar to that of an inspector general in a government agency. IOPA conducts performance reviews of PCAOB programs and operations, provides timely quality assurance assessments to the Board and reviews allegations of wrongdoing by PCAOB employees that it may receive. IOPA conducts its performance reviews in accordance with the GAO's Government Auditing Standards (Yellow Book), which provide a framework for conducting high quality audits with competence, integrity, objectivity and independence.

In 2015, IOPA completed performance reviews of the PCAOB's facilities management, printer management, broker-dealer audit firm inspection program and travel activities. Summaries of the reviews were sent to the Chair of the SEC and are posted on the PCAOB's website.

PCAOB OFFICES

Headquarters

Washington, D.C.
Ashburn, Va.
Philadelphia, Pa.

Regional and Satellite Offices

Atlanta, Ga.
Fort Lauderdale, Fla.
Tampa, Fla.

Charlotte, N.C.

Chicago, Ill.

Denver, Colo.

Irvine, Calif.
Los Angeles, Calif.

Irving, Texas
Houston, Texas

New York, N.Y.
Boston, Mass.

Foster City, Calif.

FINANCIAL REVIEW

OVERVIEW

This financial review, together with the 2015 audited financial statements and the accompanying notes, provides financial information related to the PCAOB's programs and activities described in other sections of this annual report.

The PCAOB is a nonprofit corporation established under the Sarbanes-Oxley Act of 2002 to oversee the audits of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB also oversees the audits of SEC-registered brokers and dealers, as well as examinations of compliance reports and reviews of exemption reports, to further promote investor protection.

The Sarbanes-Oxley Act, as amended, gives the PCAOB four primary responsibilities: registration of accounting firms that audit public companies or brokers or dealers; inspection of registered public accounting firms that audit public companies or brokers or dealers; establishment of auditing, quality control, ethics, independence and other standards for registered public accounting firms; and investigation and discipline of registered public accounting firms and their associated persons for violations of specified laws or professional standards. In the Statements of Activities, the registration and inspection responsibilities are presented together as one program activity for financial reporting purposes. The other program activities presented for these purposes are: enforcement, standard setting, economic and risk analysis, and Board and related activities.

In addition, the Statements of Activities include the following supporting activities: administration and general, communications, and information technology and telecommunications. "Administration and general" includes costs associated with the Office of Administration, the Office of the General Counsel and the Office of the Chief Hearing Officer, and the Office of Internal Oversight and Performance Assurance. "Communications" includes costs associated with the Office of Outreach and Small Business Liaison, the Office of Government Relations and the Office of Public Affairs. "Information technology and telecommunications" includes costs of the Office of Information Technology.

The PCAOB obtains its funding from three sources: accounting support fees assessed on issuers and SEC-registered brokers and dealers; annual fees paid by registered public accounting firms; and registration fees paid by firms seeking registration with the PCAOB.

SUMMARY OF OPERATIONS

The following table provides an overall summary of the PCAOB's operations for the years ended Dec. 31, 2015, and 2014:

(in millions)	**2015**	**2014**
Net revenues	$ 228.1	$ 253.6
Total operating expenses	(250.1)	(234.4)
Operating (loss) income	(22.0)	19.2
Interest income	0.2	0.2
Net other income	—	0.5
Net civil monetary penalties and interest	0.2	0.1
Scholarship payments	(0.8)	(1.0)
(Decrease) increase in unrestricted net assets	$ (22.4)	$ 19.0

Net revenues decreased by $25.5 million or 10.1%. This is due to a smaller accounting support fee for 2015 as compared to 2014. The accounting support fee is calculated based on an estimate of annual expenses and an estimate of expenses for the first five months of the subsequent year, net of certain adjustments. The cash balance used to calculate the 2015 accounting support fee exceeded the originally projected cash balance due to actual expenses being less than budgeted expenses in 2014. This resulted in a reduction of the annual accounting support fee for 2015 and use of the higher than expected cash balance to fund a portion of 2015 expenses.

Expenses increased by $15.7 million or 6.7%. This increase is primarily driven by personnel-related costs, which include compensation, benefits, training, recruitment and relocation. The increase is also driven by increases in consulting and professional services and occupancy expenses.

The Office of Management and Budget (OMB) determined that both the PCAOB's budget and scholarship program were subject to sequestration in 2013 and that the PCAOB's budget was subject to sequestration in 2014 and 2015, pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. OMB also determined that the PCAOB's sequestered budget funds represent temporary reductions, such that funds that are sequestered in one year become available for spending in subsequent years.

As of Dec. 31, 2015 and Dec. 31, 2014, the PCAOB had sequestered funds related to its budget of $17.0 million and $18.0 million, respectively. Although the scholarship program is potentially subject to sequestration in future years, no scholarship funds were subject to sequestration in 2014 or 2015.

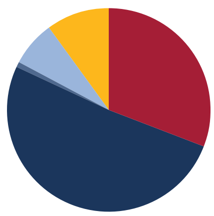
STATEMENTS OF FINANCIAL POSITION

As of Dec. 31, 2015, the PCAOB had net assets of approximately $122.6 million, as compared to net assets of approximately $145.0 million at Dec. 31, 2014. The PCAOB has not incurred any debt; however, there are operating lease obligations with future minimum lease payments totaling approximately $204.1 million through 2028.

ASSETS

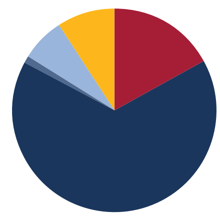
ASSETS BY TYPE
As of Dec. 31, 2015

- **31%** Cash and cash equivalents
- **51%** Short-term Investments
- **1%** Accounts receivable
- **7%** Property and equipment
- **10%** Other assets



ASSETS BY TYPE
As of Dec. 31, 2014

- **17%** Cash and cash equivalents
- **66%** Short-term Investments
- **1%** Accounts receivable
- **7%** Property and equipment
- **9%** Other assets



Assets by Type as of Dec. 31, 2015 and 2014:

(in millions)	**2015**	**2014**
Cash and cash equivalents	$ 52.6	$ 32.5
Short-term investments	85.0	122.0
Accounts receivable, net	0.9	2.3
Prepaid expenses and other assets, net	6.8	6.2
Leasehold incentives	10.2	11.5
Furniture and equipment, leasehold improvements, and technology, net	12.4	13.5
Total assets	**$167.9**	**$188.0**

The PCAOB's total assets decreased by $20.1 million from $188.0 million at Dec. 31, 2014, to $167.9 million at Dec. 31, 2015, primarily due to overall decrease in the combined balances of cash and short-term investments as the excess cash resulting from budgetary underspending in 2014 was used to fund a portion of 2015 expenses.

Cash and Cash Equivalents

The PCAOB's cash inflows are cyclical because the majority of cash is generally collected in the second quarter of the year from assessments of the issuer allocation of the accounting support fee and annual fees paid by registered firms. Assessments of the broker-dealer allocation of the accounting support fee generally occur in the fourth quarter of the year, and as discussed under "Accounts Receivable" below, the timing of the collection of this fee varies and may cross fiscal years. The timing of cash inflows requires the PCAOB to maintain a sufficient cash balance to fund its operations for the first five months of the subsequent year.

Cash and cash equivalents increased $20.1 million from $32.5 million at Dec. 31, 2014, to $52.6 million at Dec. 31, 2015. This increase is largely due to the timing of the investments of the PCAOB's cash.

At Dec. 31, 2015 and 2014, cash and cash equivalents include $3.6 million and $4.2 million, respectively, which have been statutorily designated for scholarships in accordance with Section 109(C)(2) of the Sarbanes-Oxley Act.

Short-term Investments

The PCAOB's short-term investments represent the largest portion of total assets, approximately 50.6% as of Dec. 31, 2015, and 64.9% as of Dec. 31, 2014. As of Dec. 31, 2015, the PCAOB held $85.0 million in investments in U.S.

government securities. This represents a decrease of $37.0 million from the $122.0 million invested in U.S. government securities as of Dec. 31, 2014.

The decrease was a result of the timing of investing cash in U.S. government securities and the smaller accounting support fee in 2015 which resulted in less cash available for investment as of Dec. 31, 2015.

Accounts Receivable

Accounts receivable consist of uncollected accounting support fees from issuers and brokers and dealers, and annual fees from registered accounting firms, less an allowance for doubtful accounts. Accounts receivable decreased from approximately $2.3 million as of Dec. 31, 2014, to $0.9 million as of Dec. 31, 2015. The decrease results from a difference in the timing of when the 2015 and 2014 broker-dealer allocation of the accounting support fee was assessed. The 2015 fee was assessed and invoiced on Sept. 30, 2015, while the 2014 fee was assessed and invoiced on Oct. 29, 2014.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets increased by $0.6 million from approximately $6.2 million as of Dec. 31, 2014 to $6.8 million as of Dec. 31, 2015. Generally, the types of prepayments were consistent with those of the prior year, such as for office rent, business insurance, IT software licenses and maintenance agreements, and health insurance premiums. The increase primarily relates to IT software licenses and maintenance agreements and additional prepaid benefit costs due to the increase in headcount.

Leasehold Incentives

Leasehold incentives decreased by $1.3 million from approximately $11.5 million as of Dec. 31, 2014 to $10.2 million as of Dec. 31, 2015. The decrease primarily relates to the use of leasehold incentives for a renovation project in the PCAOB's New York office in 2015.

Furniture and Equipment, Leasehold Improvements and Technology

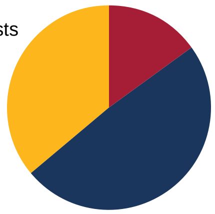
Furniture and equipment, leasehold improvements and technology decreased from $13.5 million at Dec. 31, 2014, to $12.4 million at Dec. 31, 2015. The decrease relates to depreciation and amortization expenses of approximately $3.4 million and the write-off of certain IT costs of approximately $0.4 million partially offset by current year net additions of $2.7 million (including non-cash purchases).

LIABILITIES

LIABILITIES BY TYPE

As of Dec. 31, 2015

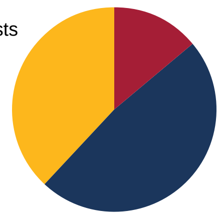
15% Accrued personnel and benefit costs
49% Deferred liabilities
36% Other liabilities



LIABILITIES BY TYPE

As of Dec. 31, 2014

14% Accrued personnel and benefit costs
48% Deferred liabilities
38% Other liabilities



Liabilities by Type as of Dec. 31, 2015 and 2014:

(in millions)	**2015**	**2014**
Accounts payable and other liabilities	$23.3	$22.3
Deferred rent	22.0	20.8
Total liabilities	**$45.3**	**$43.1**

The PCAOB's total liabilities increased from $43.1 million at Dec. 31, 2014, to $45.3 million at Dec. 31, 2015, primarily due to increases in deferred rent and vendor and payroll-related liabilities.

Accounts Payable and Other Liabilities

Accounts payable and other liabilities consist primarily of vendor payables and payroll-related liabilities. Accounts payable and other liabilities increased by approximately $1.0 million, from $22.3 million as of Dec. 31, 2014, to $23.3 million as of Dec. 31, 2015, primarily due to an increase in the amount of payroll-related liabilities due to an increase in headcount.

Deferred Rent

Deferred rent was approximately $22.0 million as of Dec. 31, 2015, and $20.8 million as of Dec. 31, 2014. The increase of approximately $1.2 million relates to the recognition of rent of $1.9 million and the commencement of new lease terms that included tenant improvement allowances of approximately $0.4 million for the Ashburn, Va., and Denver, Colo., offices. These increases were partially offset by the amortization of tenant improvement allowances of $1.1 million.

Designated Net Assets

The PCAOB's net assets are not subject to any donor-imposed restrictions, and are therefore considered unrestricted. However, the PCAOB's net assets include funds designated for specific uses, as described below.

Designated for Scholarship Funds—In accordance with Section 109(c)(2) of the Sarbanes-Oxley Act, all funds generated from the collection of civil monetary penalties are to be used exclusively to fund a merit scholarship program for undergraduate and graduate students enrolled in accredited accounting degree programs. As of Dec. 31, 2015, the PCAOB had $3.6 million designated for scholarship funds. This represents a decrease of approximately $0.6 million from the $4.2 million designated for scholarship funds as of Dec. 31, 2014. The net decrease results from the PCAOB's imposition of civil monetary penalties of approximately $257,000 offset by $840,000 in scholarships awarded during 2015.

Designated for Sequestration—The statements of financial position include unrestricted net assets designated for sequestration, including interest earned. In March 2013, OMB determined that the PCAOB's budget and scholarship program are potentially subject to sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, 2 U.S.C. § 901a . On March 10, 2014, OMB issued a report, "OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2015," specifying that $17.0 million of the PCAOB's 2015 budget funds were subject to sequestration. These sequestered funds remained unspent as of Dec. 31, 2015, and are included in short-term investments in the accompanying statements of financial position. No scholarship funds were subject to sequestration in 2015.

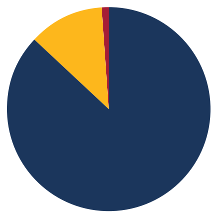
STATEMENTS OF ACTIVITIES

Overall, revenues for 2015 decreased by $25.5 million or 10.1% compared to 2014, as a result of the smaller accounting support fee assessed on issuers and broker and dealers.

REVENUES

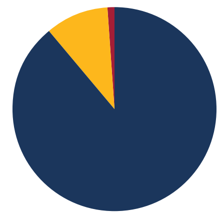
OPERATING REVENUE
2015

87% Issuer ASF
12% Broker and dealer ASF
1% Registration and annual fees



OPERATING REVENUE
2014

89% Issuer ASF
10% Broker and dealer ASF
1% Registration and annual fees



Components of operating revenue in 2015 and 2014:

(in millions)	**2015**	**2014**
Issuer accounting support fee	$ 199.1	$ 225.4
Broker-dealer accounting support fee	27.4	26.6
Registration and annual fees from PCAOB-registered public accounting firms	1.6	1.6
Total operating revenue	**$228.1**	**$253.6**

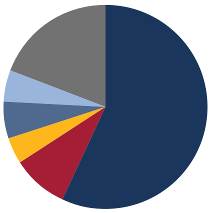
The PCAOB assesses an accounting support fee on equity issuers, investment company issuers, and SEC-registered brokers and dealers. This fee funds the expenses and other cash requirements necessary to support the Board's activities as reflected in the PCAOB's annual budget that is approved by the SEC. The issuer portion of the PCAOB's accounting support fee for 2015 and 2014 was $199.1 million and $225.4 million, respectively, and the broker-dealer portion for 2015 and 2014 was $27.4 million and $26.6 million, respectively. The overall decrease in the 2015 accounting support fees as compared to 2014 was due to the PCAOB underspending its 2014 budget, resulting in excess cash that was used to reduce the 2015 accounting support fee.

All public accounting firms registered with the PCAOB are required to file annual reports and pay annual fees. The annual fees cover costs related to the review and processing of annual reports. The PCAOB also assesses registration application fees. The $1.6 million in registration and annual fees assessed in 2015 were generally consistent with the fees assessed in 2014.

EXPENSES

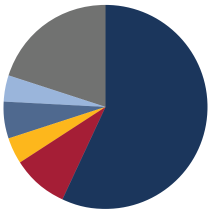
EXPENSES
2015

- **57%** Registration and inspections
- **9%** Enforcement
- **4%** Standard-setting
- **6%** Economic and risk analysis
- **5%** Board and related activities
- **19%** Supporting activities



EXPENSES
2014

- **57%** Registration and inspections
- **9%** Enforcement
- **4%** Standard-setting
- **5%** Economic and risk analysis
- **5%** Board and related activities
- **20%** Supporting activities



The PCAOB's expenses are largely driven by employee-related costs. Overall, operating expenses increased by approximately $15.7 million, or 6.7% from 2014 to 2015. This increase is discussed below, from both a programmatic and functional perspective.

Operating Expenses in 2015 and 2014:

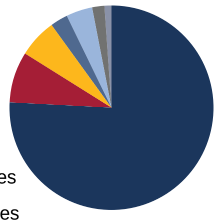
(in millions)	**2015**	**2014**
Program Activities:		
Registration and inspections	$141.8	$135.7
Enforcement	22.1	20.2
Standard setting	9.5	9.4
Economic and risk analysis[1]	14.9	11.8
Board and related activities	11.4	10.7
Supporting Activities	50.4	46.6
Total operating expenses	**$250.1**	**$234.4**

1. *During 2015, due to the growth of economic analysis at the PCAOB, the PCAOB created an "Economic and risk analysis" program activity for financial reporting purposes. Activities previously included in the "Research and analysis" program activity and activities of the Center for Economic Analysis that had previously been included in "Board and related activities" are now included in this new program activity. Amounts in the prior period presented have been reclassified to conform to the current-period financial statement presentation.*

In general, expenses increased for most functional expense categories: personnel-related costs, occupancy costs, travel costs, information technology-related expenses and consulting and professional services. Additional discussion about expenses by type follows.

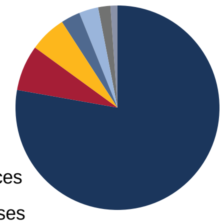
EXPENSES BY TYPE
2015

- **76%** Personnel Costs
- **8%** Occupancy
- **6%** Travel expenses
- **3%** IT-related expenses
- **4%** Consulting and professional services
- **2%** General and administrative expenses
- **1%** Depreciation



EXPENSES BY TYPE
2014

- **78%** Personnel Costs
- **7%** Occupancy
- **6%** Travel expenses
- **3%** IT-related expenses
- **3%** Consulting and professional services
- **2%** General and administrative expenses
- **1%** Depreciation



Operating expenses in 2015 and 2014:

(in millions)	**2015**	**2014**
Personnel costs	$ 189.7	$ 180.0
Occupancy	18.7	17.2
Travel expenses	15.1	14.5
Information technology-related expenses	7.6	7.5
Consulting and professional services	10.0	6.0
General and administrative expenses	5.6	5.9
Depreciation	3.4	3.3
Total operating expenses	**$250.1**	**$234.4**

Personnel-related costs are the PCAOB's largest expense. These costs increased by $9.7 million during 2015. The increase was primarily driven by annual increases related to employee merit, promotion, and variable compensation, as well as an increase in headcount from 809 employees as of Dec. 31, 2014 to 851 employees as of Dec. 31, 2015.

Occupancy costs increased for the year, stemming from costs associated with changes to certain of the PCAOB's lease agreements that occurred during 2015. Travel expenses also increased, as a result of differences in the number, type and length of trips that occurred during the year.

Costs associated with information technology increased marginally by $0.1 million. Consulting and professional services experienced a significant increase from $6.0 million in 2014 to $10.0 million in 2015. This increase was primarily driven by consulting costs associated with on-going upgrades of legacy technology as well as the PCAOB's review of its standard setting process.

General and administrative expenses, which include business insurance, office supplies, printing and copying and subscriptions, decreased slightly due to savings on repairs and maintenance and office moving costs. Depreciation expense remained relatively flat.

Other Revenue and Expenses

Components of other revenue (expense) in 2015 and 2014:

(in millions)	2015	2014
Interest income	$ 0.2	$ 0.2
Net other income	—	0.5
Net civil monetary penalties and interest	0.2	0.1
Scholarship payments	(0.8)	(1.0)
Total other expenses	**$(0.4)**	**$(0.2)**

Interest income includes interest generated by the PCAOB's investments. Other income includes the annual fee paid by the Financial Accounting Foundation for the PCAOB serving as the collection agent for the Financial Accounting Standards Board's (FASB) accounting support fee, reimbursements for the PCAOB's role in supporting the Chair role of the International Forum of Independent Audit Regulators, and other miscellaneous income offset by a loss associated with the write-off of certain IT costs. As shown in the above table, other revenue and expenses also includes civil monetary penalties and the related interest earned, as well as payments to fund the merit scholarships awarded to undergraduate and graduate students enrolled in accredited accounting degree programs.

The net decrease in other revenue and expenses from 2014 to 2015 is due to a loss associated with the write-off of certain IT costs offset by an increase in monetary penalties imposed and a decrease in scholarship payments.

FINANCIAL REPORTING MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The PCAOB's financial reporting management—including the chairman and the chief administrative officer—performed an assessment of the PCAOB's internal control over financial reporting and concluded that the PCAOB's internal control over financial reporting was effective as of Dec. 31, 2015. The Board also engaged its independent auditor to perform an audit of the PCAOB's internal control over financial reporting, consistent with PCAOB Auditing Standard No. 5, *An Audit of Internal Control Over Financial Reporting that Is Integrated with An Audit of Financial Statements.*

INDEPENDENT AUDITOR'S REPORT

To the Board of the
Public Company Accounting Oversight Board
Washington, D.C.

We have audited the accompanying statements of financial position of the Public Company Accounting Oversight Board (PCAOB) as of December 31, 2015, and 2014, and the related statements of activities and cash flows for the years then ended. We have also audited the PCAOB's internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control—Integrated Framework* (2013 version) issued by the Committee on Sponsoring Organizations of the Treadway Commission (COSO). The PCAOB's financial reporting 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 these financial statements and an opinion on the PCAOB's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. 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.

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 accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management 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. 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 policies or procedures may deteriorate.

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, 2015, and 2014, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the PCAOB maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework* (2013 version) issued by the Committee on Sponsoring Organizations of the Treadway Commission (COSO).

Blum, Shapiro + Company, P.C.

West Hartford, Connecticut
September 21, 2016

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 52,615,187	$ 32,545,436
Short-term investments	84,976,160	121,958,668
Accounts receivable, net of allowance	954,495	2,269,819
Prepaid expenses and other assets, net of allowance	6,773,000	6,255,928
Leasehold incentives	10,182,970	11,488,460
Furniture and equipment, leasehold improvements, and technology, net	12,410,038	13,510,252
TOTAL ASSETS	**$167,911,850**	**$188,028,563**
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities	$ 23,258,079	$ 22,282,388
Deferred rent	22,050,760	20,783,326
Total liabilities	45,308,839	43,065,714
Unrestricted Net Assets		
Undesignated	101,947,495	122,745,791
Statutorily designated for specific uses in Section 109(c)(2) of the Sarbanes-Oxley Act	3,626,276	4,211,756
Statutorily designated for sequestration	17,029,240	18,005,302
Total net assets	122,603,011	144,962,849
TOTAL LIABILITIES AND NET ASSETS	**$167,911,850**	**$188,028,563**

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

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2015 and 2014

	2015	2014
Changes in Unrestricted Net Assets		
Net operating revenue		
Issuer accounting support fee	$199,103,800	$225,437,058
Broker-dealer accounting support fee	27,444,900	26,588,119
Registration and annual fees from PCAOB-registered public accounting firms	1,558,500	1,610,500
Total net operating revenue	228,107,200	253,635,677
Operating expenses		
Program activities		
Registration and inspections	141,786,231	135,669,903
Enforcement	22,098,181	20,176,179
Standard setting	9,458,456	9,383,053
Economic and risk analysis	14,878,759	11,773,881
Board and related activities	11,440,972	10,767,236
Supporting activities		
Administration and general	25,555,927	24,408,075
Communications	2,551,619	2,420,043
Information technology and telecommunications	22,338,186	19,800,294
Total operating expenses	250,108,331	234,398,664
Operating (Loss) Income	(22,001,131)	19,237,013
Other Revenue (Expenses)		
Interest income and other	226,773	674,294
Net civil monetary penalties and interest	232,000	98,449
Scholarship payments	(817,480)	(1,020,000)
Total other expenses	(358,707)	(247,257)
(Decrease) Increase in Unrestricted Net Assets	(22,359,838)	18,989,756
Unrestricted Net Assets—Beginning of Year	144,962,849	125,973,093
Unrestricted Net Assets—End of Year	$122,603,011	$144,962,849

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

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Cash received from issuers	$ 198,481,175	$ 225,678,626
Cash received from broker-dealers	29,519,313	32,639,726
Cash received from registered public accounting firms	1,560,508	1,601,522
Interest income and other	495,511	537,569
Cash received from civil monetary penalties and interest	233,477	58,449
Cash paid to fund scholarships (net of refunds)	(817,480)	(1,020,000)
Cash paid to suppliers and employees	(243,923,635)	(228,000,376)
Net cash (used in) provided by operating activities	(14,451,131)	31,495,516
Cash Flows from Investing Activities		
Purchases of furniture and equipment, leasehold improvements, and technology	(2,461,626)	(6,594,732)
Purchases of short-term investments	(159,930,556)	(224,966,939)
Proceeds from the maturity of short-term investments	196,913,064	198,000,000
Net cash provided by (used in) investing activities	34,520,882	(33,561,671)
Increase (Decrease) in Cash and Cash Equivalents	20,069,751	(2,066,155)
Cash and Cash Equivalents—Beginning of Year	32,545,436	34,611,591
Cash and Cash Equivalents—End of Year	$ 52,615,187	$ 32,545,436
Reconciliation of (Decrease) Increase in Unrestricted Net Assets to Net Cash (Used In) Provided by Operating Activities		
(Decrease) Increase in unrestricted net assets	$ (22,359,838)	$ 18,989,756
Reconciliation adjustments		
Provision for (Recoveries of) doubtful accounts receivable	278,043	(5,907)
Depreciation and amortization	3,399,037	3,332,165
Loss on disposal of fixed assets	407,210	135
Decrease in accounts receivable	1,057,406	6,168,118
Increase in prepaid expenses and other assets, net of allowance	(537,197)	(36,240)
Decrease in leasehold incentives	1,257,000	126,622
Increase in accounts payable and other liabilities	1,237,474	2,189,109
Increase in deferred rent	809,734	731,758
Net cash (used in) provided by operating activities	$ (14,451,131)	$ 31,495,516
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Fixed asset purchases acquired but not paid for as of year-end	$ 94,648	$ 356,431
Fixed asset purchases acquired through the use of leasehold incentives	506,190	1,337,652

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) is a nonprofit corporation established by the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) to oversee the audits of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB also oversees the audits of brokers and dealers registered with the U.S. Securities and Exchange Commission (SEC).

The SEC has oversight authority over the PCAOB, including the appointment of Board members and the approval of the Board's rules, standards and budget. The Sarbanes-Oxley Act, as amended by the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010, established funding for PCAOB activities, primarily through an annual accounting support fee assessed on issuers based on their relative average, monthly market capitalization and on brokers and dealers based on their relative average, quarterly tentative net capital. The annual accounting support fee is also approved by the SEC.

The PCAOB's operations consist of program activities and supporting activities. The program activities of the PCAOB for financial reporting purposes are: registration and inspections, enforcement, standard setting, economic and risk analysis, and Board and related activities. The supporting activities are administration and general, communications, and information technology and telecommunications.

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 and are presented pursuant to FASB Accounting Standards Codification Topic 958, *Not-for-Profit Entities* (ASC 958). Under ASC 958, the PCAOB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are based on the existence or absence of donor-imposed restrictions. The net assets of the PCAOB are not subject to any donor-imposed restrictions, and, therefore, have been classified as unrestricted in the accompanying financial statements.

The statements of activities reflect program activities related to registration and inspections, enforcement, standard setting, economic and risk analysis, and Board and related activities. Program expenses include salaries, benefits, rent, 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 and information technology. Indirect costs, including certain occupancy and depreciation costs, are allocated to program and supporting activities proportionately based on numbers of personnel.

Cash and Cash Equivalents—The term cash and cash equivalents, as used in the accompanying financial statements, includes demand deposits in noninterest-bearing accounts with a domestic high-credit-quality financial institution as well as investments in securities made pursuant to a daily overnight sweep repurchase agreement. The securities acquired at the end of each business day pursuant to the repurchase agreement generally consist of Government Sponsored Enterprise or U.S. Government/Agency obligations. Purchased securities are held by the financial institution, as custodian, on an overnight basis and are repurchased 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 prior to such a repurchase of any securities, the PCAOB could experience a delay in disposing of those securities.

Short-term Investments—The PCAOB's investments are recorded at fair value, all of which are measured using Level 1 inputs, which are defined as quoted market prices in active markets for identical investments. Purchases and sales of securities are recorded on a trade-date basis. Interest income and net gains and losses are recorded on the accrual basis and are included in "Interest income and other" on the accompanying statements of activities.

Short-term investments consist of investments in U.S. Treasury bills. All short-term investments mature within one year of purchase.

***Concentration Risk*—**The PCAOB's cash is held in accounts with a single domestic high-credit-quality financial institution. Amounts held in these accounts that exceed the Federal Deposit Insurance Corporation insurable limit are uninsured. The PCAOB mitigates this risk overnight through daily overnight sweep repurchase agreements.

***Accounts Receivable*—**Accounts receivable are carried at the amount billed or accrued, net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on management's review, specific identification and, to the extent applicable, the PCAOB's historical experience.

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

***Property and Equipment*—**Furniture and equipment, leasehold improvements and technology 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 term of the lease or the life of the asset. Costs incurred during the application development stage for internal-use 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.

***Revenue Recognition*—**The Sarbanes-Oxley Act, as amended, provides for funding of the PCAOB through the assessment of an annual accounting support fee on issuers and brokers and dealers registered with the SEC. The Sarbanes-Oxley Act also provides that the PCAOB shall assess and collect registration and annual fees.

Annual Accounting Support Fee—Annual accounting support fees are assessed on issuers, as defined in the Sarbanes-Oxley Act, and on brokers and dealers registered with the SEC. The accounting support fee is established annually by the Board based on the PCAOB's operating budget for each calendar year and any additional amounts required to fund the PCAOB's operations for the first five months of the subsequent year until the subsequent year's accounting support fee is collected, and is subject to SEC approval. The accounting support fee 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 the PCAOB. Registration fees are recognized as operating revenue in the year they are assessed.

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

***Leasehold Incentives*—**Leasehold incentives represent amounts that the PCAOB's landlords have contractually agreed to pay for leasehold improvements. Portions of the leasehold incentives may also be used by the PCAOB for other purposes, as provided for in the respective lease agreements (e.g., offset of rent, purchase of furniture). These incentives are recognized as an asset when the PCAOB obtains control of the leased space to which the incentives relate. As construction is completed, the construction costs are capitalized as leasehold improvements. The leasehold incentive is reduced as the related construction amounts are paid or reimbursed by the landlord.

***Deferred Rent*—**The PCAOB recognizes rent on a straight-line basis over the lease term. The differences between rent expense recognized and rental payments made, as stipulated in the leases, are recognized as increases or decreases to deferred rent.

In addition, leasehold incentives obligated to the PCAOB under facilities leases are recorded as deferred rent when the PCAOB obtains control of the leased space to which the leasehold incentives due from the landlord relate. Deferred rent related to leasehold incentives is amortized on a straight-line basis over the lease term as a reduction of rent expense.

Net Civil Monetary Penalties and Scholarship Payments—PCAOB sanction orders may impose civil monetary penalties pursuant to the Board's authority under Section 105 of the Sarbanes-Oxley Act. The PCAOB imposed civil monetary penalties totaling approximately $0.3 million and $0.1 million for the years ended Dec. 31, 2015 and 2014, respectively. Where considered applicable, the PCAOB records an allowance against civil monetary penalties ordered, but not yet collected. The allowance for civil monetary penalties was approximately $0.2 million in both 2015 and 2014, and is netted against the receivable included in "Prepaid expenses and other assets" on the accompanying statements of financial position.

The PCAOB reports all funds generated from the collection of civil monetary penalties (including interest income, net of bank fees and bad debt expenses) as increases in unrestricted net assets statutorily designated for specified uses in Section 109(c)(2) of the Sarbanes-Oxley Act, and all funding for the merit scholarships as decreases in unrestricted net assets statutorily designated for specified uses in Section 109(c)(2) of the Sarbanes-Oxley Act.

Cash Held for Others under Agency Agreement—The PCAOB served as the collection agent for invoicing and collecting the 2015 and 2014 Financial Accounting Standards Board (FASB) accounting support fee. The PCAOB's fee for acting as the collection agent for the FASB accounting support fee was approximately $0.2 million in both 2015 and 2014. This amount is included in "Interest income and other" in the accompanying statements of activities. As of Dec. 31, 2015 and 2014, the PCAOB had $38,535 and $52,389, respectively, included in cash and cash equivalents related to the FASB accounting support fee. Corresponding amounts are included in "Accounts payable and other liabilities" for amounts due to the FASB as of Dec. 31, 2015 and 2014.

Taxes—The PCAOB is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The accompanying financial statements include no provision for income taxes.

Reclassifications—During 2015, due to the growth of economic analysis at the PCAOB, the PCAOB created an "Economic and risk analysis" program activity for financial reporting purposes. Activities previously included in the "Research and analysis" program activity and activities of the Center of Economic Analysis that had previously been included in "Board and related activities" are now included in this new program activity. Amounts in the prior period presented have been reclassified to conform to the current-period financial statement presentation. These reclassifications have no effect on previously reported operating income or unrestricted net assets.

Use of Estimates—The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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, accounts receivable, the allowance for doubtful accounts, and useful lives of property and equipment. Actual results could differ from these estimates.

New Accounting Standards—In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* which impacts virtually all aspects of an entity's revenue recognition. The core principle of the new standard is that revenue should be recognized to depict the transfer of promised goods or service to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU is effective for the PCAOB's 2019 fiscal year. Management has not yet completed its assessment of the impact of the new standard, including possible transition alternatives, on the PCAOB's financial statements.

In February 2016, the FASB issued an ASU intended to improve financial reporting about leasing transactions. The ASU will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement and presentation of expenses and cash flows will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the statement of financial position—the new ASU will require both types of leases to be recognized on the statement of financial position. The new standard is effective for the PCAOB for the 2019 fiscal year. The PCAOB is just beginning to evaluate the impact of the pending adoption of the new standard on the financial statements. However, as shown in Note 5, the future minimum lease payments of the operating leases are more than $204 million, the majority of which are related to leases with terms in excess of 12 months. The present value of those payments, which the PCAOB will recognize upon adoption of the ASU as assets and lease liabilities, will be material.

NOTE 3—ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of Dec. 31, 2015 and 2014:

	2015	2014
Accounts receivable—Issuer Accounting Support Fee	$1,200,499	$ 263,564
Accounts receivable—Broker-Dealer Accounting Support Fee	44,324	2,126,162
Accounts receivable—Annual Fees	112,149	107,657
	1,356,972	2,497,383
Less: allowance for doubtful accounts	(402,477)	(227,564)
Accounts receivable, net	$ 954,495	$2,269,819

NOTE 4—FURNITURE AND EQUIPMENT, LEASEHOLD IMPROVEMENTS, AND TECHNOLOGY

Furniture and equipment, leasehold improvements, and technology consist of the following as of Dec. 31, 2015 and 2014:

	2015	2014
Technology		
Hardware	$ 9,909,493	$ 10,347,248
Purchased and developed software	13,763,336	14,927,830
Leasehold improvements	17,445,412	14,853,967
Furniture and equipment	9,126,434	8,726,240
Technology development in process	2,243,915	2,610,631
Construction in process	1,327,807	3,310,473
	53,816,397	54,776,389
Accumulated depreciation and amortization	(41,406,359)	(41,266,137)
Furniture and equipment, leasehold improvements, and technology	$ 12,410,038	$ 13,510,252

Depreciation and amortization expense was approximately $3.4 million and $3.3 million for the years ended Dec. 31, 2015, and 2014, respectively.

NOTE 5—LEASE COMMITMENTS

As of Dec. 31, 2015, the PCAOB had leased office space in Washington, D.C.; New York, N.Y.; Ashburn, Va.; Foster City, Calif.; Irvine, Calif.; Atlanta, Ga.; Irving, Texas; Chicago, Ill.; and Denver, Colo. All of these offices are under leases that expire at various dates through 2028. Most of these leases contain renewal clauses that include terms to renew at the then prevailing market rental value.

In 2011, 2012 and 2013, the Washington, D.C. lease was modified and additional office space was acquired. Under this lease, which expires in 2028, the PCAOB is entitled to receive leasehold incentives of approximately $10.2 million. The lease also provides that to the extent the PCAOB has not expended the full amount of the leasehold incentives by Aug. 1, 2021, the PCAOB may apply up to $1.4 million of the unused leasehold incentives toward the payment of rent becoming due under the lease. During 2015 and 2014, leasehold improvements of approximately $0.2 million and $0.2 million, respectively, were paid for by the landlord.

Additionally, during 2014 and 2015, the PCAOB amended or renewed the leases of three offices that resulted in the landlords granting leasehold incentives. During 2015, the PCAOB recognized increases in leasehold incentives of approximately $0.5 million as the related space came under the PCAOB's control. Additionally, the PCAOB entered into a new lease agreement in Charlotte, N.C., and took possession of the space in 2016. During 2015, leasehold improvements totaling approximately $1.6 million were paid for by the landlords of the New York and Ashburn offices. As of Dec. 31, 2015, the PCAOB is committed to expend up to approximately $1.5 million on build-out projects, of which, $0.8 million will be funded through leasehold incentives.

As of Dec. 31, 2015, the PCAOB occupied temporary office space in Charlotte, N.C.; Boston, Mass.; Houston, Texas; Tampa, Fla.; Fort Lauderdale, Fla.; Philadelphia, Pa.; and Los Angeles, Calif., under leases that expire in 2016.

Rent is expensed using the straight-line method over the respective lease terms. Minimum rental commitments under all of the PCAOB's office leases as of Dec. 31, 2015, including the rental commitments for temporary office spaces having remaining lease terms of one year or less, are as follows:

YEAR ENDING DEC. 31,	
2016	$ 16,859,955
2017	15,454,132
2018	15,548,943
2019	15,966,387
2020	16,481,610
Thereafter	123,797,435
Total minimum lease payments	$204,108,462

NOTE 6—RETIREMENT BENEFIT PLAN

The PCAOB has a defined contribution retirement plan that covers all eligible employees. For the years ended Dec. 31, 2015 and 2014, the PCAOB matched 100% of employee contributions up to 7% of eligible compensation. The PCAOB's contributions vest immediately. The PCAOB's contributions to employees' accounts were $8.9 million and $8.5 million for the years ended Dec. 31, 2015 and 2014, respectively.

NOTE 7—UNRESTRICTED NET ASSETS

The PCAOB's net assets are not subject to any donor-imposed restrictions, and are therefore considered unrestricted. Included in this amount is a working capital reserve that the PCAOB maintains to fund its operations during the five-month period prior to the invoicing and collection of the accounting support fee for the subsequent year. The PCAOB's net assets also include funds designated for specific uses, as described below.

Designated for the PCAOB Scholarship Program—The statements of financial position include unrestricted designated funds for the PCAOB Scholarship Program, established by Section 109(c)(2) of the Sarbanes-Oxley Act. The Act authorizes the PCAOB to impose civil monetary penalties and requires the PCAOB to use those penalties to award merit scholarships to students of accredited accounting degree programs, after annual congressional appropriation for that use of the monetary penalties. The PCAOB awarded 84 and 102 merit-based scholarships of $10,000 each to eligible students for the 2015–2016 and 2014–2015 academic years, respectively. Cash and cash equivalents included approximately $3.6 million and $4.2 million as of Dec. 31, 2015 and 2014, respectively, to be used for merit scholarships.

The activity of the statutorily designated funds for the years ended Dec. 31, 2015 and 2014, is as follows:

Statutorily designated funds, as of Dec. 31, 2013	$ 5,133,307
Civil monetary penalties and interest collected in 2014, net	98,449
Less scholarship payments for the 2014–2015 academic year	(1,020,000)
Statutorily designated funds, as of Dec. 31, 2014	$ 4,211,756
Civil monetary penalties and interest collected in 2015, net	232,000
Less scholarship payments for the 2015–2016 academic year	(840,000)
Refund of unused scholarship funds received in 2015	22,520
Statutorily designated funds, as of Dec. 31, 2015	$ 3,626,276

Designated for Sequestration—The statements of financial position include unrestricted designated funds for sequestration, including interest earned. In March 2013, the Office of Management and Budget (OMB) determined that the PCAOB's budget and scholarship program are potentially 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 the PCAOB's sequestered funds represent temporary reductions, such that funds that are sequestered in one year become available in subsequent years.

On March 10, 2014, OMB issued a report, "OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2015," specifying that $17 million of the PCAOB's 2015 budget funds were subject to sequestration. These sequestered funds remained unspent as of Dec. 31, 2015, and are included in short-term investments in the accompanying statements of financial position. In a separate report issued on February 2, 2015, "OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2016," OMB specified that the PCAOB's sequestration amount was $16 million in 2016. In 2016, the PCAOB will use the $17 million sequestered in 2015 to offset the $16 million sequestered in 2016. The surplus will be used to reduce the 2016 accounting support fee by $1 million. No scholarship funds were subject to sequestration in 2015.

NOTE 8—SUBSEQUENT EVENTS

The PCAOB has evaluated subsequent events through Sept. 21, 2016, which represents the date the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment or disclosure in the financial statements.

2015 MANAGEMENT'S ASSESSMENT

Financial Reporting Management's Report on Internal Control over Financial Reporting

The PCAOB's financial reporting management, including the Chief Administrative Officer, under the direction of the Chairman (collectively, "financial reporting management"), are 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.

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 accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, 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. 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, 2015. 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 is effective as of December 31, 2015.

September 21, 2016

James R. Doty
Chairman

Suzanne M. Kinzer
Chief Administrative Officer

BOARD RELEASES AND STAFF GUIDANCE ISSUED IN 2015

FIRST QUARTER		
DOCUMENT	**DOCUMENT NUMBER**	**DATE**
Order Making Findings and Disapproving Registration Application in In re Registration Application of Khalsa McBrearty Accountancy, LLP	PCAOB Release No. 102-2015-001	Jan. 26, 2015
Observations from PCAOB Inspections Covering Five Audits of Brokers and Dealers Required to be Conducted in Accordance with PCAOB Standards	PCAOB Release No. 2015-001	Jan. 28, 2015
Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Standards and Rules	PCAOB Release No. 2015-002	Mar. 31, 2015

SECOND QUARTER		
DOCUMENT	**DOCUMENT NUMBER**	**DATE**
Audit Committee Dialogue	PCAOB Release No. 2015-003	May 7, 2015
Order Making Findings and Disapproving Registration Application in In re Registration Application of Morty Etgar, P.A.	PCAOB Release No. 102-2015-002	May 18, 2015
Supplemental Request for Comment: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form	PCAOB Release No. 2015-004	June 30, 2015

THIRD QUARTER		
DOCUMENT	**DOCUMENT NUMBER**	**DATE**
Concept Release on Audit Quality Indicators	PCAOB Release No. 2015-005	July 1, 2015
Annual Report on the Interim Inspection Program Related to Audits of Brokers and Dealers	PCAOB Release No. 2015-006	Aug. 18, 2015

FOURTH QUARTER		
DOCUMENT	**DOCUMENT NUMBER**	**DATE**
Inspection Observations Related to PCAOB "Risk Assessment" Auditing Standards (No. 8 through No.15)	PCAOB Release No. 2015-007	Oct. 15, 2015
Improving the Transparency of Audits: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form and Related Amendments to Auditing Standards	PCAOB Release No. 2015-008	Dec. 15, 2015

STANDING ADVISORY GROUP

AS OF DEC. 31, 2015

Joan C. Amble	*Public company board member* *President*	 JCA Consulting, LLC
Hon. Richard C. Breeden	*Chairman and Chief Executive Officer*	Breeden Capital Management LLC
Loretta V. Cangialosi	*Senior Vice President and Controller*	Pfizer Inc.
Peter C. Clapman	*Senior Advisor*	CamberView Partners, LLC
Walton T. Conn Jr.	*U.S. Partner and Global Head of Audit Methodology and Implementation*	KPMG LLP
Wallace R. Cooney	*Vice President—Finance and Chief Accounting Officer*	Graham Holdings Co.
James D. Cox	*Brainerd Currie Professor of Law, School of Law*	Duke University
Charles M. Elson	*Edgar S. Woolard Jr. Chair of Corporate Governance and Director, John L. Weinberg Center for Corporate Governance*	University of Delaware
Michael J. Gallagher	*Managing Partner, Assurance Quality*	PricewaterhouseCoopers LLP
Sydney K. Garmong	*Partner in Charge, Regulatory Competency Center*	Crowe Horwath LLP
Kenneth A. Goldman	*Chief Financial Officer*	Yahoo Inc.
L. Jane Hamblen	*Former Chief Legal Counsel*	State of Wisconsin Investment Board
Robert H. Herz	*Chief Executive Officer* *Executive-in-Residence, Columbia Business School*	Robert H. Herz LLC Columbia University
Robert B. Hirth, Jr.	*Chairman*	Committee of Sponsoring Organizations of the Treadway Commission
Philip R. Johnson	*Former Non-executive Director*	Yorkshire Building Society
Joyce Joseph	*Principal*	Capital Accounting Advisory and Research, LLC
Jean M. Joy	*Director of Professional Practice and Director of Financial Institutions Practice*	Wolf & Company, P.C.
Guy R. Jubb	*Global Head of Governance and Stewardship*	Standard Life Investments Ltd.
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Jon Lukomnik	*Executive Director* *Managing Partner*	Investor Responsibility Research Center Institute Sinclair Capital, LLC
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Liz D. Murrall	*Director, Stewardship and Reporting*	Investment Management Association
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Jeremy E. Perler	*Partner and Director of Research*	Schilit Forensics
Sandra J. Peters	*Head of Financial Reporting Policy*	CFA Institute
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Sridhar Ramamoorti	*Associate Professor of Accounting, School of Accountancy, and Director, Corporate Governance Center*	Kennesaw State University
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Brian D. Thelen	*Independent Consultant*	
Sir David P. Tweedie	*Chairman*	International Valuation Standards Council
John W. White	*Partner, Corporate Department*	Cravath, Swaine & Moore LLP

Eight organizations have observer status at the meetings of the SAG: the Securities and Exchange Commission, the Financial Accounting Standards Board, the Government Accountability Office, the Department of Labor, the Auditing Standards Board of the American Institute of Certified Public Accountants, the International Auditing and Assurance Standards Board of the International Federation of Accountants, the Financial Industry Regulatory Authority and the U.S. Federal Financial Institution Regulatory Agencies.

INVESTOR ADVISORY GROUP

AS OF SEPT. 30, 2015

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Robert M. Tarola	*President*	Right Advisory LLC
Lynn E. Turner	*Former SEC Chief Accountant* *Managing Director*	 LitiNomics
Gary G. Walsh	*Principal and Portfolio Manager*	Luther King Capital Management

JAY D. HANSON STEVEN B. HARRIS JAMES R. DOTY JEANETTE M. FRANZEL LEWIS H. FERGUSON

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As of Dec. 31, 2015

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Special Counsel

George R. Botic
Special Advisor

Steven B. Harris
Board Member

Nina Mojiri-Azad
Special Counsel

Lewis H. Ferguson
Board Member

Zoe Sharp
Special Counsel

Jay D. Hanson
Board Member

Karen B. Dietrich
Special Counsel

Jeanette M. Franzel
Board Member

Francis Dymond
Special Counsel

DIVISION AND OFFICE LEADERS

As of Dec. 31, 2015

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Phoebe W. Brown, Secretary

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Helen Munter, Director

Office of the Chief Auditor
Martin F. Baumann, Chief Auditor and Director of Professional Standards

Division of Enforcement and Investigations
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S. Bruce Wilson, Director

Center for Economic Analysis
Luigi Zingales, Founding Director

Office of Research and Analysis
Gregory J. Jonas, Director

Office of Administration
Suzanne Kinzer, Chief Administrative Officer

Office of Information Technology
Nirav Kapadia, Director

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