



**AUDITED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022 AND 2021**



## **Independent Auditor's Report**

Paper and Packaging Board  
McLean, Virginia

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Paper and Packaging Board (P+PB) which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Paper and Packaging Board as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for our Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Paper and Packaging Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Paper and Packaging Board's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## **Report on the Financial Statements (Continued)**

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Paper and Packaging Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Paper and Packaging Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information in the accompanying supplementary schedules on pages 16-19, which is the responsibility of management, is presented for purposes of additional analysis as required by U.S. Department of Agriculture, Agricultural Marketing Service, and is not a required part of the financial statements. Such information, except for the budget information marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The budget information marked "unaudited" has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, on our consideration of Paper and Packaging Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Paper and Packaging Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Paper and Packaging Board's internal control over financial reporting and compliance.

Bethesda, Maryland  
June 28, 2023

Certified Public Accountants



## Paper and Packaging Board

### Statements of Financial Position December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash	\$ 9,375,650	\$ 12,570,367
Assessments Receivable	5,173,652	5,694,689
Prepaid Expenses	212,995	108,894
Property, Equipment and Intangible Assets - Net	301,358	242,674
Right of Use (ROU) Asset - Net	114,468	-
<b>Total Assets</b>	<b>\$ 15,178,123</b>	<b>\$ 18,616,624</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 1,661,675	\$ 2,691,358
Lease Liability	126,627	-
Deferred Rent	-	20,811
<b>Total Liabilities</b>	<b>1,788,302</b>	<b>2,712,169</b>
<b>Net Assets</b>		
Without Donor Restrictions - Board Designated	829,040	766,472
Without Donor Restrictions	12,560,781	15,137,983
Total Net Assets	13,389,821	15,904,455
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,178,123</b>	<b>\$ 18,616,624</b>

**Paper and Packaging Board**  
**Statements of Activities**  
**For The Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenue</b>		
Assessments	<b>\$ 22,652,374</b>	\$ 23,034,019
Interest and Other Income	<b>95,176</b>	14,083
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Total Revenue	<b>22,747,550</b>	23,048,102
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<b>Expenses</b>		
Program Expenses	<b>24,524,692</b>	18,161,058
Management and General	<b>737,492</b>	606,438
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Total Expenses	<b>25,262,184</b>	18,767,496
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Changes in Net Assets	<b>(2,514,634)</b>	4,280,606
Net Assets, Beginning of Year	<b>15,904,455</b>	11,623,849
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<b>Net Assets, End of Year</b>	<b>\$ 13,389,821</b>	\$ 15,904,455
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