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**Q1.** The proposed TB provides guidance to aid in determining whether intragovernmental arrangements are exchange transactions.

**Do you agree or disagree with the proposed guidance? Please provide the rationale for your answer.**

In overall agreement with the guidance proposed in the TB. Specifically, the guidance aids users in determining whether intragovernmental agreements are exchange transactions. Including a definition of "sacrifice value" in paragraph 12, along with references to current SFFAS guidance helped define an exchange transaction. In addition, adding clarity to such terms as “sacrificing value,” “value in return for the revenue given may not be equivalent,” and “value sacrificed may not be measurable” are useful for our mission(s).

In particular, clarity would be welcome in those cases where when a receiving entity’s funds are directly placed on a contract, the providing entity does not bill the receiving entity, but the receiving entity is directly billed by the vendor. In such cases, the providing entity does not receive value from these funds and is instead an intermediary, as the providing entity earned neither revenue, nor will the providing entity bill the receiving entity for any amount put on contract. Since no value is expected or received by the providing entity, would the amount of funds placed directly on contract be classified as nonexchange revenue? Or would the services provided by the “intermediary” agency be considered imputed costs to the receiving entity? The “intermediary agency” putting the receiving entity’s funding line on one of their contracts would be a service that is not billed for, and/or paid for.

Usually, when a providing entity directly places receiving entity funds on a contract, the former incurs contract administration costs and the latter receives value from the service provided. If the aforementioned situation is considered a nonexchange transaction and both parties agree contract administration service costs are immaterial, must the providing and receiving entities record revenue and related costs?

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Using additional illustrative examples would further strengthen the definition of an intragovernmental exchange transaction. Highlighting what distinguishes qualifying vs non-qualifying events and transactions would be useful and welcome, as would examples of any best practices.

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