

FRIENDS OF THE PUBLIC LIBRARY
FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S REPORT
Years Ended June 30, 2023 and 2022

FINDELL & COMPANY, P.C.
Certified Public Accountants

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FINDELL & COMPANY, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Friends of the Public Library
Albuquerque, New Mexico

We have audited the accompanying financial statements of the Friends of the Public Library which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, 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 Friends of the Public Library as of June 30, 2023 and 2022 and the changes in 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Friends of the Public Library 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 opinion.

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 Friends of the Public Library 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 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, including omissions, 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.

In performing an audit in accordance with generally accepted 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 Friends of the Public Library 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 Friends of the Public Library 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.

Findell & Company, P.C.

Findell & Company, P.C.
Certified Public Accountants

Albuquerque, New Mexico
October 12, 2023

FRIENDS OF THE PUBLIC LIBRARY
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 133,806	\$ 165,517
Investments in marketable securities (Notes 3 and 4)	<u>502,549</u>	<u>450,996</u>
TOTAL CURRENT ASSETS	636,355	616,513
PROPERTY AND EQUIPMENT (Note 5)	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 636,355</u>	 <u>\$ 616,513</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,303	\$ 2,948
Credit cards payable	163	3,250
Accrued expenses	<u>341</u>	<u>1,083</u>
TOTAL CURRENT LIABILITIES	4,807	7,281
 NET ASSETS		
Without donor restrictions		
Undesignated	564,294	524,987
With donor restrictions (Note 8)	<u>67,254</u>	<u>84,245</u>
TOTAL NET ASSETS	<u>631,548</u>	<u>609,232</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 636,355</u>	 <u>\$ 616,513</u>

See accompanying notes.

FRIENDS OF THE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Book sales revenue	\$ 147,438	\$ -	\$ 147,438
Contributions	18,863	900	19,763
Online Sales	7,658	-	7,658
Membership dues	7,585	-	7,585
Investment income, net	43,145	-	43,145
Other income	3,600	-	3,600
Net assets released from donor restrictions	<u>17,891</u>	<u>(17,891)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	246,180	(16,991)	229,189
EXPENSES			
Program services	159,979	-	159,979
General and administrative	40,056	-	40,056
Book sales expense	<u>6,838</u>	<u>-</u>	<u>6,838</u>
TOTAL EXPENSES	<u>206,873</u>	<u>-</u>	<u>206,873</u>
CHANGE IN NET ASSETS	39,307	(16,991)	22,316
BEGINNING NET ASSETS	<u>524,987</u>	<u>84,245</u>	<u>609,232</u>
ENDING NET ASSETS	<u><u>\$ 564,294</u></u>	<u><u>\$ 67,254</u></u>	<u><u>\$ 631,548</u></u>

See accompanying notes.

FRIENDS OF THE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Book sales revenue	\$ 127,328	\$ -	\$ 127,328
Contributions	28,426	675	29,101
Online Sales	12,141	-	12,141
Membership dues	9,315	-	9,315
Investment income, net	(71,282)	-	(71,282)
Other income	1,800	-	1,800
Net assets released from donor restrictions	<u>9,148</u>	<u>(9,148)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	116,876	(8,473)	108,403
EXPENSES			
Program services	131,867	-	131,867
General and administrative	34,821	-	34,821
Book sales expense	<u>5,709</u>	<u>-</u>	<u>5,709</u>
TOTAL EXPENSES	<u>172,397</u>	<u>-</u>	<u>172,397</u>
CHANGE IN NET ASSETS	(55,521)	(8,473)	(63,994)
BEGINNING NET ASSETS	<u>580,508</u>	<u>92,718</u>	<u>673,226</u>
ENDING NET ASSETS	<u><u>\$ 524,987</u></u>	<u><u>\$ 84,245</u></u>	<u><u>\$ 609,232</u></u>

See accompanying notes.

FRIENDS OF THE PUBLIC LIBRARY
 STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (loss)	\$ 22,316	\$ (63,994)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	-	-
Unrealized loss (gain) on investment	(29,916)	103,240
Increase (decrease) in		
Accounts payable	1,355	604
Credit cards payable	(3,087)	2,207
Accrued expenses	<u>(742)</u>	<u>11</u>
 NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	 (10,074)	 42,068
 CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in marketable securities investments	<u>(21,637)</u>	<u>(35,648)</u>
 NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	 <u>(21,637)</u>	 <u>(35,648)</u>
 NET (DECREASE) INCREASE IN CASH	 (31,711)	 6,420
 CASH BEGINNING OF YEAR	 <u>165,517</u>	 <u>159,097</u>
 CASH AT END OF YEAR	 <u><u>\$ 133,806</u></u>	 <u><u>\$ 165,517</u></u>

See accompanying notes.

FRIENDS OF THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF ORGANIZATION

Friends of the Public Library, (the Organization) is a nonprofit organization whose primary objective is to raise funds to support the public library systems of the City of Albuquerque and Bernalillo County, New Mexico and to encourage and support education and literacy programs through the library system.

The Organization is exempt from income tax under Section 501(c)(3) of U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within limitations prescribed by the Code.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described as follows:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Expense Allocations

Expenses and support services have been allocated to programs based upon estimates and calculations determined by management.

FRIENDS OF THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Revenue Recognition

Revenue is recognized when earned. The Organization's primary source of revenue is sales of used books transferred to the Organization from the public library system. The Organization conducts monthly book sales and maintains a bookstore at the main branch of the library. The books sold at the bookshop and online are transferred to the Organization from the public library at the time of sale. All unsold books remain the property of the public library. The Organization also obtains funding from membership fees, private donations, special fund-raisers, and grants offered by various individuals and organizations interested in supporting the library and its programs. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Program and Grant Distributions

The Organization provides funding to the Albuquerque public library system to assist primarily in educational and literacy programs offered through the libraries.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include checking and savings accounts and certificates of deposit with a maturity of three months or less.

Investments

The Organization follows ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under this provision, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statement of activities.

Property and Equipment

Expenditures for property and equipment in excess of \$1,000 are capitalized at cost. Donated assets that are to be used by the Organization are capitalized at their fair market value on the date of the gift. Depreciation is computed using the straight-line method over the useful lives of the assets.

Advertising Expense

Advertising costs of \$1,989 and \$2,155 during the years ended June 30, 2023 and 2022 were expensed as incurred.

FRIENDS OF THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Income Taxes

The Organization has received tax exempt status under Code Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions for the year ended June 30, 2023 and has evaluated its tax positions taken for all open tax years. Currently, the 2020, 2021 and 2022 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. Management believes that the activities of the Organization are within their tax-exempt purpose, and that there are no uncertain tax positions.

NOTE 3 – INVESTMENTS IN MARKETABLE SECURITIES

Investments primarily consist of cash, certificates of deposit, corporate equities and mutual funds held with a national brokerage firm. The cost, approximate market value, and net unrealized gains on investments as of June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Market value of investments	\$ 502,549	\$ 450,996
Cost of investments	<u>448,775</u>	<u>391,800</u>
Net unrealized gain (loss)	<u>\$ 53,774</u>	<u>\$ 59,196</u>

FRIENDS OF THE PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS

The Organization’s investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. The Organization’s management determines valuation policies. Although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure fair value of certain financial instruments could result in different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no assets requiring the use of Level 3 inputs for the periods presented.

Level 1 Fair Value Measurements

The fair values of corporate stocks and mutual funds are based on the closing price in the active market where the individual securities are traded.

Level 2 Fair Value Measurements

Investments in certificates of deposit are based on net realizable value after any applicable early termination fees and include accrued interest earned.

The following tables set forth, by level within the fair value hierarchy, the organization’s investments at fair value as of June 30, 2023 and 2022:

Assets at Fair value as of June 30, 2023

	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ -	\$ -	-
Mutual funds	<u>502,549</u>	<u>-</u>	<u>-</u>	<u>502,549</u>
Total investments at fair value	<u>\$ 502,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>502,549</u>

FRIENDS OF THE PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENT (continued)

Assets at Fair value as of June 30, 2022

	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ -	\$ -	-
Mutual funds	<u>450,996</u>	<u>-</u>	<u>-</u>	<u>450,996</u>
Total investments at fair value	<u>\$ 450,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,996</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Bookstore - main library	\$ 42,572	\$ 42,572
Computer equipment	<u>15,678</u>	<u>15,678</u>
	58,250	58,250
Less accumulated depreciation	<u>(58,250)</u>	<u>(58,250)</u>
Net property and equipment	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense totaled \$0 and \$0 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Organization maintains a portion of its cash deposits with an investment firm with a branch office located in Albuquerque, New Mexico. At various times, these cash deposits exceed SIPC insured amounts. Management does not consider there to be significant risk associated with these excess deposits.

FRIENDS OF THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – DONATED SERVICES

No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services under the criteria for recognition under ASC 958-605. Nevertheless, a substantial number of volunteers have donated significant amounts of their time to the Organization's programs.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Estate donation-library renovations and program support	\$ 61,112	\$ 67,462
Grants and other donations with donor restrictions	<u>6,141</u>	<u>16,783</u>
	<u>\$ 67,253</u>	<u>\$ 84,245</u>

Net assets released from donor restrictions totaled \$17,892 and \$9,148 for the years ended June 30, 2023 and 2022 and included donor restricted grant monies used for their restricted purpose. All donor imposed restrictions are temporary in nature.

NOTE 9 – STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURE

There were no noncash investing or financing activities, and no cash was expended for interest or taxes during the years ended June 30, 2023 or 2022.

FRIENDS OF THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – FUNCTIONAL EXPENSE PRESENTATION

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The information below presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

For the year ended June 30, 2023

	Program Services	Book Sales	General and Administrative	Total
Administration	\$ -	\$ -	\$ 530	\$ 530
Bank & Broker Charges	-	-	299	299
Bank and credit card fees	-	3,097	-	3,097
Booksale costs	-	3,741	-	3,741
Depreciation	-	-	-	-
Donations	-	-	-	-
Friends Pres Discretionary	-	-	33	33
Employee benefits	2,926	-	1,950	4,876
Insurance	1,443	-	1,443	2,886
Library Programs	114,799	-	-	114,799
Marketing	-	-	-	-
Membership and recruitment	-	-	5,631	5,631
Mileage	-	-	-	-
Newsletter	-	-	-	-
Parking	2,260	-	753	3,013
Payroll	18,059	-	12,039	30,098
Payroll taxes	1,483	-	989	2,472
Postage	305	-	203	508
Pricing and sorting	812	-	-	812
Professional fees	-	-	15,123	15,123
Recycling	-	-	-	-
Restricted Contribution Expense	17,892	-	-	17,892
Restricted Grant and Board Designated Expenses	-	-	-	-
Supplies	-	-	687	687
Volunteer coordinator and development	-	-	376	376
Website	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	\$ 159,979	\$ 6,838	\$ 40,056	\$ 206,873
As a percentage of total	77.33%	3.31%	19.36%	100.00%

FRIENDS OF THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – FUNCTIONAL EXPENSE PRESENTATION (continued)

For the year ended June 30, 2022

	Program Services	Book Sales	General and Administrative	Total
Administration	\$ -	\$ -	\$ 404	\$ 404
Bank & Broker Charges	-	-	232	232
Bank and credit card fees	-	2,947	-	2,947
Booksale costs	-	2,762	-	2,762
Computer & Software	-	-	-	-
Depreciation	-	-	-	-
Donations	2,000	-	-	2,000
Employee benefits	4,919	-	3,279	8,198
Friends Pres Discretionary	-	-	55	55
Insurance	1,424	-	1,423	2,847
Library Programs	97,579	-	-	97,579
Marketing	-	-	1,633	1,633
Membership and recruitment	-	-	2,831	2,831
Mileage	496	-	-	496
Newsletter	-	-	-	-
Parking	2,306	-	769	3,075
Payroll	10,322	-	6,882	17,204
Payroll taxes	1,981	-	1,321	3,302
Postage	485	-	323	808
Pricing and sorting	984	-	-	984
Professional fees	-	-	15,049	15,049
Recycling	59	-	-	59
Restricted Contribution Expense	9,149	-	-	9,149
Restricted Grant and Board Designated Expenses	-	-	-	-
Supplies	-	-	512	512
Volunteer coordinator and development	-	-	38	38
Website	163	-	70	233
	<u>131,867</u>	<u>5,709</u>	<u>34,821</u>	<u>172,397</u>
TOTAL EXPENSES	\$ <u>131,867</u>	\$ <u>5,709</u>	\$ <u>34,821</u>	\$ <u>172,397</u>
As a percentage of total	62.39%	1.54%	36.07%	100.00%

NOTE 11 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	<u>\$ 66,552</u>	<u>\$ 81,272</u>

As part of the Organization's liquidity management plan, the board has the ability to authorize the sale of investments in marketable securities to cover any cash flow requirements.

FRIENDS OF THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – DATE OF MANAGEMENT’S REVIEW

Subsequent events were evaluated through October 12, 2023, which is the date the financial statements were available to be issued.

NOTE 13 – SUBSEQUENT EVENTS: COVID – 19

The COVID – 19 outbreak in the United States has caused business disruption through mandated and voluntary closings of retail businesses. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact the revenue from book sales. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The purpose of this ASU is to converge revenue recognition requirements per GAAP and International Financial Reporting Standards (IFRS). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services 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 Organization adopted the requirements of the new guidance retrospectively to all periods presented in this report. Adoption of the new guidance did not result in significant changes to the accounting policies for revenue recognition, receivables, and deferred revenues since most of the Organization's revenue sources are not included in the scope of AUS 2014-09.

The Organization adopted the Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-08, Not-For-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This update assists organizations in evaluating whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional.