

International Telecommunications Satellite Organization

Quarterly Financial Consulting Services
for the three months ended
September 30, 2010

October 5, 2010

MEMORANDUM

To: Mr. Jose Toscano
Director General
International Telecommunications Satellite Organization

From: Alex Castelli
Reznick Group

Background

Reznick Group was engaged to provide consulting services to assist International Telecommunications Satellite Organization (ITSO) with the review of its internal financial statements for the three months ended September 30, 2010.

Procedures Performed

We performed the following procedures:

1. We obtained the bank reconciliation for September 2010 for the following accounts:
 - a. HSBC checking account
 - b. HSBC money market account
 - c. HSBC brokerage account

The PNC operating account was closed in August 2010. During Q1 FY11, ITSO opened a separate account at HSBC for the development fund. As of September 30, 2010, no funds have been transferred to this account.

For September 2010, we compared the balances reported on the reconciliations to the applicable statements without exception. We inquired about reconciling items and noted no unusual items.

2. We reconciled the funding capital account per the ITSO trial balance as of September 30, 2010 to the audited financial statements as of June 30, 2010. We noted a difference of \$2,438 between funding capital per the audited financial statements and the trial balance. We also noted that certain expenses were recorded in Q1 related to AP-34 which occurred in June 2010 which should have been accrued as of June 30, 2010. The net amount is \$12,719. We noted several reclassifications and accruals which, if recorded, would not have a material impact on the Q1 FY11 financial statements.
3. We obtained the balance sheet as of September 30, 2010 and the income statements for the three months ended September 30, 2010 and the comparable period ended September 30, 2009. We made inquiries of Joyce Romanus, ITSO outsourced bookkeeper and noted the following:
 - a. AP-32 expenses totaling approximately \$108,000 were recorded during Q1 2010. AP-34 occurred in Q4 2010 and there were no significant expenses recorded in Q1 2011 (see note 2 above).

- b. We noted accounts payable at September 30, 2010 totaling approximately \$73,000. The Organization generally pays its bills when received and any accounts payable is due to timing of processing the payables and payment. No unusual items were noted per discussion with Joyce Romanus. We noted that the invoices were properly approved by ITSO prior to processing and payment.
 - c. No disbursements were noted from the Contingency Fund. There were no significant legal fees recorded during the Q1 FY11.
- 4. We obtained the budget to actual expense comparison for the three months ended September 30, 2010. We discussed any significant variances with Joyce Romanus and received satisfactory explanations.
 - 5. We obtained the detailed general ledger for the three months ended September 30, 2010. We noted no unusual items.
 - 6. We scanned the general ledger and obtained a listing of manual journal entries posted during the three months ended September 30, 2010. No unusual items were noted.
 - 7. We inquired of the Director General as to any significant events since during the three month period ended September 30, 2010 and any events subsequent to September 30, 2010 (end of Q1 FY11). No significant items were noted.

Other Matters

No other significant matters were noted.

The sufficiency of our procedures is solely the responsibility of ITSO. Consequently we make no representations regarding the sufficiency of our procedures. Our procedures do not constitute an examination or an audit and, accordingly, we do not express an opinion on the ITSO internal financial statements for the period ended September 30, 2010.

We are available to discuss any matters related to our procedures or findings.