

## **International Telecommunications Satellite Organization**

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Quarterly Financial Consulting Services  
for the three months ended  
December 31, 2010

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January 14, 2011

## 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 December 31, 2010.

### Procedures Performed

We performed the following procedures:

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

ITSO opened the HSBC money market II account to hold the funds designated for the development fund and transferred \$61,009 into this account. During Q2 FY2011, ITSO disbursed \$48,807 from that account to pay for expenditures related to the capacity building initiative (80% as authorized by AP-34).

For December 2010, we compared the balances reported on the reconciliations to the applicable statements with no material differences noted. We inquired about reconciling items and noted no unusual items.

2. We reconciled the funding capital account per the ITSO trial balance as of December 31, 2010 to the audited financial statements as of June 30, 2010. We noted no material differences.
3. We obtained the balance sheet as of December 31, 2010 and the income statements for the six months ended December 31, 2010 and the comparable period ended December 31, 2009. We made inquiries of Joyce Romanus, ITSO outsourced bookkeeper, and noted the following:
  - a. IAC-13 expenses totaling approximately \$33,000 were recorded during Q2 FY2011. IAC-13 occurred during Q2 FY2011. In addition, while AP-34 occurred in Q4 FY2010, we noted that expenses totaling approximately \$13,000 were paid during Q2 FY2011. These represent invoices that were received during Q2 FY2011 related to AP-34.

- b. We noted accounts payable at December 31, 2010 totaling approximately \$23,000. 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.
  - d. Legal fees recorded during the Q2 FY2011 pertained primarily to a study performed by White & Case to be presented to the IAC at a future date.
- 4. We obtained the budget to actual expense comparison for the six months ended December 31, 2010. We discussed any significant variances with Joyce Romanus and Jose Toscano and received satisfactory explanations.
  - 5. We obtained the detailed general ledger for the six months ended December 31, 2010. We noted no unusual items.
  - 6. We scanned the general ledger including manual journal entries posted during the three months ended December 31, 2010. No unusual items were noted.
  - 7. We inquired of the Director General as to any significant events during the three month period ended December 31, 2010 and any events subsequent to December 31, 2010 (end of Q2 FY2011). No significant items were noted.

#### Other Matters

We noted that the Director General performs a detail review of budget to actual expenses on a monthly basis and inquires of Joyce Romanus of any unusual items.

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 December 31, 2010.

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