

International Telecommunications Satellite Organization

Quarterly Financial Consulting Services
for the three months ended
March 31, 2011

May 2, 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 March 31, 2011.

Procedures Performed

We performed the following procedures:

1. We obtained the bank reconciliations and statements for January 2011, February 2011 and March 2011 for the following accounts:
 - a. HSBC checking account
 - b. HSBC money market account
 - c. HSBC money market II account
 - d. HSBC brokerage account

During fiscal 2011, ITSO opened the HSBC money market II account to hold the funds designated for the development fund. There was no activity in this account during the three months ended March 31, 2011.

For March 2011, 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 March 31, 2011 to the audited financial statements as of June 30, 2010. We noted no material differences.
3. We obtained the balance sheet as of March 31, 2011 and the income statements for the three and nine months ended March 31, 2011 and the comparable period ended March 31, 2010. We made inquiries of Joyce Romanus, ITSO outsourced bookkeeper, and noted the following:
 - a. We noted there was no accounts payable at March 31, 2011. While the Organization generally pays its bills when received and any accounts payable is due to timing of processing the payables and payment, we noted that \$56,686 of accounts payable should have been recorded at March 31, 2011. Of this amount, \$31,577 pertained to expenses incurred in connection with IAC 14 (March 22-23, 2011), \$10,542 represented a legal bill and \$9,515 represented American Express

bills related to travel and other business expenses. 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.

- b. No disbursements were noted from the Contingency Fund.
 - c. Legal fees recorded during the Q3 FY11 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 nine months ended March 31, 2011. We discussed any significant variances with Joyce Romanus and Jose Toscano and received satisfactory explanations.
 - 5. We obtained the detailed general ledger for the nine months ended March 31, 2011. We noted no unusual items.
 - 6. We scanned the general ledger including manual journal entries posted during the three months ended March 31, 2011. No unusual items were noted.
 - 7. We inquired of the Director General as to any significant events since during the three month period ended March 31, 2011 and any events subsequent to March 31, 2011 (end of Q3 FY11). 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 March 31, 2011.

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