

International Telecommunications Satellite Organization

Quarterly Financial Consulting Services
for the three months ended
September 30, 2011

October 13, 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 September 30, 2011.

Procedures Performed

We performed the following procedures:

1. We obtained the bank reconciliations and statements for September 2011 for the following accounts:
 - a. HSBC checking account
 - b. HSBC money market account
 - c. HSBC money market II account

During the first quarter of fiscal 2011, ITSO transferred \$188,000 to the HSBC money market II account which is used to hold the funds designated for the development fund. During the three months ended September 30, 2011, ITSO paid \$56,000 of expenses related to its capacity building initiative.

For September 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. Due to the timing of the procedures performed, the HSBC brokerage account statement (the contingency fund) had not yet been received by ITSO. Per discussion with Jose Toscano and Joyce Romanus, ITSO outsourced bookkeeper, we noted there was not activity in this account during the quarter.

2. We reconciled the funding capital account per the ITSO trial balance as of September 30, 2011 to the audited financial statements as of June 30, 2011. We noted no differences.
3. We obtained the balance sheet as of September 30, 2011 and the income statements for the three months ended September 30, 2011 and the comparable period ended September 30, 2010. We made inquiries of Joyce Romanus and noted the following:
 - a. We noted there was \$8,200 in accounts payable at September 30, 2011. The Organization generally pays its bills when received and any accounts payable is due to timing of processing the payables. 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. We noted there were no legal fees recorded during the quarter except for expenses paid in connection with immigration related matters.
- 4. We obtained the budget to actual expense comparison for the three months ended September 30, 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 three months ended September 30, 2011. We noted no unusual items.
 - 6. We scanned the general ledger including manual journal entries posted during the three months ended September 30, 2011. No unusual items were noted.
 - 7. We noted that a new Director of Legal Affairs began working full time at ITSO effective August 1, 2011, replacing the former Director of Legal Affairs.
 - 8. We inquired of the Director General as to any significant events since during the three month period ended September 30, 2011 and any events subsequent to September 30, 2011 (end of Q1 FY12). 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 three month period ended September 30, 2011.

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