

## **International Telecommunications Satellite Organization**

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

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January 9, 2012

## 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, 2011.

### Procedures Performed

We performed the following procedures:

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

During the second quarter of fiscal year 2012 (year ending June 30, 2012), there was no activity in the HSBC money market II account which is used to hold the funds designated for the development fund. During the three months ended December 31, 2011, there were no expenses related to ITSO's capacity building initiative.

For December 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 December 30, 2011 to the audited financial statements as of June 30, 2011. We noted no differences.
3. We obtained the balance sheet as of December 31, 2011 and the income statements for the three months ended December 31, 2011 and the comparable period ended December 31, 2010. We made inquiries of Joyce Romanus and noted the following:
  - a. We noted there was \$6,845 in accounts payable at December 31, 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 legal fees were recorded during the quarter. Per discussion with the Director General, these expenses related to the carrying out of a study and its presentation to the IAC meeting in November 2011 and expenses paid in connection with immigration related matters. No litigation related matters were noted.
4. We obtained the budget to actual expense comparison for the three months ended December 31, 2011. We discussed any significant variances with Joyce Romanus and the Director General and received satisfactory explanations.
5. We obtained the detailed general ledger for the three months ended December 31, 2011. We noted no unusual items.
6. We scanned the general ledger including manual journal entries posted during the three months ended December 31, 2011. 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, 2011 and any events subsequent to December 31, 2011 (end of Q2 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 December 31, 2011.

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