

International Telecommunications Satellite Organization

Quarterly Financial Consulting Services
for the three months ended
December 31, 2012

January 15, 2013

MEMORANDUM

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

From: Alex Castelli
CohnReznick LLP

Background

CohnReznick LLP 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, 2012.

Procedures Performed

We performed the following procedures:

1. We obtained the bank reconciliations and statements for December 2012 for the following accounts:
 - a. HSBC checking account
 - b. HSBC money market account
 - c. HSBC money market II account
 - d. HSBC commercial market rate investment account

The HSBC brokerage account was closed during the second quarter and the funds for the contingency fund were transferred to the HSBC commercial market rate investment account.

During the second quarter of fiscal year 2013 (year ending June 30, 2013), ITSO transferred \$400,000 from the HSBC money market account to the HSBC checking account to pay operating expenses.

During the second quarter, \$113,772 was transferred into the HSBC money market II account which is used to hold the funds designated for the development fund. Payments related to capacity building initiatives totaling \$36,458 were paid from the HSBC checking account which will be reimbursed by the HSBC money market II account.

For December 2012, 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, 2012 to the audited financial statements as of June 30, 2012. We noted no differences.
3. We obtained the balance sheet as of December 31, 2012 and the income statements for the three months ended December 31, 2012 and the comparable period ended December

31, 2011. We made inquiries of Joyce Romanus, external bookkeeper, and noted the following:

- a. We noted there was \$17,400 in accounts payable at December 31, 2012. The Organization generally pays its bills when received and any accounts payable is due to timing of processing the payables. The balance at December 31, 2012 reflects unpaid invoices incurred during the ordinary course of business. 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 and fees for studies were recorded during the quarter. Per discussion with the Director General, these expenses related to a study in connection with the Organization's 401(k) plan and inquiries made by some Parties on other matters. No litigation related matters were noted.
4. We obtained the budget for the year ended June 30, 2013 and compared the budget to actual expenditures for the three months ended December 31, 2012. 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, 2012. We noted no unusual items.
 6. We scanned the general ledger including manual journal entries posted during the three months ended December 31, 2012. 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, 2012 and any events subsequent to December 31, 2012 (end of Q2 FY13). During the second quarter, the Organization hired an International Programs Coordinator and incurred relocation expenses. No additional significant items were noted.
 8. 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.

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 three month period ended December 31, 2012.