

International Telecommunications Satellite Organization

Quarterly Financial Consulting Services
for the three months ended
March 31, 2013

April 18, 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 March 31, 2013.

Procedures Performed

We performed the following procedures:

1. We obtained the bank reconciliations and statements for March 2013 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 third quarter of fiscal year 2013 (year ending June 30, 2013), ITSO transferred at total of \$400,000 from the HSBC money market account to the HSBC checking account to pay operating expenses.

During the third quarter, payments related to capacity building initiatives totaling \$59,923 were reimbursed to the HSBC checking account by the HSBC money market II account which is used to hold the funds designated for the development fund.

For March 2013, 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, 2013 to the audited financial statements as of June 30, 2012. We noted no differences.
3. We obtained the balance sheet as of March 31, 2013 and the income statements for the three months ended March 31, 2013 and the comparable period ended March 31, 2012. We made inquiries of Joyce Romanus, external bookkeeper, and noted the following:

- a. We noted there was \$20,465 in accounts payable at March 31, 2013. The Organization generally pays its bills when received and any accounts payable is due to timing of processing the payables. The balance at March 31, 2013 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. We note that IAC 17 was held during the third quarter. We scanned the general ledger and noted no unusual expenses in connection with IAC 17.
 - c. No disbursements were noted from the Contingency Fund.
- 4. We discussed the budget for the year ended June 30, 2013 as compared to actual expenditures through March 31, 2013. 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 March 31, 2013. We noted no unusual items.
 - 6. We scanned the general ledger including manual journal entries posted during the three months ended March 31, 2013. No unusual items were noted.
 - 7. We inquired of the Director General as to any significant events during the three month period ended March 31, 2013 and any events subsequent to March 31, 2013 (end of Q3 FY13). The Director General is in final negotiations with Intelsat regarding a three year funding agreement for FY2014 through FY2016. 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 March 31, 2013.