

International Telecommunications Satellite Organization

Quarterly Financial Consulting Services
for the three months ended
September 30, 2013

October 21, 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 September 30, 2013.

Procedures Performed

We performed the following procedures:

1. We obtained the bank reconciliations and statements for September 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 (Contingency Fund)

During the first quarter of fiscal year 2014 (year ending June 30, 2014), ITSO transferred a total of \$500,000 from the HSBC money market account to the HSBC checking account to pay operating expenses and \$209,000 was transferred to the HSBC money market II account which is used to hold the funds designated for the development fund.

During the first quarter of fiscal year 2014, payments related to capacity building initiatives totaling \$98,556 were reimbursed to the HSBC checking account by the HSBC money market II account.

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

- a. We noted there was \$39,822 in accounts payable at September 30, 2013. The Organization generally pays its bills when received and any accounts payable is due to timing of processing the payables. The balance at September 30, 2013 reflects unpaid invoices incurred during the ordinary course of business in addition to legal expenses incurred in connection with a potential Parties' dispute. No additional 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 noted that there was no IAC meeting held during the first quarter.
 - c. No disbursements were noted from the Contingency Fund.
- 4. We discussed the budget for the year ended June 30, 2014 as compared to actual expenditures through September 30, 2013. During the three months ended September 30, 2013, the Organization incurred approximately \$45,000 of expenses related to a potential Parties' dispute. These amounts were not included in the Fiscal Year 2014 budget. We discussed 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 September 30, 2013. We noted no unusual items.
 - 6. We scanned the general ledger including manual journal entries posted during the three months ended September 30, 2013. No unusual items were noted.
 - 7. We inquired of the Director General as to any significant events during the three month period ended September 30, 2013 and any events subsequent to September 30, 2013. The Organization began its new car lease in August 2013. 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 September 30, 2013.