

International Telecommunications Satellite Organization

Quarterly Financial Consulting Services
for the three months ended
March 31, 2014

April 4, 2014

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, 2014.

Procedures Performed

We performed the following procedures:

1. We obtained the bank reconciliations and statements for March 2014 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 third quarter of fiscal year 2014 (year ending June 30, 2014), ITSO transferred a total of \$300,000 from the HSBC money market account to the HSBC checking account to pay operating expenses. There were no transfers to or payments from the HSBC money market II account which is used to hold the funds designated for the development fund.

For March 2014, 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, 2014 to the audited financial statements as of June 30, 2013. We noted no material differences.
3. We obtained the balance sheet as of March 31, 2014 and the income statements for the three months ended March 31, 2014 and the comparable period ended March 31, 2013. We made inquiries of Joyce Romanus, external bookkeeper, and noted the following:
 - a. 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, 2014 reflects unpaid invoices incurred during the ordinary course of business. 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 the IAC-18 meeting held during the third quarter. We noted no unusual items.
 - c. We noted that expenses were incurred during the third quarter in preparation for the AP-36 meeting in May 2014. We noted no unusual items.
 - d. 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 March 31, 2014. During the three months ended March 31, 2014, the Organization incurred approximately \$7,600 of expenses related to a potential Parties' dispute. These amounts were not included in the Fiscal Year 2014 budget. We noted that the potential Parties' dispute was resolved during the third quarter and the Organization does not anticipate any additional significant expenses related to the matter. We discussed significant variances with Joyce Romanus and the Director of Legal Affairs and received satisfactory explanations.
 - 5. We obtained the detailed general ledger for the three months ended March 31, 2014. We noted no unusual items.
 - 6. We scanned the general ledger including manual journal entries posted during the three months ended March 31, 2014. No unusual items were noted.
 - 7. We inquired of the Director of Legal Affairs and Director General as to any significant events during the three month period ended March 31, 2014 and any events subsequent to March 31, 2014. The Organization is completing negotiations for a new office space in Washington DC that will commence in July 2014. 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, 2014.