

***INTERNATIONAL TELECOMMUNICATIONS
SATELLITE ORGANIZATION
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES FOR
THE THREE MONTHS ENDED SEPTEMBER 30, 2014***

Frank & Company, p.c.

Certified Public Accountants
703-821-0702

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Director General of
International Telecommunications Satellite Organization

We have performed the procedures enumerated below, which were agreed to by the International Telecommunications Satellite Organization (the Organization), solely to assist you with respect to the accounting records of the Organization as of and for the three months ended September 30, 2014. The Organization's management is responsible for the Organization's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We obtained the bank reconciliations for July, August, and September 2014 for the following accounts:
 - a. HSBC Checking account
 - b. HSBC Money Market account
 - c. HSBC Money Market account II (reserve fund)
 - d. Commercial Market Rate Investment account (contingency fund)

For July, August, and September 2014, we compared the balances reported on the reconciliations to the applicable bank statement and trial balance noting the following exceptions:

- HSBC Checking account August 2014 reconciliation – a domestic funds transfer fee of \$15.00 was drawn against the bank account balance on August 19, 2014 but was not posted to the general ledger until September 8, 2014. As a result, the account reconciliation did not agree to the general ledger as of August 31, 2014.

- HSBC Checking account September 2014 reconciliation – a wire transfer of \$4,617.00 was deposited to the bank account on September 24, 2014 but was not posted to the general ledger until October 7, 2014. As a result, the account reconciliation did not agree to the general ledger as of September 30, 2014.
- HSBC Money Market account August 2014 reconciliation – interest earned of \$112.94 was deposited to the bank account on August 29, 2014 but was not posted to the general ledger until September 8, 2014. As a result, the account reconciliation did not agree to the general ledger as of August 31, 2014.

We inquired about reconciling items and noted no unusual items.

2. We reconciled the funding capital account per the Organization's trial balance as of September 30, 2014 to the audited financial statements as of June 30, 2014.
3. We obtained the statement of assets, liabilities, and funding capital as of September 30, 2014 and the statement of revenue and expenses for the three months ended September 30, 2014 and comparable period ended September 30, 2013. We made inquiries of Joyce Romanus, the Organization's outsourced bookkeeper and noted the following:
 - a. During the 1st quarter of FY15, the Organization transferred \$600,000 from the HSBC Money Market account to the HSBC Checking account for expenses. Overall, cash decreased by approximately \$440,000 during the 1st quarter FY15.
 - b. During the 1st quarter of FY15, the Organization transferred \$109,894 from the HSBC Checking account to the HSBC Money Market II account, representing the excess funds available as of June 30, 2014. Further, the Organization transferred \$62,418 from the HSBC Money Market II account to the HSBC Checking account, representing expenses paid from the reserve fund in FY2014.
 - c. We noted accounts payable at September 30, 2014 totaling approximately \$73,000. The Organization generally pays its bills when received and any accounts payable is due to timing of processing the payables and payment. No unusual items were noted per discussion with Joyce Romanus. We noted that the invoices were properly approved by the Organization prior to processing and payment.
 - d. No disbursements were noted from the Contingency Fund. Legal fees totaled \$7,440 during the 1st quarter of FY14 as a result of external legal counsel's providing business related consultation. No unusual items were noted.
4. We obtained the detailed general ledger for the three months ended September 30, 2014. We noted no unusual items.
5. We scanned the general ledger and obtained a listing of manual journal entries posted during the three months ended September 30, 2014. No unusual items were noted.

6. We inquired of the Director General as to any significant events during the quarter ended September 30, 2014 and any events subsequent to September 30, 2014 (end of Q1 FY15) and noted the following:
 - a. The Director General has issued a memo clarifying the definition of the other comprehensive basis of accounting utilized for financial reporting of the Organization to exclude the accrual of accrued leave and deferred rent, which is consistent with prior year accounting policies.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Organization and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Frank & Company, P.C." The signature is written in a cursive, flowing style.

1360 Beverly Road
Suite 300
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October 16, 2014