

***INTERNATIONAL TELECOMMUNICATIONS
SATELLITE ORGANIZATION
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES FOR
THE THREE MONTHS ENDED MARCH 31, 2016***

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 March 31, 2016. 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 January, February, and March 2016 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 January, February, and March 2016, we compared the balances reported on the reconciliations to the applicable bank statement and trial balance without exception. 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 March 31, 2016 to the audited financial statements as of June 30, 2015.
3. We obtained the statement of assets, liabilities, and funding capital as of March 31, 2016 and the statement of revenue and expenses for the three months ended March 31, 2016 and comparable period ended March 31, 2015. We made inquiries of Joyce Romanus, the Organization's outsourced bookkeeper and noted the following:
 - a. During the 3rd quarter of FY16, the Organization transferred \$300,000 from the HSBC Money Market account to the HSBC Checking account for expenses. Overall, cash decreased by approximately \$360,000 during the 3rd quarter FY16.

- b. We noted accounts payable at March 31, 2016 totaling approximately \$37,000. The Organization generally pays its bills when received and any accounts payable is due to timing of processing the payables and payment. We noted that the invoices were properly approved by the Organization prior to processing and payment.

We bring to your attention a payable to Ortel-Organo Regulador in the amount of \$6,000. Discussion with ITSO staff indicated that funds were wired on December 6, 2012 as payment on this liability, however, the wire was returned. We recommend ITSO review this payable with the appropriate vendor to either complete payment on this outstanding liability or write-off the outstanding liability before the end of the fiscal year. The staff of ITSO has informed us that inquiries have been made of the vendor with no response and staff of ITSO will continue to pursue a resolution to this issue during the 4th quarter of 2016.

- c. No disbursements were noted from the Contingency Fund. Legal fees totaled \$9,945 during the 3rd quarter of FY16 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 March 31, 2016. 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 March 31, 2016. No unusual items were noted.
 - 6. We inquired of the Director General as to any significant events during the quarter ended March 31, 2016 and any events subsequent to March 31, 2016 (end of Q3 FY16). No significant events were noted.

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.



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May 4, 2016