



***INTERNATIONAL TELECOMMUNICATIONS
SATELLITE ORGANIZATION***

***INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES***

***FOR THE THREE MONTHS ENDED
DECEMBER 31, 2019***

***INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES***

To the Director General of
International Telecommunications Satellite Organization

Prager Metis CPAs, LLC

1360 BEVERLY ROAD
SUITE 300
MCLEAN, VA 22101

T 703.821.0702

F 703.448.1236

www.pragermetis.com

We have performed the procedures enumerated below, which were agreed to by the International Telecommunications Satellite Organization (the Organization or ITSO), solely to assist you with respect to the accounting records of the Organization as of December 31, 2019. The Organization's management is responsible for the Organization's accounting records. 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 associated findings are as follows:

1. Obtain the monthly bank reconciliations, compare the balance report to the bank statement and inquire about reconciling items.

We obtained the bank reconciliations for October, November, and December 2019 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 October, November, and December 2019 we compared the balances reported on the reconciliations to the applicable bank statement and trial balance without exception.

2. Obtain the trial balance and compare the quarterly balances to balances in the same period in the prior year. Inquire about variances that are considered large or unusual.



We obtained the trial balance as of December 31, 2019 and compared it to balances as of December 31, 2018. We made inquiries of Joyce Romanus, the Organization's outsourced bookkeeper and noted the following:

- a. The Organization transferred \$200,000 from the HSBC Money Market account to the HSBC checking account. Overall, cash decreased by approximately \$333,600 compared to the same period in the prior year due to the Intelsat contract undergoing negotiations.
- b. Payables increased approximately \$48,600 from the comparable period of the prior year. The Organization generally pays its bills when received and any accounts payable is due to timing of processing the payables 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 noted ITSO staff attempted to wire these funds on 3 separate occasions throughout the period of testing and each 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 2020.

- c. The Organization transferred approximately \$131,100 from the Contingency Fund to the HSBC Checking. Legal fees totaled \$191,700 during the 2nd quarter of fiscal year 2020 as a result of external legal counsel providing business related consultation. No unusual items were noted.
- d. We noted the following expense accounts had material decreases from the comparable period:

		<u>12/31/2019</u>	<u>12/31/2018</u>
i.	Temporary Staff	\$ 0.00	\$ 11,276.00
ii.	AP-38 Language & Transl.	0.00	22,942.81

- e. We noted the following expense accounts had material increases from the comparable period:

	12/31/2019	12/31/2018
i. Salaries and Wages Net	\$ 137,746.08	\$ 121,785.34
ii. Home Leave	24,910.80	0.00
iii. Legal Fees	191,726.00	9,352.00
iv. Studies	6,000.00	0.00
v. Lodging	19,134.00	11,589.55
vi. IAC-23 Language Transl.	38,824.64	0.00

- f. The Organization received revenue of approximately \$424,700 in the quarter ended December 31, 2019, due to funding received for arbitration regarding the Intelsat contract.
3. Scan the general ledger and inquire about manual journal entries that were posted during the period.

We scanned the general ledger for the three months ended December 31, 2019, noting no manual journal entries.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records. Accordingly, we do not express such an opinion or conclusion. 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.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
McLean, Virginia
February 17, 2020