



**INTERNATIONAL TELECOMMUNICATIONS
SATELLITE ORGANIZATION**

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

**FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2020**

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

To the Director General of
International Telecommunications Satellite Organization

Prager Metis CPAs, LLC

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We have performed the procedures enumerated below, which were agreed to by the International Telecommunications Satellite Organization (ITSO), solely to assist you with respect to the accounting records of ITSO as of and for the three months ended September 30, 2020. ITSO's management is responsible for ITSO'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.

The 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 July, August, and September 2020 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 2020 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 material. Materiality is calculated using standard attestation materiality thresholds and is \$3,300.



We obtained the trial balance as of September 30, 2020 and compared it to balances as of September 30, 2019. We made inquiries of Joyce Romanus, ITSO's outsourced bookkeeper and noted the following:

- a. ITSO transferred \$106,145 from the reserve and contingency accounts to the HSBC checking account. Overall, cash decreased by approximately \$1,271,000 compared to the same period in the prior year due to the Intelsat contract undergoing negotiations.
- b. Payables increased approximately \$251,000 from the comparable period of the prior year. ITSO generally pays its bills when received. The increase in accounts payable is due to the Intelsat contract negotiations.
- c. Fees related to proceedings against Intelsat totaled approximately \$12,000 during the 1st quarter of fiscal year 2021. No unusual items were noted.
- d. We noted the following expense accounts had material decreases from the comparable period:

	9/30/2020	9/30/2019
i. Capacity Building Expenses	\$ 0	\$ 11,142
ii. Salaries and Wages	123,683	129,412
iii. Bonus	0	30,500
iv. Health and Dental Ins.	14,882	23,534
v. 401k Employer Contr.	4,178	21,015
vi. Airfare	0	24,650
vii. Lodging	0	7,800

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

	9/30/2020	9/30/2019
i. Legal Fees	\$ 26,850	\$ 6,000
ii. Accounting, HR, Imm.	23,459	11,348
iii. AP-39 Language Transl.	16,148	85
iv. AP-39 Equipment Rental	5,583	0
v. AP-39 Simultaneous Inter.	6,600	0
vi. AP-39 Short-term Support	4,875	0
vii. Bankruptcy of Intelsat	11,400	0



- f. No funding was received by ITSO in the quarter ended September 30, 2020 due to arbitration regarding the Intelsat contract. As noted in our audit report dated September 23, 2020, the financial statements of ITSO were prepared assuming that ITSO will continue as a going concern.
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 September 30, 2020, 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 of financial statements or any part thereof, the objective of which is the expression of an opinion or conclusion on the financial statements or a part thereof. 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 ITSO 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
November 10, 2020