



**LATIN AMERICA AND
CARIBBEAN NETWORK
INFORMATION CENTRE
(LACNIC)**

Financial statements for the year ended
December 31, 2020 and independent
auditor's report

LATIN AMERICA AND CARIBBEAN NETWORK INFORMATION CENTRE (LACNIC)

Financial statements for the year ended December 31, 2020 and independent auditor's report

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To the Shareholders of Latin America and Caribbean Network Information Centre (LACNIC).

Opinion

We have audited the financial statements of Latin America and Caribbean Network Information Centre (LACNIC) (the Organisation), which comprise the statement of financial position as of December 31, 2020, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Organisation's financial statements present fairly, in all material respects, the financial position of the Organisation as of December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with generally accepted accounting standards in Uruguay.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting standards in Uruguay, and for such internal control as Management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

March 24, 2021



Héctor Cuello
Partner, Deloitte S.C.



LACNIC

Statement of financial position as of December 31, 2020

(in United States dollars)

	Note	US\$	
		12.31.2020	12.31.2019
Assets			
Current assets			
Cash and banks	5	814,520	1,147,145
Investments	6	9,335,562	5,677,714
Membership receivables	7	1,304,935	1,359,930
Other receivables	8	466,685	553,598
Total current assets		11,921,702	8,738,387
Non-current assets			
Fixed assets	9	5,118,776	5,198,465
Intangible assets	9	38,480	26,543
Total non-current assets		5,157,256	5,225,008
Total assets		17,078,958	13,963,395
Off balance accounts	16	72,456	103,829
Liabilities and equity			
Current liabilities			
Trade payables	10	341,271	227,625
Other payables	11	1,202,581	834,874
Total current liabilities		1,543,852	1,062,499
Total liabilities		1,543,852	1,062,499
Equity			
Prior years' results		12,900,896	10,731,580
Comprehensive income for the year		2,634,210	2,169,316
Total equity		15,535,106	12,900,896
Total liabilities and equity		17,078,958	13,963,395
Off balance accounts	16	72,456	103,829

The notes are an integral part of these financial statements.

The report dated March 24, 2021

is submitted in document attached

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LACNIC

Statement of profit or loss for the year ended December, 31 2020

(in United States dollars)

	Note	US\$	
		12.31.2020	12.31.2019
Net operating revenues	12	9,718,992	9,547,547
Operating expenses			
Salaries and Personnel Expenses		(3,366,129)	(3,173,655)
Professional Fees and Hired Services		(1,160,895)	(618,503)
Cooperation, Contribution and Memberships		(782,399)	(321,239)
Fixed Assets and Intangible Assets Depreciation		(463,002)	(381,503)
Building Maintenance and Utilities		(253,983)	(241,567)
IT Maintenance Services		(222,667)	(198,266)
Communication Expenses		(205,372)	(196,393)
Travel Expenses (Staff, Board and Commissions)		(151,730)	(877,707)
Training Expenses		(117,728)	(127,053)
Outreach Costs		(95,727)	(611,088)
Travel Expenses (Fellows and Exhibitors)		(400)	(365,882)
Other Operating Expenses		(170,444)	(121,048)
		(6,990,476)	(7,233,904)
Other profit or loss			
Other Income		53,225	17,095
Other expenses		(27,043)	(23,679)
		26,182	(6,584)
Financial results			
Interest and Bank Expenses		(43,557)	(31,966)
Collecting Fees		(109,640)	(108,554)
Result of Investments		221,788	198,283
Discounts Granted in Memberships		(210,859)	(215,464)
Foreign Currency Translation		21,780	19,958
		(120,488)	(137,743)
Profit or loss for the year		2,634,210	2,169,316
Other comprehensive income		-	-
Comprehensive income for the year		2,634,210	2,169,316

The notes are an integral part of these financial statements.

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LACNIC

Statement of changes in equity for the year ended December 31, 2020

(in United States dollars)

	<u>Note</u>	Prior years' results	Total equity
Balances as of December 31, 2018		10,731,580	10,731,580
Movements during the year			
Profit or loss for the year		2,169,316	2,169,316
Balances as of December 31, 2019		12,900,896	12,900,896
Movements during the year			
Profit or loss for the year		2,634,210	2,634,210
Balances as of December 31, 2020		15,535,106	15,535,106

The notes are an integral part of these financial statements.

The report dated March 24, 2021
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Statement of cash flows

for the year ended December 31, 2020

(in United States dollars)

	Note	US\$	
		12.31.2020	12.31.2019
Cash flows from operating activities			
Comprehensive income for the year		2,634,210	2,169,316
Adjustments:			
Depreciation of fixed assets	9	453,178	369,853
Depreciation of intangible assets	9	9,824	11,650
Result from sale of fixed assets		(6,703)	-
Operating result before changes in operating activities		3,090,509	2,550,819
Membership receivables		54,995	(548,049)
Other receivables		86,913	(48,577)
Trade payables		113,646	(163,184)
Other payables		367,707	(10,618)
Net cash flow provided by operating activities		3,713,770	1,780,391
Cash flows from investment activities			
Investments		(3,657,848)	(757,854)
Purchase of fixed assests	9	(393,902)	(574,704)
Sales of fixed assests		27,116	1,733
Purchase of intangible assets	9	(21,761)	(20,971)
Net cash flow used in investing activities		(4,046,395)	(1,351,796)
Variation in net cash flow		(332,625)	428,595
Cash and banks at the beginning of the year	5	1,147,145	718,550
Cash and banks as of year-end	5	814,520	1,147,145

The notes are an integral part of these financial statements.

The report dated March 24, 2021

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LATIN AMERICA AND CARIBBEAN NETWORK INFORMATION CENTRE (LACNIC)

Notes to the financial statements for the year ended December 31, 2020

Note 1 - Basic information about the Organisation

1.1 Legal nature and main activity

Latin America and Caribbean Network Information Centre (LACNIC), is a non-governmental and non-profit organisation, incorporated on July 27, 2001 in the city of Montevideo, Uruguay and domiciled at Rambla República de México 6125, Montevideo - Uruguay.

It started operations on April 1, 2002. Its founding members are: Asociación Hispanoamericana de Centros de Investigación y Empresas de Telecomunicaciones (ASIET), Cámara Argentina de Bases de Datos y Servicios en Línea (CABASE), Comité Gestor Internet Brazil (CG-Br), Federación Latinoamericana y del Caribe de Internet y el Comercio Electrónico (eCOM-LAC), Foro de Redes de América Latina y el Caribe (ENRED) and NIC México (NIC-Mx).

The object of the Organisation includes the following activities:

1. Management of the space of IP addresses and other related resources for the benefit of the Internet community for the region of Latin America and the Caribbean (LAC).
2. Provision of services of registration of IP addresses, ASN, inverse resolution and related resources, with the purpose of enabling and facilitating communications through computer networks.
3. Representation and promotion of all viewpoints and interests of the region before those international organisations, within the area of its jurisdiction.
4. Cooperation in the growth of the Internet in the region.
5. Assistance of the Latin American and Caribbean community in the development of procedures, mechanisms and standards for the efficient allocation of Internet resources.
6. Promotion of educational opportunities to its members in technical and political areas of its jurisdiction.
7. Proposal and development of public policies in the area of its jurisdiction.

LACNIC has the benefits established by Decree 334/970 dated July 14, 1970, which exempts this kind of Institutions from employer’s contributions to social security. Besides, Law No. 13.179 gives all employees of international non-profit organisations the option of choosing the Uruguayan social security system.

1.2 Financial statements’ approval

LACNIC's Board of Directors has authorised the issuance of the financial statements expressed in US dollars (functional currency) on March 23, 2021.

As a consequence of the situation generated by COVID-19 (Coronavirus), LACNIC's Board of Directors decided on March 24, 2020 to postpone the submission of the financial statements for the approval by the Ordinary Members Assembly, until the date in which the conditions are given for it to be carried out.

<p>The report dated March 24, 2021 is submitted in document attached Deloitte S.C.</p>
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Note 2 - Main accounting policies and practices applicable

2.1 Basis of preparation

To the date of issuance of these financial statements, the appropriate accounting standards in Uruguay applicable to the Organisation are established in Decrees 37/10, 291/14, 372/15 and 408/16.

Decree 37/010 states that the Organisation must apply the classification and disclosure criteria of current/non-current assets and liabilities in the statement of financial position, and the classification and disclosure criteria of expenses by function in the statement of comprehensive income.

Decrees 291/14 and 372/15 establish that financial statements for periods beginning on or after January 1, 2015 must be prepared according to the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by IASB – the International Accounting Standards Board, to the date of issuance of the decree and published on the website of *Auditoría Interna de la Nación*. However, these decrees state the following exceptions to the application of IFRS for SMEs:

- They may be used as an alternative to the revaluation method laid down in the International Accounting Standards 16 and 38 for fixed assets and intangible assets respectively.
- The presentation of the statement of changes in net equity will be mandatory.
- In the application of section 25, it will be possible to opt for the capitalisation of loans provided by the International Accounting Standard 23 - Costs for loans.
- IAS 12 must be applied on income tax instead of Section 29 of IFRS for SMEs.
- Investments in subsidiaries in the separate balance sheets must be valued at the value of proportional participation.
- Investments in joint ventures and associates can be valued as detailed in section 9 of IFRS for SMEs or at the value of proportional participation.

Also, Decree 291/14 grants the option to submit the financial statements under International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The entity has adopted IFRS for SMEs with the exceptions mentioned above.

On December 26, 2016 the Executive Power introduced Decree 408/016 which requires changes in the presentation of financial statements.

The main dispositions included in the decree can be summarised in the following points:

- a) Current assets must be presented in decreasing order regarding liquidity
- b) The presentation of the comprehensive income must be realised in two statements, the statement of profit or loss and the statement of comprehensive income.
- c) In the statement of profit or loss, expenses must be presented using a classification based on their function.
- d) Figures in other comprehensive income must be presented in the statement of comprehensive income, net of income tax.
- e) Cash flows from operating activities must be presented in the statement of cash flows using the indirect method.

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2.2 Functional currency

The financial statements have been prepared on the basis of the concept of functional currency defined in Section 30 "Translation of foreign currencies" of the IFRS for SMEs. The Management of the Organisation has decided to adopt the US dollar as the functional currency of the Financial Statements and not the local currency of Uruguay, considering that the first reflects the economic substance of the events and circumstances relevant to it, taking as reference the items listed in Section 30 of the IFRS for SMEs which are the following:

- The income stream is denominated in US dollars, given that, substantially, the prices are fixed in that currency irrespective of the exchange rate of the local economy.
- The collection of accounts receivable is substantially made in US dollars.
- Financing is substantially denominated in US dollars.
- Most operation expenses are made in US dollars.

2.3 Basis of measurement

The financial statements have been prepared following, in general, the accounting principle of historical cost. Consequently, assets, liabilities, income and expenses are valued at the amounts in money actually agreed in the transactions that have given them origin.

2.4 Foreign currency

Transactions in foreign currencies are translated into the functional currency at the exchange rate on the date of the transaction.

Monetary assets and liabilities denominated in a currency other than the functional currency are translated into United States dollars at the rate in force at the end of the fiscal year (1 US\$ = \$ 42,34 on December 31, 2020 and 1 US\$ = \$ 37,308 on December 31, 2019).

Exchange rate differences that may arise are submitted in the statement of comprehensive income. Transactions in currencies other than the functional currency are recorded at the exchange rate or arbitration corresponding to the day of the transaction.

2.5 Concept of capital

For the determination of the fiscal year's results, the concept of financial capital was adopted. It has been considered a result of the fiscal year, the difference that arises from comparing the net equity at the end of the fiscal year and at the beginning of it, after excluding the decreases and increases corresponding to capital contributions and withdrawal of profit. For the purposes of the determination of the fiscal year's result, all the amounts involved in the variation of the net equity are expressed in the functional currency of the Organisation.

There was no special provision to consider the likely coverage that could have been considered necessary for the purpose of maintaining the operational capacity of the assets.

2.6 Use of accounting estimates

The preparation of the financial statements to a certain date requires Management to make estimates and assessments that affect the amount of assets and liabilities and contingent assets and liabilities disclosed to the date of issuance of these financial statements, as well as the income and expenditure registered in the fiscal year.

The relevant estimates and assumptions are regularly revised. The revisions of accounting estimates are recognised prospectively.

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The Management of the Organisation makes estimates to be able to calculate at a given time, for example, those estimates related to the forecast of bad debts, depreciation of fixed assets and intangible assets, the recoverable value of non-current assets, provisions for expenditure among others.

By their nature, these estimates are subject to a measurement uncertainty, therefore, future actual results may differ from those determined at the date of preparation of these financial statements.

2.7 Permanence of accounting criteria

The criteria applied in the valuation of assets and liabilities, as well as in the determination of the result for the year, are similar to those applied in the last year.

Note 3 - Specific valuation criteria

The valuation criteria applied to the main items of the financial statements are detailed below:

3.1 Cash and banks

Cash and banks are presented at their nominal value. The nominal value is no different from its fair value.

3.2 Investments

According to LACNIC's current investment policy, the use of derivatives or hedging instruments is not allowed.

The investments are valued at their fair value, the results are exposed in the statement of profit or loss, chapter Financial Results, Result of Investments.

3.3 Membership's receivables and other receivables

Membership's receivables and other receivables are initially recognised by the value of the transaction. Subsequently, they are valued at amortised cost using the actual interest method less any forecast by uncollectability.

3.4 Fixed assets

Fixed assets are presented at their historical cost of acquisition in US dollars less any accumulated depreciation and any accumulated impairment loss. Depreciations are calculated using the straight-line method from the time of incorporation of the goods, applying annual percentages determined based on the goods' estimated useful lives.

Fixed assets are depreciated according to the following estimated useful lives for each category:

- Properties – Improvements 50 years
- Furniture and fittings 10 years
- Vehicles 10 years
- Computer devices 3 years
- Communication devices 5 years
- Other equipment 3 years

Expenditure incurred subsequent to the acquisition of an item of fixed assets is included in the carrying amount of the asset when it is probable that they will result in future economic benefits, additional to the originally assessed. The cost of repairs and maintenance are charged to profit or loss.

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The fixed assets are removed at the time of their disposal (sale or removal) or when no future economic benefits are expected as a result of their use or disposition; any utility or loss arising will be recognised in the statement of profit or loss.

The accumulated depreciation is calculated using the straight-line method based on the estimated useful life of the respective assets. The depreciation of the fiscal year is imputed to "Operating expenses" of the statement of comprehensive income, depending on the use that is given to the asset.

3.5 Intangible assets

Intangible assets (software) are valued at their historic cost of acquisition minus the corresponding accumulated depreciation.

Depreciation is calculated by the straight-line method using fixed percentages on the original values, estimated according to the useful life of each category, starting from the month following their incorporation. The estimated useful life for intangible assets is 3 years.

3.6 Impairment loss of tangible and intangible assets

At each balance sheet date, the Organisation reviews the carrying amount of its assets to determine if there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of these assets is estimated to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Organisation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the highest of its fair value, costs deducted as intended to sale and the value in use. To calculate the value in use, estimated future cash flows are discounted to their present value using a discount rate before tax that reflects the market value of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as a result, unless the asset in question has been revalued, in which case the impairment loss is treated as a reduction of the revaluation.

3.7 Trade payables and other payables

Trade payables and other payables are submitted to its nominal value.

3.8 Income Tax

The Organisation is exempt from all national taxes owing to its nature as non-governmental and non-profit organisation, recognised by the Ministry of Foreign Affairs, according to the provisions of Decree 334/970, thus being entitled to tax exemptions provided in article 69 of the Oriental Republic of Uruguay's Constitution.

3.9 Provisions

Provisions are recognised when the Organisation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Organisation will be required to settle that obligation and a reliable estimate can be made of the amount.

The amount recognised as a provision is the best estimate of the amount required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When an obligation is expected to be settled in the long term, the amount is determined by a cash flow discounted by a rate that reflects the current value of the obligation.

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3.10 Classification as liabilities or net equity

Instruments of liabilities or net equity are classified as financial liabilities or net equity according to the substance of the contractual agreement.

3.11 Determination of profit or loss

The Organisation applied the principle of the accrued for the recognition of income and the allocation of costs and expenses.

Income is recognised when it is probable that future economic benefits will enter the net equity of the Organisation as a result of its transactions. Income from services rendered is recorded once they have been accrued and the amount can be measured reliably.

3.12 Statement of cash flows

For the purpose of the presentation of the statement of cash flows, the concept of funds is defined as cash and cash equivalents.

Cash and cash equivalents include the cash balance and the sight deposits and other highly liquid short-term investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Note 4 - Risk management policy

The Organisation has a Risk Management Methodology. It includes the identification, assessment, treatment and monitoring of the risks that affect the Organisation, as well as the potential impact on the financial statements.

The financial statements do not include adjustments derived from the financial and economic situations of the country and of those places where the investments are located. Consequently, they do not include any contingencies thereof, nor the eventual volatility of investments.

No provisions have been made for eventual restrictions to Cash and Cash Equivalents availability that could be issued.

The main risks affecting the Organisation's activities are:

4.1 Market Risk

LACNIC is theoretically exposed to the following market risk factors:

a. Exchange Rate

The Organisation is exposed to the variation in the exchange rate of the Uruguayan Peso (other than the functional currency). The foreign currency risk arises from commercial transactions and from assets and liabilities kept in foreign currencies. As mentioned in Note 3.2, LACNIC does not use any coverage instruments to neutralise said risk.

In order to minimise this risk, the Organisation aims to neutralise the asset and liability positions maintained in currencies other than the functional currency. In Note 13 there is a summary of debit and credit balances in foreign currencies.

For the year ended December 31, 2020, if the US dollar had strengthened 10% against the Uruguayan peso (main foreign currency), holding other variables constant, it would have had a non-material effect on the financial statements of the Organisation.

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b. Interest Rate

LACNIC does not have assets or liabilities exposed to variations in interest rates.

4.2 Credit Risk

The main financial assets are made up of Membership's receivables. Membership's receivables are separated into several debtors.

The Organisation has established control processes and mechanisms that ensure a proper risk management.

4.3 Liquidity Risk

The Liquidity Risk implies not being able to cover short-term liabilities with the liquid assets.

The Organisation has enough liquid assets in first-rate banks, in liquid temporary investments, and in accounts receivable to face all committed current liabilities. As of December 31, 2020, LACNIC has balances in liquid assets amounting to US\$ 814,520.

Note 5 - Cash and banks

	US\$	
	12.31.2020	12.31.2019
Cash	718	647
Banks	813,802	1,146,498
	814,520	1,147,145

Note 6 - Investments

	US\$	
	12.31.2020	12.31.2019
Governmental bonds	2,947,276	2,262,046
Corporate bonds	6,306,979	3,372,848
Subtotal	9,254,255	5,634,894
Interest receivables	81,307	42,820
Total	9,335,562	5,677,714

The Board of LACNIC has adopted a conservative investment philosophy prioritising the preservation of capital and liquidity.

As of December 31, 2020, all securities have an investment grade credit rating.

The investments are valued at market value.

Detail of LACNIC's portfolio:

Securities	Currency	Nominal Value	Market Value
US TREASURY	US\$	710,000	733,660
ABU DHABI	US\$	300,000	311,061
SAUDI ARABIA	US\$	300,000	304,110
INDONESIA	US\$	278,000	290,410
EURASIAN DEVELOPMENT BANK	US\$	262,000	276,436
REPUBLIC OF CHILE	US\$	210,000	215,013
COLOMBIA	US\$	200,000	204,762
CORPORACION ANDINA DE FOMENTO	US\$	200,000	205,608
EIB	US\$	200,000	203,066
POLAND	US\$	200,000	203,150
Governmental Bonds			2,947,276
DEUTSCHE BANK	US\$	580,000	588,910
GOLDMAN SACHS	US\$	500,000	524,119
BANK OF AMERICA	US\$	480,000	489,307
BBVA BANCO PERU	US\$	396,000	421,372
SANTANDER MX	US\$	300,000	317,220
STANCHART	US\$	270,000	283,997
QATAR NATIONAL BANK	US\$	250,000	252,833
RABOBANK NEDERLAND	US\$	250,000	265,083
VOLKSWAGEN	US\$	250,000	256,430
ING	US\$	220,000	227,634
AMERICA MOVIL	US\$	200,000	207,612
NISSAN	US\$	200,000	209,188
UBS AG	US\$	200,000	208,236
SANTANDER HOLDING USA	US\$	190,000	196,270
WELLS FARGO	US\$	173,000	179,727
CITIGROUP	US\$	150,000	156,273
BANCO DE CREDITO PERU	US\$	120,000	128,210
JPMORGAN CHAS	US\$	120,000	130,295
ROYAL BANK OF CANADA	US\$	100,000	100,955
SANTANDER UK	US\$	100,000	100,020
TORONTO DOMINION BANK	US\$	100,000	101,316
3 7/8 BC SANTANDER 12	US\$	90,000	95,242
ALIBABA GRP 14	US\$	90,000	99,101
BANK OF MONTREAL	US\$	90,000	90,700
BMW US Capital	US\$	85,000	85,629
BBVA CONTINENTAL	US\$	80,000	85,520
BCO DE CREDITO DE PERU	US\$	70,000	74,982
TOYOTA MTR	US\$	67,000	67,623
KRED WIEDERAUF	US\$	62,000	66,345
MICROSOFT	US\$	61,000	62,371
APPLE INC	US\$	40,000	40,368
BBVA NY MANDATO	US\$	40,000	40,000
KIMBERLY CLARK CORP	US\$	39,000	43,325
PROCTER AND GAMBLE	US\$	39,000	39,480
VISA INC	US\$	38,000	39,775
COCA COLA CO	US\$	30,000	31,515
Corporate Bonds			6,306,979
Total Bonds			9,254,255

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Note 7 - Membership's receivables

	US\$	
	12.31.2020	12.31.2019
Renewal of membership's receivables	1,757,843	1.805,017
Credit cards	118,488	121,827
Initial membership's receivables	71,130	106,670
Invoiced revenues not accrued (*)	(642,526)	(673,584)
	1,304,935	1,359,930

(*) The amount is due to invoices issued by the Organisation to its members, for which annual memberships have not yet been accrued. This balance regularises the balance of memberships receivable.

Note 8 - Other receivables

	US\$	
	12.31.2020	12.31.2019
Advances to suppliers	357,897	191,884
Other receivables	108,788	381,414
Billed and unearned income	-	(19,700)
	466,685	553,598

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Note 9 - Fixed assets and intangible assets

The evolution of fixed assets is as follows:

Items	Original values			Depreciation				Net value		
	Balance as of December 31, 2019	Additions and reclassifications	Dispositions and reclassifications	Balance as of December 31, 2020	Balance as of December 31, 2019	Annual depreciation	Accumulated depreciation of dispositions	Balance as of December 31, 2020	Carrying amount as of December 31, 2020	Carrying amount as of December 31, 2019
Properties – improvements	3,642,870	-	-	3,642,870	396,844	72,858	-	469,702	3,173,168	3,246,026
Furniture	338,038	93,074	-	431,112	98,731	31,916	-	130,647	300,465	239,307
Vehicles	28,071	34,866	28,071	34,866	6,774	2,966	8,880	860	34,006	21,297
Computing devices	977,302	185,278	37,358	1,125,222	636,548	167,917	36,136	768,329	356,893	340,754
Communication devices	739,098	28,125	-	767,223	359,370	125,749	-	485,119	282,104	379,728
Other equipment	314,500	52,559	312	366,747	215,600	51,772	312	267,060	99,687	98,900
Property - Land	872,453	-	-	872,453	-	-	-	-	872,453	872,453
Total fixed assets	6,912,332	393,902	65,741	7,240,493	1,713,867	453,178	45,328	2,121,717	5,118,776	5,198,465
Software	355,006	21,761	-	376,767	328,463	9,824	-	338,287	38,480	26,543
Total intangible assets	355,006	21,761	-	376,767	328,463	9,824	-	338,287	38,480	26,543
Total fixed and intangible assets	7,267,338	415,663	65,741	7,617,260	2,042,330	463,002	45,328	2,460,004	5,157,256	5,225,008

Regarding the incorporation of fixed assets, the amount actually paid and included in the statement of cash flows amounts to US\$ 415,663.

Note 10 - Trade payables

	US\$	
	12.31.2020	12.31.2019
Trade payables	329,268	218,977
Credit cards payables	12,003	8,648
	341,271	227,625

Note 11 - Other payables

	US\$	
	12.31.2020	12.31.2019
Memberships' advances	466,648	370,107
Provisions for employee benefits	486,431	431,870
Benefit for staff	31,506	29,491
Other payables	217,996	3,406
	1,202,581	834,874

Note 12 - Net operating revenues

	US\$	
	12.31.2020	12.31.2019
ISPs (Internet Services Providers)	5,365,930	5,162,622
End User	481,415	494,371
ASN (Autonomous System Number)	181,002	221,500
Memberships of Internet National Registries	3,564,621	3,198,985
Other Incomes	126,024	470,069
	9,718,992	9,547,547

Note 13 - Position in foreign currencies

Balances denominated in foreign currencies (currencies other than the Entity's functional currency), are as follows:

	December 31, 2020		
	Uruguayan pesos	€	Equivalent in US\$
Cash and banks	1,519,267	-	35,883
Other receivables	1,807,105	-	42,681
Total assets	3,326,372	-	78,563
Trade Payables	2,377,614	-	56,155
Other payables	12,093,868	-	285,637
Total liabilities	14,471,482	-	341,792
Net position	(11,145,110)	-	(263,229)

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	December 31, 2019		
	Uruguayan pesos	€	Equivalent in US\$
Cash and banks	1,492,693	-	40,010
Other receivables	155,985	3,546	8,157
Total assets	1,648,678	3,546	48,167
Trade Payables	1,926,473	-	51,637
Other payables	9,994,589	-	267,894
Total liabilities	11,921,062	-	319,531
Net position	(10,272,385)	3,546	(271,364)

Note 14 - Joint fund for the stability of Regional Internet Registries (RIRs)

In 2015, LACNIC's Board of Directors agreed to participate with US\$ 100.000 in a Joint Fund of the Regional Internet Registries (RIRs) to guarantee the continuity of its registry operations and related support activities, in the face of potential contingent situations. This reserve fund is composed of voluntary commitments of funds from each of the parties.

Note 15 - Key management personnel

Key personnel comprise those people with authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly.

Based on this definition, it is understood that LACNIC's key personnel is made up of Board members, the Deputy/Chief Executive Officer and Managers of the Institution.

LACNIC's Board of Directors do not receive remuneration.

The total fixed compensation expense of key personnel as of December 31, 2020 amounts to US\$ 765,656 and it is included under section "Salaries and Personnel Expenses" in the statement of comprehensive income. (US\$ 799,875 as of December 31, 2019).

Note 16 - Off balance accounts

LACNIC participates in collaborative projects with other organisations of the internet ecosystem, with the aim of promoting the development of internet in the region, managing funds for and on behalf of third parties linked to such projects.

Additionally, it officiates as secretary of the Regional Preparatory Meeting for the Internet Governance Forum (LACIGF), administrating funds of third parties.

	US\$	
	12.31.2020	12.31.2019
AYITIC	-	12,874
FRIDA	-	37,626
LACIGF	65,851	47,803
LACNOG	6,605	5,526
Total	72,456	103,829

Note 17 - Operation context

During the year ended December 31, 2020, a virus known as Coronavirus (“COVID-19”) has spread in our region, being declared by the World Health Organization as a pandemic on March 11, 2020. Extraordinary measures have been taken at a national and international level intending to contain this pandemic, which are affecting the local and global economic activity. Additionally, the evolution of the pandemic is highly uncertain and, consequently, so are future containment measures, their duration and impact on future economic activity.

Despite this operational context, no significant economic effects that need to be disclosed in the financial statements were noted.

Note 18 - Subsequent events

As of the date of issuance of the present financial statements, there have been no subsequent events which may significantly affect the Organisation.

