Latin America and Caribbean Network Information Centre (LACNIC)

Report to the Board of Directors regarding to the audit of financial statements in US Dollars as of December 31, 2022.

(This is a free translation into English of the independent auditors' report issued in Spanish, which is the official document and it is provided solely for the convenience of English speaking users)

KPMG
April 5, 2023

This report contains 22 pages

Contents

___.___

KPMG S.C.
Circunvalación Dr. Enrique Tarigo (ex Plaza de Cagancha) 1335 Piso 7
11.100 Montevideo - Uruguay
Teléfono: 598 2902 4546
Telefax: 598 2902 1337

Independent Auditors' Report

To the Board of Directors 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 at December 31, 2022, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and notes, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organisation as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organisation in accordance 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles in Uruguay, and for such internal control as management determines is 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 judgement 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 auditors' 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 auditors' 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, in case of existence, any significant deficiencies in internal control that we identify during our audit.

Montevideo, April 5, 2023

By KPMG

Alejandra Marmolejo
Assoociate Director
C.J. y P.P.U. 80.425

Stamp on original

Statement of financial position as of December 31, 2022

(in US dollars)

	Note	US$ 12.31.2022	US$ 12.31.2021
Assets			
Current assets			
Cash and cash equivalents	6	1.586.525	1.697.275
Investments	7	4.396.392	3.607.233
Membership receivables	8	1.095.239	1.169.902
Other receivables	9	478.846	501.231
Total current assets		**7.557.002**	**6.975.641**
Non-current assets			
Investments	7	6.629.902	7.115.805
Properties, plant and equipments	10	4.613.549	4.914.560
Intangible assets	10	158.876	56.705
Total non-current assets		**11.402.327**	**12.087.070**
Total assets		**18.959.329**	**19.062.711**
Off balance accounts	17	**71.906**	**80.568**
Liabilities and equity			
Current liabilities			
Trade payables	11	210.397	289.743
Other payables	12	1.377.064	1.417.259
Total current liabilities		**1.587.461**	**1.707.002**
Total liabilities		**1.587.461**	**1.707.002**
Equity			
Prior years' results		17.355.709	15.431.476
Profit or loss for the year		16.159	1.924.233
Total equity		**17.371.868**	**17.355.709**
Total liabilities and equity		**18.959.329**	**19.062.711**
Off balance accounts	17	**71.906**	**80.568**

The notes 1 to 18 are an integral part of these financial statements.

Statement of profit or loss for the year ended December, 31 2022

(in US dollars)

	Note	US$ 12.31.2022	US$ 12.31.2021
Net operating revenues	13	10.062.660	9.549.343
Operating expenses			
Salaries and Personnel Expenses		(4.414.253)	(3.729.878)
Professional Fees and Hired Services		(926.036)	(1.156.567)
Travel Expenses (Staff, Board and Commissions)		(904.772)	(124.083)
Outreach Costs		(895.508)	(337.670)
Cooperation, Contribution and Memberships		(561.312)	(796.569)
Depreciations and Amortizations	10	(497.834)	(498.112)
IT Maintenance Services		(313.839)	(244.327)
Communication Expenses		(302.214)	(215.780)
Building Maintenance and Utilities		(285.709)	(243.106)
Travel Expenses (Fellows and Exhibitors)		(248.430)	(33)
Training Expenses		(163.790)	(109.086)
Other Operating Expenses		(139.490)	(145.329)
		(9.653.187)	**(7.600.540)**
Other profit or loss			
Other Income		1.000	-
Other Expenses		-	(272)
		1.000	**(272)**
Financial results			
Bank Expenses		(54.145)	(49.597)
Collecting Fees		(125.443)	(116.743)
Result of Investments		(183.906)	130.812
Other Financial Results		7.882	6.220
Foreign Currency		(38.702)	5.009
		(394.314)	**(24.299)**
Profit or loss for the year		**16.159**	**1.924.232**

The notes 1 to 18 are an integral part of these financial statements.

Statement of comprehensive income for the year ended December 31, 2022

(in US dollars)

	US$	
	12.31.2022	**12.31.2021**
Profit or loss for the year	**16.159**	**1.924.232**
Other comprehensive income	-	-
Comprehensive income for the year	**16.159**	**1.924.232**

The notes 1 to 18 are an integral part of these financial statements.

Statement of cash flows for the year ended December 31, 2022

(in US dollars)

	Note	US$ 12.31.2022	US$ 12.31.2021
Cash flows from operating activities			
Profit or loss for the year		16.159	1.924.232
Adjustments:			
Depreciation of properties, plant and equipments	10	469.685	482.124
Amortization of intangible assets	10	28.149	15.988
Result from sale of properties, plant and equipments		-	272
Result of investments		183.906	(130.812)
Operating result before changes in operating activities		**697.899**	**2.291.804**
Changes in:			
Membership receivables		74.668	135.033
Other receivables		22.385	(34.546)
Trade payables		(79.346)	(51.528)
Other payables		(40.195)	214.678
Net cash flow provided by operating activities		**675.411**	**2.555.441**
Cash flows from investment activities			
Purchase of bonds		(5.596.734)	(7.659.265)
Amortizations / sales of bonds		4.769.351	5.967.850
Collection of coupons		340.216	331.122
Purchase of properties, plant and equipments	10	(168.674)	(278.932)
Proceeds from sales of properties, plant and equipments		-	752
Acquisition of intangible assets	10	(130.320)	(34.213)
Net cash flow used in investing activities		**(786.161)**	**(1.672.686)**
Variation in net cash flow		**(110.750)**	**882.755**
Cash and banks at the beginning of the year		**1.697.275**	**814.520**
Cash and banks as of year-end	6	**1.586.525**	**1.697.275**

The notes 1 to 18 are an integral part of these financial statements.

Statement of changes in equity for the year ended December 31, 2022

(in US dollars)

	Prior years' results	Total equity
Balances as of December 31, 2020	15.431.477	15.431.477
Profit or loss for the year	1.924.232	1.924.232
Balances as of December 31, 2021	**17.355.709**	**17.355.709**
Profit or loss for the year	16.159	16.159
Balances as of December 31, 2022	**17.371.868**	**17.371.868**

The notes 1 to 18 are an integral part of these financial statements.

Notes to the Financial Statements as of December 31, 2022

Nota 1 - Basic information about the Organisation

1.1 Legal nature and main activity

LACNIC is located at Rambla República de México 6125, contributes to the development of the Internet in the region through an active cooperation policy. It promotes and defends the interests of the regional community and collaborates in generating the conditions for the Internet to be an effective instrument for social inclusion and economic development in Latin America and the Caribbean.

Its activity or purpose includes:

- Manage Internet number resources in Latin America and the Caribbean, maintaining standards of excellence and transparency and promoting the participatory policy development model.
- Lead the permanent construction of the regional community, strengthening technological capabilities and applied research for the development of a stable and open Internet.

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 date

LACNIC's Board of Directors has authorized the issuance of the financial statements in US dollars (functional currency) dated on March 10, 2023. These will be approved by the Ordinary Assembly of Associates with the scope within the current legal terms.

Nota 2 - Basis of preparation and main accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards for SMEs (hereinafter "IFRS for SMEs"), following the provisions and exceptions set forth in Decrees 291/014, 372/015 and 408/016, which together constitute the appropriate accounting standards in Uruguay.

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:

- the revaluation method provided for in International Accounting Standard 16, Property, Plant and Equipment and International Accounting Standard 38, Intangible Assets, may be used as an alternative;
- the presentation of the statement of changes in net equity will be mandatory.
- the capitalization of borrowings as provided for in International Accounting Standard 23, Borrowing Costs, could be adopted;
- IAS 12 must be applied on income tax instead of Section 29 of IFRS for SMEs.
- Investments in subsidiaries in the separate financial statements must be valued at the equity method.
- Investments in joint ventures and associates can be valued as detailed in section 9 of IFRS

for SMEs or at the equity method.

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.

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$ = $ 40,071 on December 31, 2022 and 1 US$ = $ 44,695 on December 31, 2021).

Exchange rate differences that may arise are submitted in the statement of profit or loss for the year. 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 year.

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

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 properties, plant and equipments and amortization of intangible assets.

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 ended December 31, 2022, are similar to those applied in the last year.

Nota 3 - Main accounting policies and practices applicable

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

3.1 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments include cash and cash equivalents, investments, membership receivables, other receivables, trade payables and other payables.

Membership receivables, other receivables, cash and cash equivalents and investments

These financial assets are recognised initially at fair value plus, in the case of instruments not at fair value through profit or loss, costs directly attributable to the transaction. Subsequent to initial recognition, non derivative financial instruments are measured at amortized cost using the effective interest method.

At the end of each reporting date, the balance of membership receivables and other receivables are assessed to determine if there exist any objective evidence that they will not be recoverable. If so, an impairment loss is immediately recognised in profit or loss.

Cash and cash equivalents, include the balances of cash, banks and temporary investments with maturity date less than three months.

Trade and other payables

Financial liabilities are recognised initially at fair value plus, in the case of instruments not at fair value through profit or loss, costs directly attributable to the transaction. Subsequent to initial recognition, non derivative financial instruments are measured at amortized cost using the effective interest method.

Trade and other payables are obligations based on normal credit conditions and have no interests.

3.2 Cash and cash equivalents

Cash and cash equivalents are presented at their nominal value. The nominal value it is not different from its fair value.

3.3 Investments

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

Non derivatives financial instruments are valued at amortized cost using the effective interest method.

3.4 Membership’s receivables and other receivables

Membership’s receivables and other receivables are valued at amortised cost using the actual interest method less any forecast by uncollectability.

3.5 Properties, plant and equipments

Properties, plant and equipments 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.

Properties, plant and equipments are depreciated according to the following estimated useful lives for each category:

- Properties – Improvements 50 years
- Furniture 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 properties, plant and equipment 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.

The properties, plant and equipment 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 profit or loss for the year, depending on the use that is given to the asset.

3.6 Intangible assets

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

Amortization 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.

3.7 Impairment loss of properties, plant and equipments 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. At the year ended there are not indications of impairment.

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.

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.

3.12 Revenue recognition

Revenues comprise the fair value of the consideration received or to be received for the sale of goods in the ordinary course of the Organization's activities. Fair value considers the amount of prompt payment discount in the memberships granted by the Organisation.

Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

3.13 Statement of cash flows

For the preparation of the statement of cash flows, funds were defined as cash and cash equivalents.

Cash and cash equivalents comprise cash and demand 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 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 3.3, 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 14 there is a summary of assets and liabilities balances in foreign currencies.

For the year ended December 31, 2022, 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.

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, 2022, LACNIC has balances in liquid assets amounting to US$ 1.586.525.

LACNIC permanently monitors this risk through its Cash Management policy.

Nota 5 - Financial instruments

Financial assets and liabilities and its measurement method in the financial statements are the following:

December 31, 2022	Amortized cost	Amortized cost less impairment	Fair value	Total
Financial Assets				
Cash and cash equivalents	1.586.525	-	-	1.586.525
Investments	-	11.026.294	-	11.026.294
Membership receivables	-	1.095.239	-	1.095.239
Other receivables	-	229.193	-	229.193
	1.586.525	12.350.726	-	13.937.251

	Amortized cost	Fair value	Total
Financial Liabilities			
Trade payables	210.397	-	210.397
Other payables	388.704	-	388.704
	599.101	-	599.101

December 31, 2021	Amortized cost	Amortized cost less impairment	Fair value	Total
Financial Assets				
Cash and cash equivalents	1.697.275	-	-	1.697.275
Investments	-	10.723.038	-	10.723.038
Membership receivables	-	1.169.902	-	1.169.902
Other receivables	-	141.673	-	141.673
	1.697.275	12.034.613	-	13.731.888

	Amortized cost	Fair value	Total
Financial Liabilities			
Trade payables	289.743	-	289.743
Other payables	305.742	-	305.742
	595.485	-	595.485

Nota 6 - Cash and cash equivalent

The following is the detail of cash and cash equivalents:

	US$	
	12.31.2022	**12.31.2021**
Cash	859	731
Banks	1.585.666	1.696.544
	1.586.525	1.697.275

Nota 7 - Investments

The following is the detail of investments as of December 31, 2022 and December 31, 2021:

	US$	
	12.31.2022	**12.31.2021**
Current		
Governmental bonds	2.230.704	1.550.810
Corporate bonds	2.165.688	2.056.423
	4.396.392	3.607.233
Non-current		
Governmental bonds	3.708.895	3.048.395
Corporate bonds	2.921.007	4.067.410
	6.629.902	7.115.805

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

As of December 31, 2022, all securities have an investment grade credit rating.

Detail of LACNIC's portfolio:

		December 31, 2022	
Securities	**Currency**	**Nominal Value**	**Amortized cost**
US TREASURY	US$	2.344.000	2.306.652
URUGUAY	US$	455.000	499.839
EIB KOREA	US$	400.000	401.668
CANADA GOV	US$	400.000	394.183
SAUDI ARABIA	US$	350.000	378.615
INDONESIA	US$	278.000	282.043
SOUTH KOREA	US$	270.000	279.827
CHILE	US$	260.000	275.199
QATAR	US$	250.000	261.168
BC LATINAMER	US$	230.000	236.212
HUNGARY	US$	200.000	212.587
AFRIXM BANK	US$	200.000	208.128
PANAMA GOV	US$	200.000	203.478
Governmental Bonds			**5.939.599**
TOYOTA	US$	550.000	552.732
STANCHART	US$	470.000	479.040
GOLDMAN SACHS	US$	450.000	455.845
WELLS FARGO	US$	373.000	384.605
BNP	US$	300.000	314.763
ALIBABA	US$	290.000	292.953
DEUTSCHE BANK	US$	270.000	270.838
JHONSON	US$	260.000	261.490
BAYER US	US$	250.000	257.711
NISSAN	US$	200.000	204.308
3 M COMPANY	US$	200.000	202.673
HSBC	US$	200.000	201.362
SANTANDER	US$	200.000	200.863
APPLE	US$	180.000	181.812
MORGAN STANLEY	US$	160.000	163.211
MITSUBISHI	US$	140.000	145.745
Canadian Imperial BK	US$	130.000	134.336
DELL INTERNATIONAL	US$	110.000	117.404
VERIZON	US$	100.000	102.208
KRED WIEDERAUF	US$	62.000	62.165
JP MORGAN CHASE	US$	60.000	60.837
KIMBERLY CLARK CORP	US$	39.000	39.794
Corporate Bonds			**5.086.695**
Total Bonds			**11.026.294**

Nota 8 - Membership's receivables

The following is the detail of membership´s receivables:

	US$	
	12.31.2022	**12.31.2021**
Renewal of membership's receivables	1.672.452	1.748.005
Credit cards	126.434	122.294
Initial membership's receivables	14.170	91.434
Invoiced revenues not accrued (*)	(717.817)	(791.831)
	1.095.239	1.169.902

(*) 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 renewal of membership´s receivables.

Nota 9 - Other receivables

The following is the detail of other receivables:

	US$	
	12.31.2022	**12.31.2021**
Advances to suppliers	249.653	359.558
Other receivables	229.193	141.673
	478.846	501.231

Nota 10 - Properties, plant and equipment and intangible assets

The evolution is as follows:

	Original values				Depreciation and amortization				Net value	
Items	**Balance as of December 31, 2021**	**Additions**	**Dispositions**	**Balance as of December 31, 2022**	**Balance as of December 31, 2021**	**Annual depreciation and amortization**	**Accumulated depreciation and amortization of dispositions**	**Balance as of December 31, 2022**	**Carrying amount as of December 31, 2022**	**Carrying amount as of December 31, 2021**
Properties – improvements	3.642.870	-	-	3.642.870	542.560	72.858	-	615.418	3.027.452	3.100.310
Furniture	431.112	14.236	-	445.348	167.967	37.536	-	205.503	239.845	263.145
Vehicles	34.866		-	34.866	4.347	3.487	-	7.834	27.032	30.519
Computing devices	1.309.232	119.956	-	1.429.188	970.517	199.794	-	1.170.311	258.877	338.715
Communication devices	811.301	2.375	-	813.676	593.484	113.064	-	706.548	107.128	217.817
Other equipment	413.061	32.107	-	445.168	321.460	42.946	-	364.406	80.762	91.601
Property - Land	872.453	-	-	872.453	-	-	-	-	872.453	872.453
Total properties, plant and equipments	**7.514.895**	**168.674**	**-**	**7.683.569**	**2.600.335**	**469.685**	**-**	**3.070.020**	**4.613.549**	**4.914.560**
Software	410.980	130.320	-	541.300	354.275	28.149	-	382.424	158.876	56.705
Total intangible assets	**410.980**	**130.320**	**-**	**541.300**	**354.275**	**28.149**	**-**	**382.424**	**158.876**	**56.705**
Total properties, plant and equipments and intangible asset	**7.925.875**	**298.994**	**-**	**8.224.869**	**2.954.610**	**497.834**	**-**	**3.452.444**	**4.772.425**	**4.971.265**

The depreciation of property, plant and equipment and the amortization of intangible assets for the year ended December 31, 2022 are US$ 497.834 (US$ 498.112 as of December 31, 2021) were considered as operating expenses.

Nota 11 - Trade payables

The following is a detail of trade payables:

	US$	
	12.31.2022	**12.31.2021**
Trade payables	196.146	281.556
Credit cards payables	14.251	8.187
	210.397	289.743

Nota 12 - Other payable

The following is a detail of other payables:

	US$	
	12.31.2022	**12.31.2021**
Memberships' advances	479.330	563.907
Provisions for employee benefits	509.030	547.610
Other payables	347.788	272.586
Retirement insurance payable	40.916	33.156
	1.377.064	1.417.259

Nota 13 - Net operating revenues

Revenue by type of customer is as follows:

	US$	
	12.31.2022	**12.31.2021**
ISPs (Internet Services Providers)	5.684.608	5.547.934
End User	489.682	489.535
ASN (Autonomous System Number)	126.962	212.050
Memberships of Internet National Registries	3.637.205	3.501.890
Other Incomes	335.760	172.889
Discounts Granted in Memberships	(211.557)	(374.955)
	10.062.660	9.549.343

Nota 14 - Position in foreign currencies

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

	December 31, 2022	
	Uruguayan pesos	**Equivalent in US$**
Cash and cash equivalents	267.057	6.665
Other receivables	3.403.970	84.948
Total assets	3.671.027	91.613
Trade Payables	2.781.339	69.410
Other payables	14.971.028	373.613
Total liabilities	17.752.367	443.023
Net position	(14.081.340)	(351.410)

	December 31, 2021	
	Uruguayan pesos	**Equivalent in US$**
Cash and cash equivalents	3.249.383	72.701
Other receivables	3.078.411	68.876
Total assets	6.327.794	141.577
Trade Payables	1.950.792	43.647
Other payables	13.990.026	313.011
Total liabilities	15.940.818	356.658
Net position	(9.613.024)	(215.081)

Nota 15 - 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.

Nota 16 - 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, 2022 amounts to US$ 1.033.690, and it is included under section “Salaries and Personnel Expenses” in the statement of profit or loss for the year (US$ 886.479 as of December 31, 2021).

Nota 17 - 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, until the year 2020 inclusive, LACNIC served as secretary for the Latin American and Caribbean Internet Governance Forum (LACIGF), managing funds on behalf of and by order of its Program Committee (made up of 12 representatives from four sectors: governments , civil society, private sector and technical community). As long as the Committee does not appoint a new secretary, LACNIC will maintain custody of the funds, making movements only under the express authorization of the Committee until they are transferred to the new secretary, once the Committee stipulates it.

	US$	
	12.31.2022	**12.31.2021**
LACIGF	68.652	75.034
LACNOG	3.254	5.534
	71.906	80.568

Nota 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.

___.___