



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, 2023.**

*(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
March 19, 2024

This report contains 24 pages



Contents

Independent auditors' report	3
Statement of financial position as of December 31, 2023	6
Statement of profit or loss for the year ended December 31, 2023	7
Statement of other comprehensive income for the year ended December 31, 2023	8
Statement of cash flow for the year ended December 31, 2023	9
Statement of changes in equity for the year ended December 31, 2023	10
Notes to the financial statements as of December 31, 2023	11

—:—



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, 2023, 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, 2023, 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, March 19, 2024

By KPMG

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

Stamp on
original

Statement of financial position as of December 31, 2023

(in US dollars)

	Note	US\$	
		12.31.2023	12.31.2022
Assets			
Current assets			
Cash and cash equivalents	6	1.553.251	1.586.525
Investments	7	3.307.259	4.396.392
Membership receivables	8	1.605.372	1.095.239
Other receivables	9	497.479	478.846
Total current assets		6.963.361	7.557.002
Non-current assets			
Investments	7	7.754.866	6.629.902
Properties, plant and equipments	10	4.551.609	4.613.549
Intangible assets	10	173.190	158.876
Total non-current assets		12.479.665	11.402.327
Total assets		19.443.026	18.959.329
Off balance accounts	17	-	71.906
Liabilities and equity			
Current liabilities			
Trade payables	11	311.209	210.397
Other payables	12	1.379.286	1.377.064
Total current liabilities		1.690.495	1.587.461
Total liabilities		1.690.495	1.587.461
Equity			
Prior years' results		17.371.868	17.355.709
Profit or loss for the year		380.663	16.159
Total equity		17.752.531	17.371.868
Total liabilities and equity		19.443.026	18.959.329
Off balance accounts	17	-	71.906

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

Statement of profit or loss for the year ended December, 31 2023

(in US dollars)

	Note	US\$	
		12.31.2023	12.31.2022
Net operating revenues	13	10.684.642	10.062.660
Operating expenses			
Salaries and Personnel Expenses		(5.204.694)	(4.414.253)
Professional Fees and Hired Services		(772.079)	(926.036)
Travel Expenses (Staff, Board and Commissions)		(844.337)	(904.772)
Outreach Costs		(1.039.581)	(895.508)
Cooperation, Contribution and Memberships		(479.662)	(561.312)
Depreciations and Amortizations	10	(457.748)	(497.834)
IT Maintenance Services		(385.621)	(313.839)
Communication Expenses		(304.804)	(302.214)
Building Maintenance and Utilities		(298.429)	(285.709)
Travel Expenses (Fellows and Exhibitors)		(314.130)	(248.430)
Training Expenses		(178.895)	(163.790)
Other Operating Expenses		(166.757)	(139.490)
		(10.446.737)	(9.653.187)
Other profit or loss			
Other Income		24.000	1.000
		24.000	1.000
Financial results			
Bank Expenses		(48.244)	(54.145)
Collecting Fees		(139.422)	(125.443)
Result of Investments		312.598	(183.906)
Other Financial Results		7.041	7.882
Foreign Currency		(13.215)	(38.702)
		118.758	(394.314)
Profit or loss for the year		380.663	16.159

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

Statement of comprehensive income for the year ended December 31, 2023

(in US dollars)

	US\$	
	<u>12.31.2023</u>	<u>12.31.2022</u>
Profit or loss for the year	<u>380.663</u>	<u>16.159</u>
Other comprehensive income	-	-
Comprehensive income for the year	<u>380.663</u>	<u>16.159</u>

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

Statement of cash flows for the year ended December 31, 2023

(in US dollars)

	Note	US\$	
		12.31.2023	12.31.2022
Cash flows from operating activities			
Profit or loss for the year		380.663	16.159
Adjustments:			
Depreciation of properties, plant and equipments	10	389.585	469.685
Amortization of intangible assets	10	68.163	28.149
Result of investments		(312.598)	183.906
Operating result before changes in operating activities		525.813	697.899
Changes in:			
Membership receivables		(510.133)	74.668
Other receivables		(18.633)	22.385
Trade payables		100.812	(79.346)
Other payables		2.222	(40.195)
Net cash flow provided by operating activities		100.081	675.411
Cash flows from investment activities			
Purchase of bonds		(6.476.441)	(5.596.734)
Amortizations / sales of bonds		6.428.000	4.769.351
Collection of coupons		325.208	340.216
Purchase of properties, plant and equipments	10	(327.645)	(168.674)
Acquisition of intangible assets	10	(82.477)	(130.320)
Net cash flow used in investing activities		(133.355)	(786.161)
Variation in net cash flow		(33.274)	(110.750)
Cash and banks at the beginning of the year		1.586.525	1.697.275
Cash and banks as of year-end	6	1.553.251	1.586.525

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

Statement of changes in equity for the year ended December 31, 2023

(in US dollars)

	Prior years results	Total equity
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
Profit or loss for the year	380.663	380.663
Balances as of December 31, 2023	17.752.531	17.752.531

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

Notes to the Financial Statements as of December 31, 2023

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 8, 2024. 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\$ = \$ 39,022 on December 31, 2023 and 1 US\$ = \$ 40,071 on December 31, 2022).

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, 2023, 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, 2023, 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, 2023, LACNIC has balances in liquid assets amounting to US\$ 1.553.251.

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:

<i>December 31, 2023</i>	Amortized cost	Amortized cost less impairment	Fair value	Total
Financial Assets				
Cash and cash equivalents	1.553.251	-	-	1.553.251
Investments	-	11.062.125	-	11.062.125
Membership receivables	-	1.605.372	-	1.605.372
Other receivables	-	191.483	-	191.483
	<u>1.553.251</u>	<u>12.858.980</u>	<u>-</u>	<u>14.412.231</u>
		Amortized cost	Fair value	Total
Financial Liabilities				
Trade payables		311.209	-	311.209
Other payables		290.560	-	290.560
		<u>601.769</u>	<u>-</u>	<u>601.769</u>
<i>December 31, 2022</i>	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
	<u>1.586.525</u>	<u>12.350.726</u>	<u>-</u>	<u>13.937.251</u>
		Amortized cost	Fair value	Total
Financial Liabilities				
Trade payables		210.397	-	210.397
Other payables		388.704	-	388.704
		<u>599.101</u>	<u>-</u>	<u>599.101</u>

Nota 6 - Cash and cash equivalent

The following is the detail of cash and cash equivalents:

	US\$	
	12.31.2023	12.31.2022
Cash	654	859
Banks	1.552.597	1.585.666
	1.553.251	1.586.525

Nota 7 - Investments

The following is the detail of investments as of December 31, 2023 and December 31, 2022:

	US\$	
	12.31.2023	12.31.2022
Current		
Governmental bonds	2.002.096	2.230.704
Corporate bonds	1.305.163	2.165.688
	3.307.259	4.396.392
Non-current		
Governmental bonds	3.575.339	3.708.895
Corporate bonds	4.179.527	2.921.007
	7.754.866	6.629.902

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

As of December 31, 2023, all securities have an investment grade credit rating.

Detail of LACNIC's portfolio:

December 31, 2023			
Securities	Currency	Nominal Value	Amortized Cost
US T BILL	US\$	1.364.000	1.327.839
EIB KOREA	US\$	400.000	402.004
CADANDA GOV	US\$	400.000	398.493
TREAS NOTE	US\$	390.000	394.150
SAUDI ARABIA	US\$	350.000	371.845
Hong Kong	US\$	350.000	364.156
QUEBEC	US\$	300.000	261.012
CHILE	US\$	560.000	531.355
URUGUAY	US\$	355.000	385.438
QATAR	US\$	250.000	253.978
CANADA GOBIERNO	US\$	250.000	244.899
BC LATINAMER	US\$	230.000	234.579
HUNGARY	US\$	200.000	204.725
PANAMA GOV	US\$	200.000	202.962
Governmental Bonds			5.577.435
TOYOTA	US\$	550.000	553.297
MORGAN STANLEY	US\$	500.000	497.605
AMEX	US\$	400.000	395.116
BKAMERICA	US\$	400.000	386.877
CITIGROUP	US\$	400.000	385.603
TORONTO DOM BANK	US\$	400.000	409.417
BNP	US\$	300.000	305.640
DEUTSCHE BANK	US\$	270.000	270.428
JHONSON	US\$	260.000	262.362
AMAZON	US\$	250.000	250.819
BANK OF MONTREAL	US\$	250.000	255.208
HSBC	US\$	200.000	201.968
SANTANDER	US\$	200.000	201.185
3 M COMPANY	US\$	200.000	202.707
MITSUBISHI	US\$	140.000	142.172
Canadian Imperial BK	US\$	130.000	131.676
DELL INTERNATIONAL	US\$	110.000	113.926
VERIZON	US\$	100.000	101.791
GOLDMAN SACHS	US\$	100.000	100.176
ALIBABA GRP 14	US\$	90.000	90.502
WELLS FARGO	US\$	63.000	63.562
KRED WIEDERAUF	US\$	62.000	62.235
JP MORGAN CHASE	US\$	60.000	60.735
KIMBERLY CLARK CORP	US\$	39.000	39.683
Corporate Bonds			5.484.690
Total Bonds			11.062.125

Nota 8 - Membership's receivables

The following is the detail of membership's receivables:

	US\$	
	12.31.2023	12.31.2022
Renewal of membership's receivables	2.145.000	1.672.452
Credit cards	130.632	126.434
Initial membership's receivables	26.350	14.170
Invoiced revenues not accrued (*)	(696.610)	(717.817)
	1.605.372	1.095.239

(*) 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\$	
	12.31.2023	12.31.2022
Advances to suppliers	313.997	249.653
Other receivables	191.483	229.193
Invoiced revenues not accrued	(8.001)	-
	497.479	478.846

Nota 10 - Properties, plant and equipment and intangible assets

The evolution is as follows:

Items	Original values				Depreciation and amortization				Net value	
	Balance as of December 31, 2022	Additions	Dispositions	Balance as of December 31, 2023	Balance as of December 31, 2022	Annual depreciation and amortization	Accumulated depreciation and amortization of dispositions	Balance as of December 31, 2023	Carrying amount as of December 31, 2023	Carrying amount as of December 31, 2022
Properties – improvements	3.642.870	-	-	3.642.870	615.418	72.858	-	688.276	2.954.594	3.027.452
Furniture	445.348	1.424	-	446.772	205.503	38.642	-	244.145	202.627	239.845
Vehicles	34.866	35.716	-	70.582	7.834	3.487	-	11.321	59.261	27.032
Computing devices	1.429.188	111.339	48.188	1.492.339	1.170.311	160.996	48.188	1.283.119	209.220	258.877
Communication devices	813.676	136.349	-	950.025	706.548	69.603	-	776.151	173.874	107.128
Other equipment	445.168	42.817	-	487.985	364.406	43.999	-	408.405	79.580	80.762
Property - Land	872.453	-	-	872.453	-	-	-	-	872.453	872.453
Total properties, plant and equipments	7.683.569	327.645	48.188	7.963.026	3.070.020	389.585	48.188	3.411.417	4.551.609	4.613.549
Software	541.300	82.477	-	623.777	382.424	68.163	-	450.587	173.190	158.876
Total intangible assets	541.300	82.477	-	623.777	382.424	68.163	-	450.587	173.190	158.876
Total properties, plant and equipments and intangible assets	8.224.869	410.122	48.188	8.586.803	3.452.444	457.748	48.188	3.862.004	4.724.799	4.772.425

The depreciation of property, plant and equipment and the amortization of intangible assets for the year ended December 31, 2023 are US\$ 457.748 (US\$ 497.834 as of December 31, 2022) were considered as operating expenses.

Nota 11 - Trade payables

The following is a detail of trade payables:

	US\$	
	12.31.2023	12.31.2022
Trade payables	294.563	196.146
Credit cards payables	16.646	14.251
	311.209	210.397

Nota 12 - Other payable

The following is a detail of other payables:

	US\$	
	12.31.2023	12.31.2022
Memberships' advances	513.923	479.330
Provisions for employee benefits	574.803	509.030
Other payables	245.012	347.788
Retirement insurance payable	45.548	40.916
	1.379.286	1.377.064

Nota 13 - Net operating revenues

Revenue by type of customer is as follows:

	US\$	
	12.31.2023	12.31.2022
ISPs (Internet Services Providers)	5.902.376	5.684.608
End User	536.150	489.682
ASN (Autonomous System Number)	161.000	126.962
Memberships of Internet National Registries	3.808.492	3.637.205
Other Incomes	468.958	335.760
Discounts Granted in Memberships	(192.334)	(211.557)
	10.684.642	10.062.660

Nota 14 - Position in foreign currencies

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

	December 31, 2023		
	Uruguayan pesos	Euros	Equivalent in US\$
Cash and cash equivalents	709.243	-	18.175
Other receivables	3.445.197	-	88.289
Total assets	4.154.440	-	106.464
Trade Payables	3.873.189	20.360	120.011
Other payables	17.096.163	-	438.116
Total liabilities	20.969.352	20.360	558.127
Net position	(16.814.912)	(20.360)	(451.663)

	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)

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, 2023 amounts to US\$ 1.159.508, and it is included under section "Salaries and Personnel Expenses" in the statement of profit or loss for the year (US\$ 1.033.690 as of December 31, 2022).

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.

As at December 31, 2023 LACNIC does not hold funds linked to 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.

	<u>US\$</u>	
	<u>12.31.2023</u>	<u>12.31.2022</u>
LACIGF	-	68.652
LACNOG	-	3.254
	<u>-</u>	<u>71.906</u>

In 2023, the new secretary was defined, and LACIGF funds were transferred from LACNIC to the new managers.

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.

—.—