

LACNIC

## Statement of financial position as at December 31, 2019

(in United States dollars)

		US\$	
	Note	12.31.2019	12.31.2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and banks	5	1,147,145	718,550
Investments	6	5,677,714	4,919,860
Membership's receivables	7	1,359,930	811,881
Other receivables	8	553,598	505,021
<b>Total current assets</b>		<b>8,738,387</b>	<b>6,955,312</b>
<b>Non-current assets</b>			
Fixed assets	9	5,198,465	4,981,753
Intangible assets	9	26,543	17,222
<b>Total non-current assets</b>		<b>5,225,008</b>	<b>4,998,975</b>
<b>Total assets</b>		<b>13,963,395</b>	<b>11,954,287</b>
<b>Off balance accounts</b>	17	<b>103,829</b>	<b>176,336</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade payables	10	227,625	377,215
Other payables	11	834,874	845,492
<b>Total current liabilities</b>		<b>1,062,499</b>	<b>1,222,707</b>
<b>Total liabilities</b>		<b>1,062,499</b>	<b>1,222,707</b>
<b>Equity</b>			
Prior year's results		10,731,580	9,518,810
Comprehensive result of the year		2,169,316	1,212,770
<b>Total equity</b>		<b>12,900,896</b>	<b>10,731,580</b>
<b>Total liabilities and equity</b>		<b>13,963,395</b>	<b>11,954,287</b>
<b>Off balance accounts</b>	17	<b>103,829</b>	<b>176,336</b>

The notes are an integral part of these financial statements.

The report dated March 24, 2020

is submitted in document attached

Deloitte S.C.

LACNIC

## Statement of income for the year ended December, 31 2019

(in United States dollars)

	Note	US\$	
		12.31.2019	12.31.2018
<b>Net operating revenues</b>	12	9,547,547	8,205,547
<b>Operating expenses</b>			
Salaries and Personnel Expenses		(3,173,655)	(3,097,807)
Travel Expenses (Staff, Board and Commissions)		(877,707)	(840,095)
Cooperation, Contribution and Memberships		(321,239)	(287,340)
Professional Fees and Hired Services		(618,503)	(542,725)
Outreach Costs		(611,088)	(589,875)
Travel Expenses (Fellows and Exhibitors)		(365,882)	(263,215)
Fixed Assets and Intangible Assets Depreciation		(381,503)	(297,724)
Building Maintenance and Utilities		(241,567)	(285,402)
Communication Expenses		(196,393)	(179,971)
IT Maintenance Services		(198,266)	(143,209)
Training Expenses		(127,053)	(103,382)
Other Operating Expenses		(121,048)	(128,591)
		<b>(7,233,904)</b>	<b>(6,759,336)</b>
<b>Other results</b>			
Other Incomes		17,095	8,304
Other expenses		(23,679)	(4,543)
		<b>(6,584)</b>	<b>3,761</b>
<b>Financial results</b>			
Interest and Bank Expenses		(31,966)	(39,228)
Collecting Fees		(108,554)	(82,893)
Result of Investments		198,283	70,459
Discounts Granted in Memberships		(215,464)	(200,147)
Foreign Currency Translation		19,958	14,607
		<b>(137,743)</b>	<b>(237,202)</b>
<b>Result of the year</b>		<b>2,169,316</b>	<b>1,212,770</b>
Other comprehensive results		-	-
<b>Comprehensive result of the year</b>		<b>2,169,316</b>	<b>1,212,770</b>

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Deloitte S.C.

LACNIC

# Statement of cash flows for the year ended December 31, 2019

(in United States dollars)

		US\$	
	Note	12.31.2019	12.31.2018
<b>Cash flows from operating activities</b>			
Comprehensive result of the year		2,169,316	1,212,770
Adjustments:			
Equity adjustment	16	-	159,330
Depreciation of fixed assets	9	369,853	273,123
Depreciation of intangible assets	9	11,650	24,601
<b>Operating result before changes in operating activities</b>		<b>2,550,819</b>	<b>1,669,824</b>
Membership receivables		(548,049)	(397,130)
Other receivables		(48,577)	14,210
Trade payables		(163,184)	168,054
Other payables		(10,618)	(38,075)
<b>Net cash flow provided by operating activities</b>		<b>1,780,391</b>	<b>1,416,883</b>
<b>Cash flows from investment activities</b>			
Investments		(757,854)	119,166
Purchase of fixed assets	9	(574,704)	(1,696,686)
Sales of fixed assets		1,733	6,120
Purchase of intangible assets	9	(20,971)	(11,895)
<b>Net cash flow used in investing activities</b>		<b>(1,351,796)</b>	<b>(1,583,295)</b>
<b>Net cash flow (used in)/ provided by financing activities</b>		<b>-</b>	<b>-</b>
<b>Variation in net cash flow</b>		<b>428,595</b>	<b>(166,412)</b>
<b>Cash and banks at the beginning of the year</b>	5	<b>718,550</b>	<b>884,962</b>
<b>Cash and banks as of year end</b>	5	<b>1,147,145</b>	<b>718,550</b>

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LACNIC

## Statement of changes in equity for the year ended December 31, 2019

(in United States dollars)

	<u>Note</u>	<u>Prior's years results</u>	<u>Total equity</u>
<b>Balances at December 31, 2017</b>		<b>9,359,480</b>	<b>9,359,480</b>
<b>Movements during the year</b>			
Adjustments in prior's years results	16	159,330	159,330
Result of the year		1,212,770	1,212,770
<b>Balances at December 31, 2018</b>		<b>10,731,580</b>	<b>10,731,580</b>
<b>Movements during the year</b>			
Result of the year		2,169,316	2,169,316
<b>Balances at December 31, 2019</b>		<b>12,900,896</b>	<b>12,900,896</b>

The notes are an integral part of these financial statements.

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Deloitte S.C.

# LATIN AMERICA AND CARIBBEAN NETWORK INFORMATION CENTRE (LACNIC)

## Notes to the financial statement for the year ended December 31, 2019

### Note 1 - Basic information of the Organization

#### 1.1 Legal nature and main activity

Latin America and Caribbean Network Information Centre (LACNIC), with registered office in Rambla República de México 6125, Montevideo - Uruguay, is a nongovernmental non-profit-making organization, incorporated on July 27, 2001 in the city of Montevideo, Uruguay.

It started operations on 1st April 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) y NIC México (NIC-Mx).

The object of the Institution includes the following activities:

1. To manage the space of IP addresses and other related resources to the benefit of the Internet community for the region of Latin America and the Caribbean (LAC).
2. To provide services of registration of IP addresses, ASN, inverse resolution and related resources, with the purpose of enabling and facilitating communications through computer networks.
3. To represent and to promote all viewpoints and interests of the region before those international organizations, within the area of its jurisdiction.
4. To cooperate in the growth of the Internet in the region.
5. To give assistance to the Latin American and Caribbean community in the development of procedures, mechanisms and standards for the efficient allocation of Internet resources.
6. To promote educational opportunities to its members in technical and political areas of its jurisdiction.
7. To propose and to develop public policies in the area of its jurisdiction.

LACNIC has the benefits established by Decree 334/970 dated 14th July 1970, which exempts this kind of Institutions from employer's contributions to the social security. Besides, Law N° 13.179 gives all employees of international non-profit organizations the option of choosing the Uruguayan social security system. The Organization is also exempted of the income tax.

#### 1.2 Financial statements' approval

LACNIC's Board of Directors has authorized the issuance of the financial statements expressed in US dollars (functional currency) dated on March 24, 2020. These will be approved by the Ordinary Assembly of Associates with the scope within the current legal terms.

## 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 Organization are established Decrees 37/10, 291/14, 372/15 and 408/16.

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

Decree 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 statement of changes in net equity will be of obligatory presentation.
- In the application of section 25, it would be possible to opt for the capitalization 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 to the value of proportional participation.
- Investments in joint ventures and associated can be valued as detailed in section 9 of IFRS for SMEs or to the value of proportional participation.

Also, Decree 291/14 gives 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 summarized in the following points:

- a) Current assets must be order in decreasing order regarding liquidity
- b) The presentation of the comprehensive income must be realized in two states, the state of income and the state of comprehensive income.
- c) In the income statement, 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 and presentation currency**

The Financial Statements have been prepared on the basis of the concept of functional currency defined in Section 30 "Conversion of the foreign currency" of the IFRS for SMEs. The management of the Organization has decided to adopt as the functional currency of the Financial Statements the US dollar 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 a point of 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 made substantially in US dollars.
- The financing is substantially denominated in US dollars.
- Most of 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 currency are translated to 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\$ = \$ 37,308 on December 31, 2019 and 1 US\$ = \$ 32,406 on December 31, 2018).

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 results of the fiscal year, 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 result of the fiscal year, all the amounts involved in the variation of the net equity are expressed in the functional currency of the Organization.

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 that the management of the Organization performs 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 recognized prospectively.

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

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

**2.7 Accounting criteria permanence**

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 by 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 income, chapter Financial results, Result of Investments.

**3.3 Membership’s receivables and other receivables**

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

**3.4 Fixed assests**

Fixed assests is presented to its historical cost of acquisition in US dollars less any accumulated depreciation and any accumulated impairment loss. Depreciations are calculated by the straight-line method from the time of incorporation of the goods, applying annual percentages determined based on 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 results.

The fixed assets are removed at the time of its disposal (sales 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 recognized in the income statement.

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 state of comprehensive income, depending on the type of 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 useful life of each category, starting from the month following their incorporation. The estimated useful life for them is 3 years.

### **3.6 Impairment loss of tangible and intangible assets**

At each balance sheet date, the Organization reviews the carrying amount of its assets to determine if there is any indication that those assets have suffered impairment loss. If there were such indication, the recoverable amount of these asset 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 Organization estimates the recoverable amount of the fund-generating unit to which the asset belongs to.

The recoverable amount is the highest of its fair value, costs deducted as intended to sale and the value of use. To calculate the value of 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 from an asset (or fund-generating unit) is estimated to be less than its carrying amount, the amount in books of the asset (fund-generating unit) is reduced to its recoverable amount. An impairment loss is recognized 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 Institution is exempted from all national taxes owing to its nature as nongovernmental non-profit-making organization, recognized 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**

The forecasts are recognized when the Organization has an obligation (legal or constructive) as a result of a past event, for which it is likely to require its compliance and a reliable estimate can be made of the amount.

The amount recognized as a provision is the best estimate of the amount required to meet the obligation for the entity to balance sheet date, considering the risks and uncertainties that the obligation entails. When an obligation is expected to be met in the long term, the amount is determined by a flow of funds 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 result**

The Organization applied the principle of what is accrued for the recognition of income and the allocation of costs and expenses.

Income is recognized when it is probable that future economic benefits enter the net equity of the Organization as a result of its transactions. The 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 its equivalent.

The cash and cash equivalents include the cash balance and the sight deposits and other highly liquid investments in the short term 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 Institution has a Risk Management Methodology. It includes the identification, assessment, treatment and monitoring of the risk that affect the organization, as well as the potential impact on the Financial Statements.

The Financial Statements do not include adjustments derived from the financial and economical situations of the country and of those places where the investments are located. Consequently, they do not include any contingency about it neither the eventual volatility of those investments.

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

The main risks affecting the Institution's activities are:

#### **4.1 Market Risk**

LACNIC is theoretically exposed to the following market risk factors:

##### **a. Exchange Rate**

The Institution 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 currency. As mentioned in Note 3.2, LACNIC does not make any coverage of such risk through derivate instruments.

To manage their risks of currency other than the functional currency, usually the institution aims to neutralize the asset and liability positions maintained. In Note 13 there is a summary of debit and credit balances in foreign currencies.

For the year ended December 31, 2019, if US Dollar had strengthened 10% against Uruguayan Peso (main foreign currency), holding other variables constant, it would have a non-material effect on the financial statements of the Organization.

## b. Interest Rate

LACNIC does not have assets and liabilities that are 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 fragmented in several debtors.

The Institution 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 Institution has enough liquid assets in first-rate banks, in liquid temporary investments, and in accounts receivables to face all committed current liabilities. As of December 31, 2019, LACNIC has balances in liquid assets amounting to US\$ 1,147,145.

## Note 5 - Cash and banks

	US\$	
	12.31.2019	12.31.2018
Cash	647	826
Banks	1,146,498	717,724
	<b>1,147,145</b>	<b>718,550</b>

## Note 6 - Investments

	US\$	
	12.31.2019	12.31.2018
Governmental bonds	2,262,046	2,128,565
Corporate bonds	3,372,848	2,757,603
<b>Subtotal</b>	<b>5,634,894</b>	<b>4,886,168</b>
Interest receivables	42,820	33,692
<b>Total</b>	<b>5,677,714</b>	<b>4,919,860</b>

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

As of December 31, 2019, all securities have an investment grade credit rating.

The investments are valued at market value.

Detail of LACNIC's portfolio:

<b>Securities</b>	<b>Currency</b>	<b>Nominal Value</b>	<b>Market Value</b>
UNITED STATES	US\$	1,350,000	1,356,576
CHILE	US\$	310,000	315,486
POLAND	US\$	200,000	208,700
COLOMBIA	US\$	200,000	206,704
CHINA	US\$	100,000	100,300
MÉXICO	US\$	72,000	74,280
<b>Governmental Bonds</b>			<b>2,262,046</b>
RABOBANK NEDERLAND	US\$	250,000	260,760
QATAR NATIONAL BANK	US\$	250,000	248,820
WELLS FARGO	US\$	213,000	215,732
AMERICA MOVIL	US\$	200,000	204,412
BANK OF NEW YORK	US\$	190,000	190,931
BANK OF MONTREAL	US\$	185,000	186,695
TOYOTA MTR	US\$	167,000	168,992
BANK OF AMERICA	US\$	150,000	151,434
JP MORGAN CHASE	US\$	144,000	146,559
ROYAL BANK OF CANADA	US\$	140,000	141,784
CARNIVAL CORP	US\$	135,000	137,025
JPMORGAN CHAS	US\$	120,000	125,074
AMERICAN EXPRESS CORP	US\$	105,000	105,239
BEST BUY	US\$	100,000	103,168
TORONTO DOMINION BANK	US\$	100,000	102,105
SANTANDER UK	US\$	100,000	100,917
HYUNDAI	US\$	100,000	100,146
NISSAN MOTORS	US\$	100,000	99,803
ALIBABA GRP 14	US\$	90,000	94,625
3 7/8 BC SANTANDER 12	US\$	90,000	92,993
MICROSOFT	US\$	91,000	91,806
KRED WIEDERAUF	US\$	62,000	62,729
NOVARTIS CAP CORP	US\$	50,000	50,384
KIMBERLY CLARK CORP	US\$	39,000	41,179
APPLE INC	US\$	40,000	40,616
PROCTER AND GAMBLE	US\$	39,000	39,134
VISA INC	US\$	38,000	39,106
COCA COLA CO	US\$	30,000	30,680
<b>Corporate Bonds</b>			<b>3,372,848</b>
<b>Total Bonds</b>			<b>5,634,894</b>

#### Note 7 - Membership's receivables

	<b>US\$</b>	
	<b>12.31.2019</b>	<b>12.31.2018</b>
Initial membership's receivables	106,670	85,044
Renewal of membership's receivables	1.805,017	1,230,383
Credit cards	121,827	81,226
Revenues invoiced not accrued (*)	(673,584)	(584,772)
	<b>1,359,930</b>	<b>811,881</b>

(\*) The amount is due to invoices issued by the entity to their members, for which annual memberships have not yet been accrued. This balance regularizes the balance of membership's receivable.

#### Note 8 - Other receivables

	<b>US\$</b>	
	<b>12.31.2019</b>	<b>12.31.2018</b>
Advances to suppliers	191,884	327,189
Other receivables	381,414	187,832
Billed and unearned income	(19,700)	(10,000)
	<b>553,598</b>	<b>505,021</b>

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## Note 9 - Fixed assets and intangible assets

The evolution of fixed assets is as follows:

Rubrics	Original values			Depreciation			Net value			
	Balance at December 31, 2018	Additions and reclassifications	Dispositions and reclassifications	Balance at December 31, 2019	Balance at December 31, 2018	Annual depreciation	Accumulated depreciation of dispositions	Balance at December 31, 2019	Carrying amount at December 31, 2019	Carrying amount at December 31, 2018
Properties – improvements	2,317,832	1,325,038	-	3,642,870	328,421	68,423	-	396,844	<b>3,246,026</b>	<b>1,989,411</b>
Furniture	285,627	52,412	-	338,039	71,148	27,583	-	98,731	<b>239,308</b>	<b>214,479</b>
Vehicles	28,071	-	-	28,071	3,967	2,807	-	6,774	<b>21,296</b>	<b>24,105</b>
Computing devices	779,260	254,634	56,592	977,302	579,919	111,491	54,862	636,548	<b>340,754</b>	<b>199,341</b>
Communication devices	654,233	93,865	-	739,098	239,452	119,918	-	359,370	<b>379,728</b>	<b>405,781</b>
Other equipment	231,876	82,884	260	314,500	176,228	39,632	260	215,600	<b>98,900</b>	<b>55,648</b>
Ground	872,453	-	-	872,453	-	-	-	-	<b>872,453</b>	<b>872,453</b>
Properties under construction	1,220,535	104,503	1,325,038	-	-	-	-	-	-	<b>1,220,535</b>
<b>Total fixed assets</b>	<b>6,380,887</b>	<b>1,913,336</b>	<b>1,381,890</b>	<b>6,912,333</b>	<b>1,399,135</b>	<b>369,854</b>	<b>55,122</b>	<b>1,713,867</b>	<b>5,198,465</b>	<b>4,981,753</b>
Software	334,035	4,925	-	338,960	316,813	11,650	-	328,463	<b>10,497</b>	<b>17,222</b>
Developing software	-	16,046	-	16,046	-	-	-	-	<b>16,046</b>	-
<b>Total intangible assets</b>	<b>334,035</b>	<b>20,971</b>	-	<b>355,006</b>	<b>316,813</b>	<b>11,650</b>	-	<b>328,463</b>	<b>26,543</b>	<b>17,222</b>
<b>Total fixed and intangible assets</b>	<b>6,714,922</b>	<b>1,934,306</b>	<b>1,381,890</b>	<b>7,267,339</b>	<b>1,715,948</b>	<b>381,504</b>	<b>55,122</b>	<b>2,042,330</b>	<b>5,225,009</b>	<b>4,998,975</b>

Regarding the incorporation of fixed assets, the amount actually paid and included in the Statement of cash flows amounts to US\$ 595.675.

The report dated March 24, 2020  
is submitted in document attached  
Deloitte S.C.

Note 10 - Trade payables

	US\$	
	<b>12.31.2019</b>	<b>12.31.2018</b>
Trade payables	218,977	370,977
Credits cards payables	8,648	6,238
	<b>227,625</b>	<b>377,215</b>

Note 11 - Other payables

	US\$	
	<b>12.31.2019</b>	<b>12.31.2018</b>
Advances collections	370,107	411,312
Provisions for employee benefits	431,870	384,447
Benefit for staff	29,491	29,362
Other payables	3,406	20,371
	<b>834,874</b>	<b>845,492</b>

Note 12 - Net operating revenues

	US\$	
	<b>12.31.2019</b>	<b>12.31.2018</b>
ISPs (Internet Services Providers)	5,162,622	4,767,386
End User	494,371	349,036
ASN (Autonomous System Number)	221,500	165,850
Memberships of Internet National Registries	3,198,985	2,488,157
Other Incomes	470,069	435,118
	<b>9,547,547</b>	<b>8,205,547</b>

Note 13 - Position in foreign currency

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

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

	<b>December 31, 2018</b>		
	<b>Uruguayan pesos</b>	<b>€</b>	<b>Equivalent in US\$</b>
Cash and banks	1,164,931	-	35,948
Other receivables	912,196	201	28,379
<b>Total assets</b>	<b>2,077,127</b>	<b>201</b>	<b>64,327</b>
Trade Payables	2,090,868	-	64,521
Other payables	7,719,326	-	238,207
<b>Total liabilities</b>	<b>9,810,194</b>	<b>-</b>	<b>302,728</b>
<b>Net position</b>	<b>(7,733,067)</b>	<b>201</b>	<b>(238,401)</b>

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

In 2015, the LACNIC 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 the LACNIC key personnel are made up of Board members, the Deputy/Chief Executive Officer and Managers of the Institution.

LACNIC Board of Directors do not receive remuneration.

Total fixed compensation expense of key personnel as of December 31, 2019 amounts to US\$ 799,875 and it is included under section "Salaries and Personnel Expenses" in the Statement of the Comprehensive Income. (US\$ 802,394 as of December 31, 2018).

#### Note 16 - Equity

In 2018 a difference in the amount of Nic.br financial contribution of 2017 (as established in the contractual terms) was adjusted in the general ledger. The amount was allocated in the equity account under "Prior year's results".

#### Note 17 - Off balance accounts

LACNIC participates in collaborative projects with other organizations 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.

	<b>US\$</b>	
	<b>12.31.2019</b>	<b>12.31.2018</b>
AYITIC	12,874	82,962
FRIDA	37,626	39,076
LACIGF	47,803	54,298
LACNOG	5,526	-
<b>Total</b>	<b>103,829</b>	<b>176,336</b>

**Note 18 - Subsequent events**

At the date of issuance of the present financial statements, there were no subsequent events at the end of the fiscal year which may affect the Organization in a meaningful way.

As a consequence of the situation generated by COVID-19 (Coronavirus), and after obtaining legal reports from independent specialists, the LACNIC Board of Directors decided on March 24, 2020 to postpone the submission of the financial statements for the approval by the Ordinary Member Assemblies, until a date in which the conditions will be given so that it can be carried out. Notwithstanding the foregoing, we would like to indicate that the situation did not generate specific operating and/or economic effects that deserve to be disclosed in the financial statements.

The report dated March 24, 2020  
is submitted in document attached  
Deloitte S.C.