AVENTURA COMMUNITY SCHOOL

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022

AVENTURA COMMUNITY SCHOOL

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AVENTURA COMMUNITY SCHOOL
INTRODUCTORY SECTION

BOARD OF DIRECTORS

Jessie Garcia Knowles	Chair
Lindsey Harris	Vice Chair
Alex L. Lorenz	Treasurer
Karla Vazquez Moreno	Secretary
Aaron Mcgee	Director
Dawana Wade	Director
Jacob Bennett	Director
Luke Smiley	Director
Stuart Burkhalter	Director
Veronica Uribe	Director

LEADERSHIP TEAM

Natalie Morosi	Founder and Executive Director
Katie Castellon	Lower School Director
Diana Aguilar	Director of Family Engagement

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Aventura Community School
Nashville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Aventura Community School (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- 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 School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 – 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, schedule of changes in lease obligations, and schedule of lease requirements by year as listed in the table of contents, as required by the State of Tennessee Comptroller of the Treasury's *Audit Manual for Local Governmental Units and Oher Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of changes in lease obligations, and schedule of lease requirements by year are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Crosslin, PLLC

Nashville, Tennessee
February 24, 2023

Our discussion and analysis of Aventura Community School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2022. This section should be read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the School exceeded its liabilities by $617,089.
- Net position increased $567,089 during the year.
- Total revenues of $1,065,087 were comprised of Federal Pass-through Funds- 29% and Contributions/Other- 71%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of a series of financial statements, notes to those statements, required supplementary information, and supplementary information. The statements are organized so that the reader can understand the School as a whole and then proceed to a detailed look at specific financial activities of the School.

REPORTING THE SCHOOL AS A WHOLE

The Statement of Net Position and Statement of Activities:

In general, users of these financial statements want to know if the School is better off or worse off as a result of the year's activities. The Statement of Net Position and Statement of Activities report information about the School as a whole and about the School's activities in a manner that helps to answer that question. These statements include all assets and liabilities using the accrual basis of accounting. Under the accrual basis, all of the current year's revenue and expenses are taken into consideration regardless of when cash is received or paid. The statements start on page 11.

The Statement of Net Position reports the School's net position (total assets and deferred outflows of resources, when applicable, less total liabilities and deferred inflows of resources, when applicable). Private sector entities would report retained earnings. The School's net position balance at year-end represents available resources for future growth. The Statement of Activities reports the change in net position as a result of activity during the year. Private sector entities have a similar report titled statement of operations, which reports net income. It provides the user a tool to assist in determining the direction of the School's financial health during the year. Users will want to consider non-financial factors as well as the financial data in arriving at a conclusion regarding the overall health of the School.

REPORTING THE SCHOOL'S FUNDS

Fund Financial Statements:

The School's fund financial statements, the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances, begin on page 13. They provide detailed information about the School's most significant funds, not the School as a whole. Funds are established by the School to help manage money for particular purposes and compliance with various donor and grant provisions.

The School's funds are categorized as "governmental funds." Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending in future periods. Fund financial statements are reported using an accounting method called "modified accrual" accounting, which measures cash and other financial assets that can readily be converted to cash. This basis of accounting is different from the accrual basis used in the school-wide financial statements to report on the School as a whole. The relationship between governmental activities, as reported in the Statement of Net Position and the Statement of Activities, and governmental funds, as reported in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances, is reconciled in the basic financial statements on pages 14 and 16.

SCHOOL WIDE FINANCIAL ANALYSIS

The School's assets exceeded the School's liabilities at the close of the period, resulting in net position of $617,089. The School's net position includes $532,633 of cash. The cash is available to meet the School's ongoing activities.

As of June 30, 2022, the School had invested $210,085 in capital assets, net of accumulated depreciation of $1,493. This investment includes buildings and improvements for instructional purposes and instructional and support equipment and furniture. Additional information on property and equipment is located in Note C to the financial statements.

The School leases educational space (3010 Tuggle Avenue in Nashville, Tennessee). The initial lease term began May 1, 2022 and ends June 30, 2025, with an option to renew for three additional years. Effective July 1, 2021, the School adopted GASB No. 87 *Leases*. The adoption resulted in the recognition of right-to-use lease assets and related right-to-use lease liabilities for the School's building lease. No changes were made to the June 30, 2021 balances as a result of the adoption. As of June 30, 2022, the Organization had right-to-use lease assets, net of $1,334,220 and right-to-use lease liabilities totaling $1,353,681. See Note E to the financial statements for further information on leases.

A schedule of the School's net position as of June 30, 2022 and 2021 is as follows:

	2022	2021
Current assets	$ 563,875	$50,000
Capital assets	210,085	-
Noncurrent asset	1,334,220	-
Total assets	2,108,180	50,000
Current liabilities	197,873	-
Noncurrent liabilities	1,293,218	-
Total liabilities	1,491,091	-
Net position:		
Net investment in capital assets	190,624	-
Unrestricted	426,465	50,000
Total net position	$ 617,089	$50,000

The School's total net position increased $567,089 during the year. The increase in the School's net position indicates that the School had more incoming revenues than outgoing expenses during the year.

Total revenues for fiscal year 2022 increased to $1,065,087, an increase of $1,015,087 when compared to the period ended 2021. Revenues generated from government grants were $311,474 during the year, an increase of $311,474 when compared to 2021. The increase is primarily due to additional federal funding received to open the School. Contributions from individuals and organizations of $753,613 increased $703,613. Total expenses were $497,998 in 2022, an increase of $497,998 related to operations beginning in 2022 and preparing to open the School for students in fiscal year 2023.

The increase in net position of $567,089 in 2022 is $517,089 more than the increase in net position of $50,000 in 2021. Revenue increased in 2022 exceeding operating expenses, as anticipated.

A schedule of the School's revenue and expenses for the year ended June 30, 2022 as compared to the year ended June 30, 2021, is as follows. The schedule below is for the School as a whole, not for the governmental funds.

	2022	2021
Revenues:		
Federal and state grants	$ 311,474	$ -
Contributions	753,613	50,000
Total revenues	1,065,087	50,000
Expenses:		
Employee compensation	284,317	-
Occupancy	35,760	-
Transportation	1,829	-
Depreciation	1,493	-
Office	8,731	-
Instructional	7,230	-
Professional services and fees	75,773	-
Food service	220	-
Staff development	2,898	-
Organizational development	19,604	-
Other	60,143	-
Total expenses	497,998	-
Change in net position	$ 567,089	$ -

FINANCIAL ANALYSIS OF THE SCHOOL'S FUND

The School's fund, as presented on the Balance Sheet on page 13, report a fund balance of $426,465. All of the School's total funds are in the General Purpose School Fund, which is the chief operating fund of the School. Due to the different basis of accounting, there is a difference between the amounts reported under the School's funds and the amounts reported as government-wide. For the year ended June 30, 2022, the differences consist of capital assets, right-to-use lease assets, and right-to-use lease liabilities, which are not reported in the School's governmental funds.

SCHOOL ENROLLMENT FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2023 enrollment is projected to be approximately 210 students for grades K-2 at Aventura Community School.

As the State of Tennessee transitions from the BEP funding formula to the new TISA formula, the Organization anticipates that per pupil funding rates will remain constant based on predictive modeling using student demographic data. The Organization anticipates that overall funding will increase in fiscal year 2023 because of increased enrollment.

For fiscal year 2023, the Organization expects to continue its strong fundraising efforts for non-governmental funds. Aventura Community School has significant startup grants secured for fiscal year 2023 amounting to approximately 50% of revenue in the school's founding year. These nongovernmental resources are an important funding source to fill the current funding gap of Aventura in its startup years and to fuel the strategic growth plans. Aventura believes that continued focus on the existing donor base, the identification of new donors, and a Board of Directors commitment will help the Organization continue its strong fundraising efforts.

For fiscal year 2023, in addition to serving Aventura's student population of 210 students, Aventura plans to invest in the Organization's long-term growth plan with investments that include hiring additional staff, increasing professional development, and making general and administrative expenditures specific to the further development and execution of the Aventura's strategic growth plan.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT: This financial report is designed to provide our students' parents, Davidson County taxpayers, donors, creditors, authorities over grant funding and agencies tasked with oversight of Metropolitan Nashville Public Schools with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. For questions about this report or additional financial information, contact the School's Founder and Executive Director, Natalie Morosi, by email to <info@aventuranashville.org>.

AVENTURA COMMUNITY SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2022

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	532,633
Other current assets		31,242
Capital assets:		
Nondepreciable		169,166
Depreciable, net of accumulated depreciation		40,919
Right-to-use lease asset, net of accumulated amortization		1,334,220
Total assets		2,108,180
LIABILITIES		
Accounts payable		127,098
Accrued expenses		10,312
Right-to-use lease liability, due within one year		60,463
Right-to-use lease liability, due in more than one year		1,293,218
Total liabilities		1,491,091
NET POSITION		
Net investment in capital assets		190,624
Unrestricted		426,465
Total net position	$	617,089

See accompanying notes to financial statements.

AVENTURA COMMUNITY SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		Functions		
GOVERNMENTAL ACTIVITIES:	Total	Student Instruction and Services	Administration	Fundraising
EXPENSES				
Instructional	$ 7,230	$ 7,230	$ -	$ -
Occupancy	35,760	-	35,760	-
Office	8,731	-	8,731	-
Organizational development	19,604	-	19,604	-
Professional services and fees	75,773	73,383	2,390	-
Employee compensation	284,317	220,000	64,317	-
Food service	220	187	33	-
Staff development	2,898	2,898	-	-
Transportation	1,829	-	1,829	-
Depreciation and amortization	38,555	38,555	-	-
Other	23,081	23,081	-	-
Total expenses	497,998	365,334	132,664	-
PROGRAM REVENUES				
Operating grants and contributions	311,474	311,474	-	-
Net program expenses	186,524	$ 53,860	$ 132,664	$ -
GENERAL REVENUES				
Contributions	753,613			
Total general revenues	753,613			
CHANGE IN NET POSITION	567,089			
NET POSITION, June 30, 2021	50,000			
NET POSITION, June 30, 2022	$ 617,089			

See accompanying notes to financial statements.

AVENTURA COMMUNITY SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Purpose School Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	$ 532,633	$ 532,633
Other current assets	31,242	31,242
Total assets	$ 563,875	$ 563,875
LIABILITIES		
Accounts payable	$ 127,098	$ 127,098
Accrued expenditures	10,312	10,312
Total liabilities	137,410	137,410
FUND BALANCES		
Nonspendable	31,242	31,242
Unassigned	395,223	395,223
Total fund balances	426,465	426,465
Total liabilities and fund balances	$ 563,875	$ 563,875

See accompanying notes to financial statements.

AVENTURA COMMUNITY SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS - CONTINUED
JUNE 30, 2022

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION:

Total governmental fund balances in the balance sheet	$ 426,465
Capital assets not reported in the governmental funds balance sheet	210,085
Right-to-use lease assets not reported in the balance sheet	1,334,220
Right-to-use lease liability not reported in the balance sheet	(1,353,681)
Net position of governmental activities in the statement of net position	$ 617,089

See accompanying notes to financial statements.

AVENTURA COMMUNITY SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Purpose School Fund	Total Governmental Funds
REVENUES		
Contributions	$ 753,613	$ 753,613
Federal and state grants	311,474	311,474
Total revenues	1,065,087	1,065,087
EXPENDITURES		
Current:		
Instructional	7,230	7,230
Occupancy	35,760	35,760
Office	8,731	8,731
Organizational development	19,604	19,604
Professional services and fees	75,773	75,773
Employee compensation	284,317	284,317
Food services	220	220
Staff development	2,898	2,898
Transportation	1,829	1,829
Other	3,311	3,311
Debt service:		
Principal	3,851	3,851
Interest	19,770	19,770
Capital outlay	1,582,860	1,582,860
Total expenditures	2,046,154	2,046,154
OTHER FINANCING SOURCES		
Proceeds from leases	1,357,532	1,357,532
Total other financing sources	1,357,532	1,357,532
NET CHANGE IN FUND BALANCES	376,465	376,465
FUND BALANCES, June 30, 2021	50,000	50,000
FUND BALANCES, June 30, 2022	$ 426,465	$ 426,465

See accompanying notes to financial statements.

AVENTURA COMMUNITY SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - CONTINUED
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES:

Net change in fund balances as reported in the governmental funds statements	$ 376,465
Amounts reported as expenditures in the governmental funds statements not included as expenses in the school-wide statements:	
Capital outlay	1,582,860
Debt service principal	3,851
Expenses in the school-wide statements not included as expenditures in the governmental funds statements:	
Depreciation and amortization expense	(38,555)
Long-term debt proceeds provide current financial resources to the governmental funds, but issuance of debt increases long-term obligations for governmental activities:	
Proceeds from leases	(1,357,532)
Change in net position of governmental activities	$ 567,089

See accompanying notes to financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Aventura Community School (the "School") was incorporated October 16, 2020, as a Tennessee nonprofit corporation. Pursuant to Section 6(b)(1)(A) of the Tennessee Public Charter School Act of 2002 (the Act), the School has been approved as a public charter school. Pursuant to the Act, public charter schools are part of the state's public education program offering an alternative means within the public school system for accomplishing necessary outcomes of education.

Basic Financial Statements

In accordance with State of Tennessee regulations, the School reports as a special purpose governmental entity.

School-wide financial statements

The school-wide financial statements focus on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. In the school-wide statement of net position, amounts are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as any long-term debt and obligations, and which also recognizes deferred inflows and outflows of resources. The statement of net position presents the financial condition of the School at year-end.

When applicable, the School's net position is reported in three categories – net investment in capital assets, restricted net position, and unrestricted net position. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

The school-wide statement of activities reports both the gross and net cost of the School's functions. The functions are also supported by general government revenues (donations to the General Purpose School Fund). The statement of activities reduces gross expenses by related function revenues, including operating grants and contributions and capital grants and contributions. Program revenues must be directly associated with the function. The School does not allocate indirect costs between functions. The net costs by function are normally covered by general revenue.

Fund financial statements

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The emphasis in fund financial statements is on the major funds. When applicable, nonmajor funds by category are summarized in a single column. Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, sets forth minimum criteria for the determination of major funds. The School reports the following major governmental fund:

The General Purpose School Fund is the School's primary operating fund. It accounts for all financial resources of the School.

The focus of the governmental funds is upon the determination of financial resources, their balance, sources, and uses, rather than upon net income. The School classifies governmental fund balances as nonspendable, restricted, committed, assigned, and unassigned based on the level of constraints on the fund balances. When an expenditure is incurred in which both restricted and unrestricted funds are available for use, it is the School's policy to spend restricted funds first, then unrestricted funds. When an expenditure has been incurred for purposes in which multiple categories of unrestricted funds are available, it is the School's policy to spend funds in the following order: committed, then assigned, and lastly unassigned funds. The classifications of fund balances are defined as follows:

Nonspendable - This classification consists of fund balances that cannot be spent because they are either not in spendable form, for example, noncash amounts that are not expected to be converted to cash, or the funds are legally or contractually required to be maintained intact.

Restricted - This classification consists of fund balances with external constraints on use imposed by creditors (such as through debt covenants), contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Committed - This classification consists of fund balances that can only be used for specific purposes established by formal action of the School's Board of Directors, its highest level of decision making authority. Such commitments should include contractual obligations of fund assets. Fund balance commitments can only be removed by the same process of the same body employed to previously commit those amounts.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assigned - This classification consists of all fund balances that are not in the General Purpose School Fund or classified as nonspendable, restricted, or committed. In addition, General Purpose School Fund balances that the School intends to use for specific purposes are also classified as assigned. The School gives the authority to assign amounts to specific purposes to the School's controller and personnel under the supervision of the controller tasked with financial recording responsibilities.

Unassigned - This classification consists of all fund balances in the General Purpose School Fund that are not reported as nonspendable, restricted, committed, or assigned.

Basis of Accounting

The School's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

The School is considered a special purpose governmental entity engaged in governmental type activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared in the same manner as general purpose governments.

The School's basic financial statements include both school-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). The School's primary activities are all considered to be governmental activities and are classified as such in the school-wide and fund financial statements.

The school-wide financial statements have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Revenues under the modified accrual basis are recognized when measurable and available and expenditures are recognized when the related liability is incurred. "Available" means collectible within the current period or within 60 days after the end of the year and up to one year for grant revenues.

Since the governmental funds financial statements are presented on a different basis than the school-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to convert the fund financial statements into the school-wide financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

The School considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents. From time to time, the School may have cash and cash equivalents deposits with financial institutions that exceed federally insured limits. See Note B.

Receivables

Receivables represent amounts due from grants or funding which have been approved but not received. All receivables are reported at estimated collectible amounts. Receivables that will not be collected within the available period are reported as unavailable revenues in the governmental fund financial statements.

Capital Assets

On the school-wide financial statements, property and equipment are recorded at acquisition cost, if purchased, or the acquisition value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Expenditures which materially extend the economic lives, change capacities, or improve the efficiency of the related assets are capitalized. Textbooks and curriculum expenditures are not considered capital assets and are expensed as incurred. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is included in the statement of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-nine years, or over the term of the lease for leasehold improvements, if less. The School follows the practice of capitalizing all expenditures for property and equipment items exceeding $1,000.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the respective governmental fund upon acquisition.

When applicable, construction in progress represents long term assets not yet placed into service. When a project is completed and placed into service, the construction in progress is removed and recorded as a depreciable asset.

Leases

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use ("ROU") an underlying asset. Aventura Community School adopted GASB No. 87 effective July 1, 2021.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The School determines whether an arrangement is or contains a lease at lease inception. On the commencement date, leases are recorded as ROU assets and lease liabilities in the statements of net position. ROU assets represent the School's right to use leased assets over the term of the lease. Lease liabilities represent the School's contractual obligation to make lease payments over the lease term.

The lease liability is measured as the present value of the lease payments over the lease term using either the rate implicit in the lease, if it is determinable, or the School's incremental borrowing rate if the implicit rate is not determinable. ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense, an outflow of resources, is recognized on a straight-line basis over the lease term. The School has elected not to recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expense associated with short-term leases in lease expense in the statements of revenues, expenses, and changes in net position.

ROU assets are assessed for impairment in accordance with the School's capital asset policy. Management reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with GASB No. 87. The School's leases are described in Note E.

Income Taxes

The School is a not-for-profit school that is exempt from federal income taxes under the Internal Revenue Code, classified by the Internal Revenue Service as other than a private foundation and is similarly exempt from state income taxes. The School accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions include, but are not limited to, the tax exempt status and determination of whether income is subject to unrelated business income tax; however, management has determined that such tax positions do not result in an uncertainty requiring recognition.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflow of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, receivables, accounts payable, and accrued liabilities approximate fair value because of the short maturity of these instruments. The fair value of long-term debt approximates the carrying value as actual interest rates approximate market rates.

Commitments, Contingencies, and Risk Management

The School is exposed to various risk of loss relating to torts, theft of, damage to, and destruction of assets; errors or omissions; illness or injuries to employees; and natural disasters. The School carries insurance for certain risks of loss. Since inception, settled claims resulting from these risks have not exceeded commercial insurance coverage.

Continuing Activities

The School is dependent on certain significant contracts and grants for its continued operations. These contracts and grants are from state, local, and other sources and are subject to the School's ability to fulfill the contract and grant requirements. Additionally, the School's receipt of such contracts and grants may also be contingent upon its ability to maintain certain financial condition, cash flows, level of operations, payment of liabilities, test scores, and academic standards. If a grantor agency finds that the School is not meeting these requirements, the agency may not provide continuing funding, which would have a material adverse impact on the School's ability to continue its operations.

B. DEPOSITS WITH FINANCIAL INSTITUTIONS

The School does not have formal deposit policies that address its exposure to custodial credit risk; however, the School does limit deposits to those instruments allowed by applicable State laws. Deposits in financial institutions are required by State statute to be secured and collateralized by such institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount covered by federal depository insurance. The School's primary financial institution participates in the State of Tennessee Collateral Pool. The School's deposits at other financial institutions are fully covered by federal depository insurance. Banks participating in the Collateral Pool determine the aggregate balance of their public fund accounts and the required collateral. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank Collateral Pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

C. CAPITAL ASSETS

Capital assets activity for governmental activities for the period was as follows:

	Balance June 30, 2021	Additions/ Transfers In	Retirements/ Transfers Out	Balance June 30, 2022
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 169,166	$ -	$ 169,166
Capital assets, being depreciated:				
Furniture and fixtures	-	24,487	-	24,487
Equipment and small tools	-	17,925	-	17,925
Subtotal	-	42,412	-	42,412
Accumulated depreciation	-	(1,493)	-	(1,493)
Capital assets, being depreciated, net	$ -	$ 40,919	$ -	$ 40,919
Capital assets, net	$ -	$ 210,085	$ -	$ 210,085

Depreciation was charged to governmental activities as follows:

Student instruction and services	$1,493
Administration	-
Fundraising	-
	$1,493

Construction in progress at June 30, 2022 relates primarily to the construction on the School facilities.

D. LINE-OF-CREDIT

The School has a $150,000 line-of-credit with a bank, which expires in March 2024. The line-of-credit bears interest at the bank's index rate plus 1%. The interest rate at June 30, 2022 was 5.25%. The line-of-credit is collateralized by substantially all the assets of the School. As of June 30, 2022, there were no outstanding borrowings under the line-of-credit and there was no activity on the line-of-credit during the year ended June 30, 2022.

E. LEASE ARRANGEMENTS

The facilities used to provide educational services for Aventura Community School are provided under a lease arrangement with PIE, LLC, d/b/a Barrington Christian Academy. The lease is for a thirty-eight month period ending on June 30, 2025 and includes an option to extend the for an additional three-year period. Aventura Community School anticipates executing the renewal option. The interest rate on the lease is the Index (7.75%) plus 1.00% for a rate of 8.75%.

The components of lease expense for the year ended June 30, 2022 is as follows:

	Year Ending June 30, 2022
Lease Expense	
Amortization expense by class of underlying assets	
Building	$37,062
Total amortization expense	37,062
Interest on lease liabilities	19,769
Total	$56,831

	Beginning of Year	Additions	Modifications and Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Lease Assets						
Building	$ -	$ 1,371,282	$ -	$ -	$ 1,371,282	
Less: Accumulated Amortization						
Building	-	(37,062)	-	-	(37,062)	
Total Lease Asset, net	$ -	$ 1,334,220	$ -	$ -	$ 1,334,220	
Lease Liabilities	$ -	$ 1,357,532	$ -	$(3,851)	$ 1,353,681	$60,463

E. LEASE ARRANGEMENTS - Continued

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 60,463	$116,490	$ 176,953
2024	128,625	108,079	236,704
2025	232,215	92,736	324,951
2026	284,124	70,368	354,492
2027	310,007	44,485	354,492
2028	338,247	16,245	354,492
	$1,353,681	$448,403	$1,802,084

F. FUND BALANCES

The General Purpose School Fund includes fund balance amounts presented as nonspendable totaling $31,242 as they are not in spendable form.

G. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 24, 2023, the date the financial statements were available for issuance, and has determined that there were no subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

AVENTURA COMMUNITY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Program Name/Grantor	Assistance Listing Number	Contract Number	Total Expenditures
Federal Awards			
U.S. DEPARTMENT OF EDUCATION:			
Passed through Tennessee Department of Education			
Charter Schools Program	84.282B	N/A	$ 311,474
Total U.S. Department of Education			311,474
Total Federal Awards			311,474

Note 1: The schedule of expenditures of federal awards and state financial assistance includes the federal grant activity presented in accordance with the requirements of the State of Tennessee. Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position or changes in financial position of the School.

Note 2: Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the related federal awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: The School has elected not to use the 10 percent de minimis indirect cost rate.

See independent auditor's report.

AVENTURA COMMUNITY SCHOOL
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
JUNE 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Restated Outstanding 7/1/2021	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 6/30/2022
Governmental Activities:									
LEASES PAYABLE									
Payable through General Purpose School Fund									
Lease - Aventura Building	$ 1,357,532	8.75%	05/01/2022	07/31/2028	$ -	$ 1,357,532	$ 3,851	$ -	$ 1,353,681
Total Leases Payable					$ -	$ 1,357,532	$ 3,851	$ -	$ 1,353,681

See independent auditor's report.

AVENTURA COMMUNITY SCHOOL
SCHEDULE OF LEASE REQUIREMENTS BY YEAR
JUNE 30, 2022

Year Ending June 30	Leases		
	Principal	Interest	Total
2023	$ 60,463	$ 116,490	$ 176,953
2024	128,625	108,079	$ 236,704
2025	232,215	92,736	$ 324,951
2026	284,124	70,368	$ 354,492
2027	310,007	44,485	$ 354,492
2028	338,247	16,245	$ 354,492
Total	$ 1,353,681	$ 448,403	$ 1,802,084

See independent auditor's report.

CROSSLIN
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
Aventura Community School
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Aventura Community School (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated February 24, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crosslin, PLLC

Nashville, Tennessee
February 24, 2023

Financial Statement Findings

None.

Summary of Prior Audit Findings

None.