AVENTURA COMMUNITY SCHOOL

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2023

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AVENTURA COMMUNITY SCHOOL
INTRODUCTORY SECTION

BOARD OF DIRECTORS

Jessie Garcia Knowles	Chair
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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, 2023, 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, 2023, 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.

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 and the schedule of the proportionate share of net pension liability (asset) and the schedule of employer contributions on pages 42-43 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 and state financial assistance, 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 and state financial assistance, 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 December 22, 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
December 22, 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, 2023. This section should be read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the School exceeded its liabilities and deferred inflows by $1,030,466.
- Net position increased $413,378 during the year.
- Total revenues of $3,052,248 were comprised of District Funding – 52%, Federal and State Pass-through Funds- 21% and Contributions/Other- 27%.

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 and deferred outflows exceeded the School's liabilities and deferred inflows at the close of the period, resulting in net position of $1,030,466. The School's net position includes $741,438 of cash. The cash is available to meet the School's ongoing activities.

As of June 30, 2023, the School had invested $1,596,755 in capital assets, net of accumulated depreciation and amortization of $282,305. 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. As of June 30, 2023, the Organization had right-to-use lease assets, net of amortization of $1,111,850 included in capital assets and right-to-use lease liabilities totaling $1,293,218. See Note E to the financial statements for further information on leases.

A schedule of the School's net position as of June 30, 2023 and 2022 is as follows:

	2023	2022
Current assets	$ 888,120	$ 563,875
Capital and other noncurrent assets	1,605,004	1,544,305
Total assets	2,493,124	2,108,180
Deferred outflows of resources	95,639	-
Current liabilities	360,609	197,873
Noncurrent liabilities	1,189,847	1,293,218
Total liabilities	1,550,456	1,491,091
Deferred inflows of resources	7,841	-
Net position:		
Net investment in capital assets	303,537	190,624
Restricted	8,249	-
Unrestricted	718,680	426,465
Total net position	$1,030,466	$ 617,089

The School's total net position increased $413,378 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 2023 increased to $3,052,248, an increase of $1,987,161 when compared to the period ended 2022. District funding in the amount of $1,599,331 was received as the inaugural school year commenced in 2023. Revenues generated from government grants were $635,323 during the year, an increase of $323,849 when compared to 2022. Contributions from individuals and organizations of $772,839 an increase of $19,226 when compared to 2022. Total expenses were $2,638,870 in 2023, an increase of $2,140,872 when compared to 2022 related to the hiring of teachers and other educational expenses to open the school.

The increase in net position of $413,378 in 2023 is $153,711 less than the increase in net position of $567,088 in 2022. Revenue increased in 2023 exceeding operating expenses, as anticipated with the addition of district funding and other contributions.

A schedule of the School's revenue and expenses for the year ended June 30, 2023 as compared to the year ended June 30, 2022, is as follows. The schedule below is for the School as a whole, not for the governmental funds.

	2023	2022
Revenues:		
District funding	$1,599,331	$ -
Federal and state grants	635,323	311,474
Contributions	772,839	753,613
Other	44,755	-
Total revenues	3,052,248	1,065,087
Expenses:		
Employee compensation	1,679,718	284,317
Occupancy	231,673	35,760
Administrative	49,615	-
Transportation	95,060	1,829
Depreciation and amortization	243,965	1,493
Office	-	8,731
Instructional	85,910	7,230
Professional services and fees	236,824	75,773
Food service	-	220
Staff development	-	2,898
Organizational development	16,106	19,604
Other	-	60,143
Total expenses	2,638,870	497,998
Change in net position	$ 413,378	$ 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 $664,385. 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, 2023, the differences consist of capital assets, right-to-use lease assets, right-to-use lease liabilities, and pension liabilities which are not reported in the School's governmental funds.

SCHOOL ENROLLMENT FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2024 enrollment is projected to be approximately 300 students for grades K-3 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 2024 because of increased enrollment.

For fiscal year 2024, the Organization expects to continue its strong fundraising efforts for non-governmental funds. Aventura Community School has significant startup grants secured for fiscal year 2024 amounting to approximately 50% of revenue in the school's second 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 2024, in addition to serving Aventura's student population of 300 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, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 741,438
Accounts receivable	20,160
Other current assets	126,522
Capital assets:	
Nondepreciable	337,552
Depreciable, net	1,259,203
Restricted assets:	
TCRS Stabilization Reserve Trust	8,249
Total assets	2,493,124
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	95,639
LIABILITIES	
Accounts payable	114,730
Accrued expenses	117,254
Right-to-use lease liability, due within one year	128,625
Right-to-use lease liability, due in more than one year	1,164,593
Net pension liability	25,254
Total liabilities	1,550,456
DEFERRED INFLOWS OF RESOURCES	
Pensions	7,841
NET POSITION	
Net investment in capital assets	303,537
Restricted	8,249
Unrestricted	718,680
Total net position	$ 1,030,466

See accompanying notes to financial statements.

AVENTURA COMMUNITY SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENTAL ACTIVITIES:	Total	Functions: Student Instruction and Services	Administration	Fundraising
EXPENSES				
Instructional	$ 85,910	$ 85,910	$ -	$ -
Administration	49,615	-	49,615	-
Occupancy	231,672	-	231,672	
Organizational development	16,106	5,065	11,041	-
Professional services and fees	236,824	226,184	10,640	-
Employee compensation	1,679,718	1,313,961	365,757	-
Transportation	95,060	95,060	-	-
Depreciation and amortization	243,965	243,965	-	-
Total expenses	2,638,870	1,970,145	668,725	-
PROGRAM REVENUES				
Operating grants and contributions	282,037	282,037	-	-
Capital grants and contributions	353,286	353,286	-	-
Net program expenses	2,003,547	$ 1,334,822	$ 668,725	$ -
GENERAL REVENUES				
District funding	1,599,331			
Contributions	772,839			
Other	44,755			
Total general revenues	2,416,925			
CHANGE IN NET POSITION	413,378			
NET POSITION, June 30, 2022	617,088			
NET POSITION, June 30, 2023	$ 1,030,466			

See accompanying notes to financial statements.

AVENTURA COMMUNITY SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Purpose School Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	$ 741,438	$ 741,438
Accounts receivable	20,160	20,160
Other current assets	126,522	126,522
Restricted asset:		
TCRS Stabilization Reserve Trust	8,249	8,249
Total assets	$ 896,369	$ 896,369
LIABILITIES		
Accounts payable	$ 114,730	$ 114,730
Accrued expenditures	117,254	117,254
Total liabilities	231,984	231,984
FUND BALANCES		
Nonspendable	126,522	126,522
Restricted	8,249	8,249
Unassigned	529,614	529,614
Total fund balances	664,385	664,385
Total liabilities and fund balances	$ 896,369	$ 896,369

See accompanying notes to financial statements.

AVENTURA COMMUNITY SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS - CONTINUED
JUNE 30, 2023

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	$ 664,385
Capital assets not reported in the governmental funds balance sheet	1,596,755
Pension amounts not reported above:	
Net pension liability	(25,254)
Deferred inflows of resources for pensions	95,639
Deferred outflows of resources for pensions	(7,841)
Right-to-use lease liability not reported in the balance sheet	(1,293,218)
Net position of governmental activities in the statement of net position	$ 1,030,466

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, 2023

	General Purpose School Fund	Total Governmental Funds
REVENUES		
Contributions	$ 772,839	$ 772,839
District funding	1,599,331	1,599,331
Federal and state grants	635,323	635,323
Other income	41,905	41,905
Other income - internal school funds	2,850	2,850
Total revenues	3,052,248	3,052,248
EXPENDITURES		
Current:		
Instructional	83,060	83,060
Instructional - internal schools funds	2,850	2,850
Administration	49,615	49,615
Occupancy	115,623	115,623
Organizational development	16,106	16,106
Professional services and fees	236,824	236,824
Employee compensation	1,742,262	1,742,262
Transportation	95,060	95,060
Debt service:		
Principal	60,463	60,463
Interest	116,049	116,049
Capital outlay	296,416	296,416
Total expenditures	2,814,328	2,814,328
NET CHANGE IN FUND BALANCES	237,920	237,920
FUND BALANCES, June 30, 2022	426,465	426,465
FUND BALANCES, June 30, 2023	$ 664,385	$ 664,385

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, 2023

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	$	237,920
Amounts reported as expenditures in the governmental funds statements not included as expenses in the school-wide statements:		
Capital outlay		296,416
Debt service principal		60,463
Expenses in the school-wide statements not included as expenditures in the governmental funds statements:		
Depreciation and amortization expense		(243,965)
Differences between expenses in the school-wide statements and expenditures in the governmental funds statements:		
(Negative) pension expense		62,544
Change in net position of governmental activities	$	413,378

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS and the Metropolitan Government. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Pension Plans. Investments are reported at fair value.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School reports the following deferred outflow of resources relating to the pensions: Contributions made subsequent to the pension measurement date, difference between expected and actual experience, difference between projected and actual investment earnings, changes in assumptions, and changes in proportion of the net pension liability.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The School reports the following deferred inflow of resources relating to pensions: Differences between expected and actual experience and differences between projected and actual investment earnings, and changes in proportion of net pension liability.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Newly Adopted Accounting Pronouncements

The School implemented the following Governmental Accounting Standards Board (GASB) statements during fiscal year 2023:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation did not have an effect on the School's financial statements for fiscal year 2023.

GASB Statement No. 99, *Omnibus 2022*, was issued in April 2022. This Statement provides guidance on several practice issues identified during the implementation of certain GASB statements. The implementation did not have an effect on the School's financial statements for fiscal year 2023.

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, 2022	Additions/ Transfers In	Retirements/ Transfers Out	Balance June 30, 2023
Capital assets, not being depreciated:				
Construction in progress	$ 169,166	$ 168,386	$ -	$ 337,552
Capital assets, being depreciated:				
Furniture and fixtures	24,487	10,354	(8.528)	26,313
Computer and equipment	-	75,604	-	75,604
Classroom equipment	17,925	32,825	-	50,750
Leasehold improvements	-	17,559	-	17,559
Right-of-use lease assets	1,371,282	-	-	1,371,282
Subtotal	1,413,694	136,342	(8,528)	1,541,508
Accumulated depreciation	(1,493)	(21,595)	215	(22,873)
Accumulated amortization	(37,062)	(222,370)	-	(259,432)
Subtotal	(38,555)	(243,965)	215	(282,305)
Capital assets, being depreciated, net	$ 1,375,139	$(107,623)	$(8,313)	$ 1,259,203
Capital assets, net	$ 1,544,305	$ 60,763	$(8,313)	$ 1,596,755

Depreciation was charged to governmental activities as follows:

Student instruction and services	$243,965
Administration	-
Fundraising	-
	$243,965

Construction in progress at June 30, 2023 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, 2023 was 9.25%. The line-of-credit is collateralized by substantially all the assets of the School. As of June 30, 2023, 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, 2023.

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, 2023 is as follows:

	Year Ending June 30, 2023
Lease Expense	
Amortization expense by class of underlying assets	
Building	$222,370
Total amortization expense	222,370
Interest on lease liabilities	116,049
Total	$338,419

	Beginning of Year	Additions	Modifications and Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Lease Liabilities	$1,353,681	$ -	$ -	$(60,463)	$ 1,293,218	$128,625

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

Year Ending June 30,	Principal	Interest	Total
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
	$1,293,218	$331,913	$1,625,131

F. FUND BALANCES

The General Purpose School Fund includes fund balance amounts presented as nonspendable totaling $126,522 as they are not in spendable form, and restricted totaling $8,249 for the TCRS Stabilization Reserve Trust.

G. PENSION PLANS

The School, similar to MNPS and all Tennessee Public Charter Schools in the MNPS System, participates in the following three defined benefit pension plans (collectively the "Pension Plans"):

Certificated Employees
Tennessee Consolidated Retirement System ("TCRS"):
Teachers Legacy Pension Plan
Teachers Retirement Plan (collectively the "TCRS Plans")

Non-Certificated Employees
Metropolitan Government of Nashville and Davidson County, Tennessee (the "Metropolitan Government"):
Metro Pension Plan of the Metropolitan Employees Benefit Trust (the "Metro Plan")

(I.) TCRS Plans

Description of the TCRS Plans

The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

G. PENSION PLANS - Continued

Teachers employed by Aventura Community School with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost sharing, multiple-employer defined benefit plan.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly.

Teacher Legacy Pension Plan

Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Teacher Retirement Plan

Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related

G. PENSION PLANS - Continued

disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the TCRS Pension Plans are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Teacher Legacy Pension Plan

Employer contributions by the School for the year ended June 30, 2023 to the Teacher Legacy Pension Plan were $22,203 which is 8.69% percent of covered payroll.

Teacher Retirement Plan

Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. Employer contributions by the School for the year ended June 30, 2023 to the Teacher Retirement Plan were $33,863 which is 2.87% percent of covered payroll.

G. PENSION PLANS - Continued

Pension Liability (Asset)

Teacher Legacy Pension Plan

At June 30, 2023, the School reported a liability (asset) of $-0- for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability (asset) was based on the School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022 and 2021 School's proportion was 0.00 percent. The School began contributing to the Plan during fiscal year 2023, and will begin measuring its proportionate share of the net pension liability (asset) for the measurement date of June 30, 2023 in fiscal year 2024.

Teacher Retirement Plan

At June 30, 2023, the School reported a liability (asset) of $-0- for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability (asset) was based on the School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022 and 2021 School's proportion was 0.00 percent. The School began contributing to the Plan during fiscal year 2023, and will begin measuring its proportionate share of the net pension liability (asset) for the measurement date of June 30, 2023 in fiscal year 2024.

Actuarial Assumptions

Teacher Legacy Pension Plan and Teacher Retirement Plan

The total pension liability (asset) in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of living adjustment	2.125 percent

Mortality rates are customized based on actuarial experience including an adjustment for some anticipated improvement.

G. PENSION PLANS - Continued

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate

Teacher Legacy Pension Plan and Teacher Retirement Plan

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION PLANS - Continued

II. Metro Plan

Description of the Metro Plan

The Metro Plan is established under the authority of the Metropolitan Charter, Article XIII. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also required that the pension plan be actuarially sound. Administrative costs of the plan are financed through plan assets. The plan is managed by the Metropolitan Employee Benefit Board, an independent board, created by the Metropolitan Charter. The Board is composed of ten members as follows: Finance Director, Human Resources Director, three members appointed by the Mayor, and five members selected by the employees and retirees of the Metropolitan Government. Additional information about the Metro Plan can be found in the publicly available comprehensive annual financial report of the Metropolitan Government. That report may be obtained at www.nashville.gov.

Benefits Provided

As of July 1, 1995, Division B of the Metro Plan was established for all noncertified employees of the Metropolitan Nashville Public Schools, including charter schools, and all other Metro Government employees. Employees with an effective hire date of July 1, 1995, or later are only eligible to participate in Division B of the Metro Plan.

Normal retirement for employees participating in the Metro Plan occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited service equals 85, but not before age 60; or (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75% of average earnings based upon the previous 60 consecutive months of credit service which produce the highest earnings. Benefits fully vest on completing 10 years of service for employees and non-vested employees hired or rehired on or after January 1, 2013. An early retirement option, with reduced benefits, is available for retired employees if the termination occurs prior to the eligibility under normal retirement but after age 50 and after the completion of 10 years of credited employee service. All assets of the Metropolitan Employee's Benefit Trust Fund may legally be used to pay benefits to any plan members or beneficiaries.

Contributions

The funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. All funding is provided under an actuarially recommended employee contribution rate of 12.455% for the noncertificate employees of the Metropolitan Nashville Public Schools, including charter schools, and all other Metropolitan Government employees. Employer contributions for the year ended June 30, 2023 to the Metro Plan were $16,851.

G. PENSION PLANS - Continued

Pension Liability (Assets).

The School reported a liability of $25,254 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability as determined by an actuarial valuation as of July 1, 2023. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan during the year ended June 30, 2023, relative to all contributions for 2023. At the June 30, 2023 measurement date, the School's proportionate share was 0.016115%. The proportion measured as of June 30, 2022 was 0.00 percent.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023 and was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	4.4%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation
Cost-of living adjustment	1.25%

Mortality rates were based on the 112% RP-2014 Blue Collar Table (projected to 2023 using scale MP-21) and the 120% RP-2014 Disabled Mortality, as determined by the periodic actuarial experience study.

The long-term expected rate of return on pension plan investments was established in conjunction with the most recent actuarial experience study completed February 7, 2023, by considering the following three techniques: (1) the 20-year historical return of the Metro Open Plan at June 30, 2022, (2) the historical market returns of asset classes from 1926 to 2022, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of 2.5 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

G. PENSION PLANS - Continued

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.20%	24%
International equity	4.60%	16%
Equity hedge	7.30%	10%
Core plus fixed income	1.50%	20%
Fixed income alternatives	4.60%	10%
Real estate	3.50%	10%
Private equity	7.30%	10%
		100 %

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. Based on the Metro Plan assumptions and funding policy, the fiduciary net position for the plan was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liabilities (Assets)

The School reports the following net pension liability as of June 30, 2023:

TCRS Legacy Plan	$ -
TCRS Retirement Plan	-
Metro Plan	25,254
Net pension liability	$25,254

G. PENSION PLANS - Continued

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate

The following presents the School's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75% for the TCRS Plans and 7.00% for the Metro Plan, as well as what the School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1- percentage-point lower (5.75% for the TCRS Plans and 6.00% for the Metro Plan) or 1-percentage-point higher (7.75% for the TCRS Plans and 8.00% for the Metro Plan) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
The School's proportionate share of the net position liability (asset):			
Teacher legacy pension plan	$ -	$ -	$ -
Teacher retirement plan	-	-	-
Metro plan	106,101	25,254	(42,543)
Total	$106,101	$ 25,254	$(42,543)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued TCRS and Metropolitan Government financial reports.

Negative pension expense and pension payable

For the year ended June 30, 2023, the School recognized the following amounts of negative pension expense and reported payables for the outstanding amount of contributions to the pension plans required at the year ended June 30, 2023 as follows.

	Negative Pension Expense	Pension Payable
Teacher legacy pension plan	$(22,203)	$ 3,802
Teacher retirement plan	(33,863)	7,923
Metro plan	(6,478)	1,775
	$(62,544)	$13,500

G. PENSION PLANS - Continued

Deferred outflow of resources and deferred inflows of resources

For the year ended June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience:		
Teacher legacy pension plan	$ -	$ -
Teacher retirement plan	-	-
Metro plan	12,602	1,726
Net difference between projected and actual earnings on pension plan investments:		
Teacher legacy pension plan	-	-
Teacher retirement plan	-	-
Metro plan	-	3,871
Changes in assumptions:		
Teacher legacy pension plan	-	-
Teacher retirement plan	-	-
Metro plan	26,971	-
Changes in proportion of net pension liability (assets):		
Teacher legacy pension plan	-	-
Teacher retirement plan	-	-
Metro plan	-	2,244
LEA's contributions subsequent to the measurement date of June 2022		
Teacher legacy pension plan	22,203	N/A
Teacher retirement plan	33,863	N/A
Metro plan	N/A	N/A
Total	$95,639	$ 7,841

The School's employer contributions of $56,066, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2023.

G. PENSION PLANS - Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Teacher Legacy Pension Plan	Teacher Retirement Plan	Metro Plan	Total
2024	$ -	$ -	$(3,233)	$(3,233)
2025	-	-	(5,546)	(5,546)
2026	-	-	22,804	22,804
2027	-	-	13,231	13,231
2028	-	-	3,088	3,088
Thereafter	-	-	1,388	1,388

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Defined Contribution Benefit Plan

The Teacher Retirement Plan is a hybrid plan consisting of a defined benefit plan and a defined contribution plan. The defined benefit portion of the Teacher Retirement Plan is managed by TCRS. The defined contribution component of the plan, employees may elect to contribute 2% of their eligible wages to the plan. The School is required to contribute 5% of the employee's eligible wages to the employees individual account in the defined contribution portion of the Teacher Retirement Plan. Employees are immediately vested in the employee and employer portions of contributions. During 2023, the School's employer contribution to the defined contribution portion of the Teacher Retirement Plan was $46,625. At June 30, 2023, the School reported a payable of $8,990 for the outstanding amount of contributions to the defined contribution portion of the plan.

H. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST

Legal Provisions

The School is a member of the Tennessee Consolidated Retirement System ("TCRS") Stabilization Reserve Trust. The School has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated ("TCA"), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School.

H. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

The Trust is authorized to make investments as directed by the TCRS Board of Trustees. The School may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust ("TRGT"). The TRGT is not registered with the Securities and Exchange Commission ("SEC") as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of the investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

H. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

Investments where fair value is measured using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table on the next page.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes, and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

H. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

At June 30, 2023, the School assets balance was $8,249 and had the following investments held by the trust on its behalf:

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	$2,557
Developed Market International Equity	N/A	N/A	1,155
Emerging Market International Equity	N/A	N/A	330
U.S. Fixed Income	N/A	N/A	1,650
Real Estate	N/A	N/A	825
Short-term Securities	N/A	N/A	82
NAV-Private Equity and Strategic Lending	N/A	N/A	1,650
Total			$8,249

Investment by Fair Value Level	Fair Value June 30, 2023	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	$2,557	$2,557	$ -	$ -	$ -
Developed Market International Equity	1,155	1,155	-	-	-
Emerging Market International Equity	330	330	-	-	-
U.S. Fixed Income	1,650	-	1,650	-	-
Real Estate	825	-	-	825	-
Short-term Securities	82	-	82	-	-
Private Equity and Strategic Lending	1,650	-	-	-	1,650
Total	$8,249	$4,042	$1,732	$825	$1,650

H. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

Risks and Uncertainties

The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds, and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. The School places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the School to pay retirement benefits of the School's employees.

For further information concerning the School's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at
https://comptroller.tn.gov/content/dam/cot/sa/advancedsearch/disclaimer/2020/ag19091.pdf.

I. CONCENTRATIONS

The School received 52% of its funding for operations from MNPS based on the State of Tennessee's Basic Education Program ("BEP"). BEP funding is designated to schools based on student attendance. Gross BEP funding for the year ended June 30, 2023 was $1,599,331.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 22, 2023, the date the financial statements were available for issuance, and has determined that there were no subsequent events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

AVENTURA COMMUNITY SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
FISCAL YEAR ENDED JUNE 30,

Teachers Legacy Plan of TCRS	2023
Measurement date	June 30, 2022
Proportion of the net pension liability (asset)	0.000000%
Proportionate share of the of the net pension liability (asset)	$ -
Covered payroll	$ 255,501
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	116.13%

Teachers Retirement Plan of TCRS	2023
Measurement date	June 30, 2022
Proportion of the net pension liability (asset)	0.000000%
Proportionate share of the of the net pension liability (asset)	$ -
Covered payroll	$ 1,179,895
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	121.53%

Metro Plan	2023
Measurement date	June 30, 2023
Proportion of the net pension liability (asset)	0.016115%
Proportionate share of the of the net pension liability (asset)	$ 25,254
Covered payroll	$ 135,404
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	18.65%
Plan fiduciary net position as a percentage of the total pension liability	96.20%

The amounts presented in this schedule were determined as of the measurement date.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The School began contributing to the Plans above in fiscal year 2023, therefore information prior to 2023 is not applicable.

AVENTURA COMMUNITY SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FISCAL YEAR ENDING JUNE 30,

Teachers Legacy Pension Plan of TCRS	2023
Measurement date	June 30, 2022
Actuarial Determined Contributions (ADC)	$ 22,203
Contributions in relation to the actuarially determined contribution	22,203
Contribution deficiency (excess)	$ -
Covered payroll	$ 255,501
Contributions as a percentage of covered payroll	8.69%

Teachers Retirement Plan of TCRS

	2023
Measurement date	June 30, 2022
Actuarial Determined Contributions (ADC)	$ 33,863
Contributions in relation to the actuarially determined contribution	33,863
Contribution deficiency (excess)	$ -
Covered payroll	$ 1,179,895
Contributions as a percentage of covered payroll - ADC	2.87%
Contributions as a percentage of covered payroll - SRT	1.13%

Metro Plan

	2023
Measurement date	June 30, 2023
Actuarial Determined Contributions (ADC)	$ 16,851
Contributions in relation to the actuarially determined contribution	16,851
Contribution deficiency (excess)	$ -
Covered payroll	$ 135,404
Contributions as a percentage of covered payroll	12.445%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The School began contributing to the Plans above in fiscal year 2023, therefore information prior to 2023 is not applicable.

SUPPLEMENTARY INFORMATION

AVENTURA COMMUNITY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

Program Name/Grantor	Assistance Listing Number	Contract Number	Total Expenditures
Federal Awards			
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Tennessee Department of Education			
Local Food for Schools	10.185	AM23CPLFS000C019	$ 8,485
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	5,734
School Lunch Program	10.555	N/A	17,752
Total Child Nutrition Cluster			23,486
Total U.S. Department of Agriculture			31,971
U.S. DEPARTMENT OF EDUCATION:			
Passed through Tennessee Department of Education			
Charter Schools Facilities Grant	84.282B	N/A	335,761
Charter Schools Program	84.282B	N/A	222,006
Total U.S. Department of Education			557,767
Total Federal Awards			589,738
State Financial Assistance			
TENNESSEE DEPARTMENT OF EDUCATION:			
Basic Education Program - Capital Outlay	N/A	N/A	17,525
Passed through Metropolitan Nashville Public Schools			
Basic Education Program	N/A	N/A	1,599,331
Total State Awards			1,616,856
Total Federal and State Awards			$ 2,206,594

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, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 6/30/2023
Governmental Activities:									
LEASES PAYABLE									
Payable through General Purpose School Fund									
Lease - Aventura Building	$ 1,357,532	8.75%	05/01/2022	07/31/2028	$ 1,353,681	$ -	$ 60,463	$ -	$ 1,293,218
Total Leases Payable					$ 1,353,681	$ -	$ 60,463	$ -	$ 1,293,218

See independent auditor's report.

AVENTURA COMMUNITY SCHOOL
SCHEDULE OF LEASE REQUIREMENTS BY YEAR
JUNE 30, 2023

Year Ending June 30	Leases Principal	Leases Interest	Leases Total
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	$ 1,293,218	$ 331,913	$ 1,625,131

See independent auditor's report.

CROSSLIN
CERTIFIED PUBLIC ACCOUNTANTS

<u>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*</u>

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, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 22, 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
December 22, 2023

Financial Statement Findings

None.

Summary of Prior Audit Findings

None.