

Aventura Holdings Inc.
Form 10-K
April 18, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2006

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission File Number 33-42498

AVENTURA HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Florida **65-0254624**
(State or other jurisdiction) (IRS Employer)
of incorporation or organization) Identification No.)
2650 Biscayne Boulevard, First Floor, Miami, Florida 33137

(Address of principal executive offices)

(305) 937-2000

(Registrant's telephone number, including area code)

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 126.2 of the Exchange Act). Yes No

The aggregate market value of common stock held by non-affiliates of the Registrant on April 16, 2007 based on the closing price on that date of \$0.0006 on the Over the Counter Bulletin Board was \$692,795. For the purposes of calculating this amount only, all directors, executive officers and shareholders owning in excess of ten percent (10%) of the Registrant's outstanding common stock have been treated as affiliates.

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

The number of shares of common stock outstanding as of April 17, 2007 was 3,043,443,527.

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PART I

ITEM 1. BUSINESS

Aventura Holdings, Inc., through its 60% controlling interest in Ohio Funding Group, Inc. (collectively, the Company or we), provides automobile loans to consumers, regardless of their credit history. These are sometimes referred to as sub-prime loans. The Company's product is currently offered through automobile dealers who benefit by selling used or pre-owned vehicles to consumers who otherwise could not obtain conventional financing.

The Company funds retail installment contracts (referred to as Consumer Loans) originated by automobile dealerships that are under common control with Horvath Holdings, LLC (see Item 7 Recent Developments for discussion describing the relationship with Horvath). The Company provides those dealers with a recourse cash payment (referred to as an advance) against anticipated future collections on Consumer Loans. The Company refers to dealers who participate in its program as dealer-partners . The Company currently has one dealer-partner.

Although the Company is assigned the Consumer Loans, thereby perfecting its security interest, the Company is considered, for accounting purposes, to be a lender to dealer-partners. For additional information see Note 3 to the consolidated financial statements, which is incorporated herein by reference.

Principal Business

A consumer who does not qualify for conventional automobile financing can purchase a used vehicle from a dealer-partner who finances the purchase through the Company. As payment for the vehicle, the dealer-partner receives the following:

1. a down payment from the consumer;
2. a cash advance from the Company; and
3. cash from payments made on the Consumer Loan, net of certain collection costs and the Company's servicing fee (dealer holdback). The Company's servicing fee is equal to a fixed percentage (typically 40%) of each payment collected. Consumers and dealer-partners benefit as follows:

Consumers The Company helps consumers who do not qualify for conventional automobile financing by enabling them to obtain quality transportation.

Dealer-Partners The Company's program increases dealer-partners' profits in the following ways:

1. Enables dealer-partners to sell cars to consumers who may not be able to obtain financing without the Company's program. In addition, consumers often become repeat customers by financing future vehicle purchases either through the Company's program or, after they have successfully established or reestablished their credit, through conventional financing.
2. Allows dealer-partners to share in the profits not only from the sale of the vehicle, but also from its financing.
3. Enables dealer-partners to attract consumers who mistakenly assume they do not qualify for financing.

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The Company derives its revenues from finance charges and servicing fees earned as a result of funding Consumer Loans originated by the Company's dealer-partners.

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A dealer-partner is required to execute a dealer agreement, which defines the legal relationship between the Company and the dealer-partner. The agreement assigns the responsibilities for administering the amounts due on Consumer Loans to the Company while the dealer-partner is responsible to service and collect the Consumer Loan. The agreement provides that collections received by the dealer-partner are remitted to the Company and are applied as follows:

- First, 70% to reimburse the Company for cash advances, and 30% to the dealer-partner as payment for amounts contractually due under the servicing agreement; and
- Second, to reduce the aggregate advance balance and to pay any other amounts due from the dealer-partner to the Company.

Under the typical servicing agreement, a dealer-partner represents that it will only submit Consumer Loans to the Company which satisfy criteria established by the Company, meet certain conditions with respect to the binding nature and the status of the security interest in the purchased vehicle, and comply with applicable state, federal and foreign laws and regulations.

In the event that the Company discovers non-compliance with its criteria or conditions, such as a misrepresentation by the dealer-partner relating to a Consumer Loan submitted to the Company, the Company can demand that the Consumer Loan be repurchased for the current balance of the Consumer Loan less the amount of any unearned finance charge. Upon receipt of such amount in full, the Company will reassign the Consumer Loan and its security interest in the financed vehicle to the dealer-partner.

The typical servicing agreement may be terminated by the Company or by the dealer-partner upon written notice. The Company may terminate the servicing agreement immediately in the case of an event of default by the dealer-partner. Events of default include, among other things:

- (1) the dealer-partner's refusal to allow the Company to audit its records relating to the Consumer Loans assigned to the Company;
- (2) the dealer-partner, without the Company's consent, is dissolved; merges or consolidates with an entity not affiliated with the dealer-partner; or sells a material part of its assets outside the course of its business to an entity not affiliated with the dealer-partner; or
- (3) the appointment of a receiver for, or the bankruptcy or insolvency of, the dealer-partner.

While a dealer-partner can cease submitting Consumer Loans to the Company at any time without terminating the servicing agreement, if the dealer-partner elects to terminate the servicing agreement or in the event of a default, the dealer-partner must immediately pay the Company:

- (i) any unreimbursed costs; and
- (ii) any unpaid advances and all other amounts owed by the dealer-partner to the Company.

Upon receipt of such amounts in full, the Company reassigns the Consumer Loan and its security interest in the financed vehicle to the dealer-partner. In the event of a termination by the Company (or any other termination if the Company and the dealer-partner agree), the Company may continue to administer Consumer Loans accepted by it in the normal course of business prior to termination.

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Once a dealer-partner has enrolled in the Company's program, the dealer-partner may begin submitting Consumer Loans to the Company for administration. A Consumer Loan occurs when a consumer enters into a contract with a dealer-partner that sets forth the terms of the agreement between the consumer and the dealer-partner for the payment of the purchase price of the automobile. The amount of the Consumer Loan consists of the total principal and interest that the consumer is required to pay over the term of the Consumer Loan.

While a dealer-partner can assign any legally compliant Consumer Loan to the Company for administration, the decision whether to pay an advance to the dealer-partner and the amount of any advance is made solely by the Company. The Company performs all significant functions relating to the processing of the Consumer Loan applications and bears certain costs of Consumer Loan acceptance, including the cost of assessing the adequacy of Consumer Loan documentation, compliance with underwriting guidelines and the cost of verifying employment, residence and other information submitted by the dealer-partner.

Consumer Loan contracts are written on a contract form provided by the Company and the Consumer Loan transaction typically is not completed until the dealer-partner has received approval from the Company. The assignment of the Consumer Loan from the dealer-partner to the Company occurs after both the consumer and dealer-partner sign the contract and the original contract is received and approved by the Company. Although the dealer-partner is named in the Consumer Loan contract, the dealer-partner generally does not have legal ownership of the Consumer Loan for more than a moment. The consumer's payment obligation is directly to the dealer-partner and the dealer-partner remits the payment made by the consumer directly to the Company. The consumer's failure to pay amounts due under the Consumer Loan will result in collection action by the Company.

The Company generally offers the dealer-partner a recourse advance against anticipated future collections on the Consumer Loan. The combination of the advance and the consumer's down payment provides the dealer-partner with a cash profit at the time of sale. The Company cannot demand repayment from the dealer-partner of the advance except in the event the dealer-partner is in default of the servicing agreement. Advances are made only after the Consumer Loan is approved, accepted by and assigned to the Company and all other stipulations required for funding have been satisfied.

The Company records the amount advanced to the dealer-partner as a Dealer Loan (Dealer Loan), which is classified within Loans receivable in the Company's consolidated balance sheets. All advances due from a dealer-partner are secured by the future collections on the dealer-partner's portfolio of Consumer Loans assigned to the Company. The Company perfects its security interest by taking possession of the Consumer Loans. Net collections on all related Consumer Loans after payment of the Company's administration fee are applied to reduce the aggregate advance balance owing against those Consumer Loans.

The Company's business model allows it to share the risk and reward of collecting on the Consumer Loans with the dealer-partners. Such sharing is intended to motivate the dealer-partner to assign better quality Consumer Loans, follow the Company's underwriting guidelines, and provide appropriate service and support to the consumer after the sale. The Company believes this arrangement aligns the interests of the Company, the dealer-partner and the consumer.

The Company's Internet address is www.Aventura-Holdings.com. The Company makes available, free of charge on its website, copies of reports it files with or furnishes to the U.S. Securities and Exchange Commission (SEC) as soon as reasonably practicable.

Competition

We operate in a consumer sub-prime lending industry which is competitive and highly dependent upon qualified automotive retailers for its loan products. We believe that the principal competitive factors in the automotive retailing business are location, service, price and selection. The market in which we operate includes a large number of well-capitalized competitors that have extensive automobile store managerial experience and strong retail locations and facilities. We are subject to competition from sub-prime consumer lenders that service dealers that we do not represent in our particular market. Additionally, some of our competitors have greater resources than us.

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Seasonality

We anticipate that our operations will generally experience higher volumes of consumer loans attributable to vehicle sales in the second and third quarters of each year due in part to consumer buying trends. Accordingly, we expect our revenue from new consumer loans and associated operating results generally to be lower in the first and fourth quarters as compared to the second and third quarters. However, revenue may be impacted significantly from quarter to quarter by actual or threatened severe weather events, and other factors unrelated to weather conditions, such as changing economic conditions.

Recent Developments

On March 15, 2005, the Company filed Form N-54A with the SEC to become a Business Development Company (BDC) pursuant to Section 54 of the Investment Company Act of 1940 (the 1940 Act). As a result, the Company operated as an investment holding company and acquired investments designed to build an investment portfolio to enhance the Company s shareholder value. As a BDC, the Company was, in effect, a publicly traded private equity fund where stockholders provided public capital in a regulated environment for private investment in smaller companies. Congressional intent behind the creation of BDCs was to encourage the flow of public capital to private and smaller public companies.

Due to a change in its business model, on April 24, 2006 the Company filed a preliminary information statement (Form 14C) with the SEC indicating that the Company s controlling shareholder and board of directors authorized the withdrawal of the BDC election. The Company filed a definitive information statement (Form 14C) and notification of withdrawal of business development company election (Form N-54C) on May 15, 2006 notifying the SEC that, pursuant to the provisions of Section 54(c) of the 1940 Act, the Company withdrew its election to be subject to Sections 55 through 65 of the 1940 Act. Accordingly, the Company is no longer subject to the 1940 Act but will continue as an operating reporting public company subject to the Securities Exchange Act of 1934 (the Exchange Act).

On May 16, 2006, the Company entered into several agreements with Horvath Holdings, LLC (Horvath), a Michigan limited liability Company, which owns and operates automobile dealerships and finance companies concentrating in the sub-prime lending market. These agreements included a Securities Purchase Agreement (SPA), a Class A Common Stock Purchase Warrant (Warrant), a Registration Rights Agreement and a Lock-Up Agreement (the Transaction). The parties to the SPA include the Company, Horvath and one of Horvath s wholly-owned subsidiaries, Ohio Funding Group, Inc. (Ohio Funding). Pursuant to the terms of the SPA, in exchange for contributing 30% of the equity of Ohio Funding with an agreed value of \$100,000, Horvath received 200,000,000 shares of common stock of the Company. As a part of the Transaction, the Company issued to Horvath a Warrant exercisable for one (1) year. The Warrant enables Horvath to contribute, at any time during the exercise period, at a fixed price per share of \$.0005, equity interests in its subsidiaries in exchange for the greater of: (a) 2,528,443,528 shares of the common stock of the Company, or (b) that number of shares of common stock of the Company as shall be required for Horvath to obtain, when combined with other shares of common stock of the Company then cumulatively held by Horvath, at least 51% of the total fully-diluted shares of common stock outstanding of the Company on the date the Warrant is fully exercised. The Warrant immediately grants to Horvath one Board seat designation right with respect to the Board of Directors of the Company, and grants one additional Board seat designation right, up to a total of 4 Board seat designations (including the original Board seat), upon each tender of a controlling equity position in a legal entity controlled by Horvath. The Transaction also includes a Registration Rights Agreement between Horvath and the Company, which grants Horvath certain registration rights concerning the shares of the Company s common stock that it received under the SPA and those shares it will receive upon exercise of the Warrant. The Company is obligated to effect up to 2 demand registrations, and an unlimited number of piggyback registrations, and to pay for certain expenses incurred in connection with such registrations, for a period of 5 years from the Transaction closing date. Also in connection with the Transaction, Melissa Apple, as trustee under the Maria Lopez Irrevocable Trust UTD March 29, 2004 (the Trust), the current majority shareholder of the Company, entered into a Lock-Up Agreement with Horvath whereby the Trust agreed to refrain from transferring its shares of common stock of the Company (Trust Shares) to any third party, except to certain permitted transferees, for a period of one year following the Transaction closing date and to only transfer up to a permitted amount of Trust Shares equal to 5% of the total number of Shares in each of the following 4 years.

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The Trust also granted Horvath, while the Warrant is outstanding, full authority to vote, in person or by proxy, all of the Trust Shares on matters submitted to the vote of Company's shareholders, including but not limited to, the election of the Company's Board of Directors. Pursuant to the Transaction, a change in control of the Company has occurred as of the Transaction closing date, May 16, 2006, since Horvath acquired voting control of the Company. As set forth above, the Trust (the Company's majority shareholder) granted Horvath full proxy authority to vote all of the Trust Shares while the Warrant remains outstanding and the Warrant grants Horvath up to a total of 4 Board seat designations with respect to the available seats on the Board of Directors of the Company. The Company also agreed that, at no time prior to the expiration of the Warrant, shall the total number of directors of the Company exceed 7.

On October 1, 2006, pursuant to a partial exercise of the Warrant by Horvath, the Company acquired an additional 30% of the equity of Ohio Funding with an agreed value of \$100,000 in exchange for the issuance of 200,000,000 shares of the Company's common stock. Following this transaction, Replacement Class A Common Stock Purchase Warrant No. 1 was issued to Horvath (Replacement Warrant). Horvath has reported that it beneficially owns 2,751,339,181 shares of common stock of the Company, or approximately 51% of the pro-rata voting securities of the Company, assuming full exercise of the Replacement Warrant comprised of: (1) 400,000,000 shares of the Company's common stock received by Horvath in the two previously described transactions, and (2) 2,351,339,181 shares of the Company's common stock to be received if Horvath fully exercises the Replacement Warrant. The holder of the Replacement Warrant has indicated its intent to fully exercise the Replacement Warrant prior to the end of its exercise period on May 15, 2007.

On July 10, 2006, the Company executed a promissory note (the Note) in favor of American Dealer Enterprise Group, LLC, a Michigan limited liability company (ADEG), pursuant to which the Company obtained a loan from ADEG in the maximum aggregate principal amount of \$750,000. Unless waived by ADEG, the aggregate advances under the Note may not exceed \$150,000 in each of the successive 12 month periods following July 10, 2006. The Note has a maturity date of July 10, 2011. Borrowed funds under the Note accrue interest at a fixed rate of 10% per annum. On July 27, 2006 and October 30, 2006 and ADEG advanced \$75,000 and \$75,000 to the Company under the Note. The 2006 year ending principal balance is \$150,000. As of December 31, 2006, \$4,555 in interest had been accrued on such principal balance, for an aggregate indebtedness under the Note of \$154,555. While not limited in its use of the borrowed funds, the Company expects to use the proceeds primarily to fund its day-to-day business operations. On March 15, 2007 an additional \$50,000 was advanced to the Company.

Pursuant to the Note, ADEG has the right, at its option, at any time after July 10, 2007 and continuing thereafter until the earlier of: (a) July 10, 2012, or (b) the date the entire outstanding indebtedness of the Note shall have been paid in full, to convert the outstanding principal balance and accrued interest on the Note, in whole or in part, into fully paid and nonassessable shares of common stock of the Company. The number of shares of common stock into which the Note may be converted shall be determined by dividing the aggregate amount of indebtedness to be converted by a factor of \$.0015 per share, provided, however, that the resulting number of shares of common stock shall be rounded up to the next whole share. While the Company cannot accurately predict the amount, if any, of debt under the Note that will be converted into shares of common stock, for illustrative purposes only, if the maximum amount of principal only is advanced and converted, ADEG would be entitled to receive 500,000,000 shares of common stock (exclusive of any accrued interest on such funds to be converted).

Employees

As of April 17, 2007, the Company has one full-time employee under a five year employment agreement commencing May 16, 2006. The employment agreement calls for annual remuneration of \$60,000 certain fringe benefits and expense reimbursements. The employee is not represented by a union and the Company believes the relationship with the employee is good.

Controls and Procedures

As required by SEC rules, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures at the end of the period covered by this report. This evaluation was carried out under the supervision and with the participation of our management. Based on this evaluation, management has concluded that the design and operation of our disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer as appropriate, to allow timely decisions regarding required disclosure. Please see Item 9A of this Annual Report for more information on our disclosure controls and procedures.

Name Changes

The Company filed for a change in name with the State of Florida on June 3, 2005 from Sun Network Group, Inc. to Aventura VoIP Networks, Inc. and on October 19, 2005 from Aventura VoIP Networks, Inc. to Aventura Holdings, Inc. The Company financial statements are presented as Aventura Holdings, Inc. The NASD accepted the Aventura Holdings, Inc. name change, assigned 053563 10 2 as our new CUSIP and AVNT as our new trading symbol.

Reports to Security Holders

The Company is subject to SEC proxy rules and regulations that require the Company to send proxy statements and annual reports to its security holders in connection with meetings of its shareholders. The Company currently anticipates that it will take shareholder action by majority shareholder consent resolutions in lieu of a meeting. The Company plans to send notices of actions taken to its shareholders. Except for periodic filings with the SEC, such as those on Forms 8-K, 10-Q and 10-K, which will also be available on the Company's website, the Company does not intend to provide reports of any other nature to security holders in the foreseeable future.

ITEM 1A. RISK FACTORS

An investment in our common stock is highly speculative, involves a high degree of risk, and should be considered only by those persons who are able to bear the economic risk of their investment for an indefinite period. In addition to other information in this Annual Report on Form 10-K, you should carefully consider the risks described below before investing in our publicly-traded securities. The risks described below are not the only ones facing us. Our business is also subject to the risks that affect many other companies, such as competition, technological obsolescence, labor relations, general economic conditions and geopolitical changes. Additional risks not currently known to us or that we currently believe are immaterial also may impair our business operations and our liquidity.

This is a highly speculative investment.

Ownership of our common stock is extremely speculative and involves a high degree of economic risk, which may result in a complete loss of your investment. Only persons who have no need for liquidity and who are able to withstand a loss of all or substantially all of their investment should purchase our common stock.

We suffered a significant operating loss in 2006.

For the year ended December 31, 2006 our net loss was \$389,813. Although we believe that we are now adequately capitalized to carry out our business plan (subject to the risks inherent in such plan), there can be no assurance that we have sufficient economic resources or that such resources will be available to us on terms and at times that are necessary or acceptable, if at all. There is no assurance that future revenues of the Company will ever be significant or that the Company's operations will ever be profitable.

You will be diluted if we issue additional common stock, options to purchase common stock and/or debt or equity securities convertible into common stock.

The Company executed a Warrant to Horvath and a promissory note in favor of ADEG which is convertible into common stock of the Company as described in Part I, Item 1 above. From time to time, the Company may issue additional shares of its common stock, options for additional shares of its common stock and/or equity or debt securities convertible into common stock. Any issuances of additional shares of common stock pursuant to the foregoing or otherwise will result in dilution to our existing shareholders.

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Future offerings of debt securities, which would be senior to our common stock upon liquidation, or equity securities, which could dilute our existing stockholders and be senior to our common stock for the purposes of distributions, may have an adverse effect on the value of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of equity or debt securities, including medium-term notes, senior or subordinated notes and classes of preferred stock or common stock. Upon our liquidation, holders of our debt securities, if any, and shares of preferred stock, if any, and lenders with respect to other borrowings, if any, will receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings by us reduce the value of our common stock. Any preferred stock we may issue would have a preference on distributions that could limit our ability to make distributions to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their stock holdings in the Company.

Long-term debt repayment obligation.

The Company executed the Note in favor of ADEG, pursuant to which the Company established a credit facility with ADEG in the maximum aggregate principal amount of \$750,000. Unless waived by the holder of the Note, the aggregate advances under the Note may not exceed \$150,000 in each of the 12 month periods following July 10, 2006. The Note has a maturity date of July 10, 2011. Borrowed funds under the Note accrue interest at a fixed rate of 10% per annum. On July 27, 2006 and October 30, 2006, ADEG advanced \$75,000 and \$75,000 to the Company under the Note. Accordingly, \$150,000 represents the December 31, 2006 principal balance of the Note. As of December 31, 2006, \$4,555 in interest has accrued for an aggregate indebtedness under the Note of \$154,555. Our leveraged position could have adverse consequences, including requiring us to use substantial portions of operating cash flow to meet interest and principal repayment obligations, exposing us to interest rate fluctuations, increasing our vulnerability to changes in economic conditions and limiting our ability to obtain additional financing and/or capitalize on potential growth opportunities.

We may be subject to various industry-specific risks associated with our anticipated business operations.

As discussed elsewhere, the Company acquired 60% of Ohio Funding from Horvath. Through exercise of the Warrant, the Company may acquire additional interests in Horvath companies. Horvath owns and operates automobile dealerships and finance companies, including Ohio Funding. If Horvath fully exercises its rights under the Warrant, we expect to pursue a business model, including possible further acquisitions, within the sub-prime lending industry. Accordingly, our current investment in Ohio Funding and our anticipated business operations may also be subject to various risks associated with the sub-prime lending industry servicing the used vehicle consumer market, including, but not limited to, the following:

Sub-Prime Lending Risks. The sub-prime consumer finance market is comprised of borrowers who are unable to obtain conventional financing through a bank or car manufacturer captive finance company due to either incomplete or negative credit histories. Consequently, the likelihood of delinquency or default is significantly higher for sub-prime loan consumers in comparison to prime loan consumers. For these reasons, the finance contracts for sub-prime consumers bear significantly higher interest rates. Our profitability will depend on our ability to properly evaluate the creditworthiness of sub-prime consumers and efficiently service and enforce such contracts. If our losses due to delinquency or default of our consumers exceed the proceeds of our loans that remain current, our financial performance will be significantly adversely affected.

Leveraged Operations and Interest Rate Sensitivity. Our anticipated operations may be, in the future, leveraged and sensitive to the difference between the interest rate we pay for borrowed funds and the interest rates at which we provide loans to consumers. Our leveraged position could have adverse consequences, including requiring us to use substantial portions of operating cash flow to meet interest and principal repayment obligations, exposing us to interest rate fluctuations, increasing our vulnerability to changes in economic conditions and limiting our ability to obtain additional financing and/or capitalize on potential growth opportunities. To the extent we are unable to maintain a sufficient margin between the interest rate on our borrowed funds and the interest rate we charge customers, our financial performance will be significantly adversely affected.

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Substantial Need for Capital. The operation of used car finance companies requires substantial capital to acquire and maintain loan inventory and originate finance contracts. There is no assurance that our current or future access to borrowed funds will be sufficient to meet our capital needs. In the event we need to seek additional financing in the future, there is no assurance that we will be able to obtain such financing when needed or on acceptable terms.

Business Cycles. Our consumer loans are generally dependent upon sales of motor vehicles, which have historically been cyclical, fluctuating with general economic cycles. During economic downturns, the automotive retailing and financing industry tends to experience the same periods of decline and recession as those experienced in the general economy. We believe that the automobile sales industry is influenced by national and local economic conditions and particularly by consumer confidence, employment rates, the level of personal discretionary spending, interest rates and credit availability. There can be assurance that the industry will not experience sustained periods of declines in vehicle sales in the future. Any such sustained declines would have a material adverse effect on our financial condition, results of operations and/or cash flow.

Competition. The sub-prime finance market is very fragmented and highly competitive. We believe that there are numerous non-traditional consumer sales and finance sources serving this market. Traditional automobile financing sources include commercial banks, savings and loans, credit unions, captive finance companies of automobile manufacturers and other consumer lenders, many of which have significantly greater resources than we do. To the extent that traditional and non-traditional sales and finance source lenders significantly expand their activities in this market, our ability to be competitive may be adversely affected.

Loss of certain protections because of non-BDC status.

When the Company ceased to be a BDC regulated under the Investment Company Act of 1940 (1940 Act) in May 2006, the shareholders lost certain protections, including, but not limited to, the following:

The Company is no longer be subject to the requirement that it maintain a ratio of assets to senior securities of at least 200%;

The Company is no longer prohibited from protecting any director or officer against any liability to the Company or the Company's shareholders arising from willful malfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of that person's office;

The Company is no longer required to ensure that a majority of the directors are persons who are not interested persons, as that term is defined in section 56 of the 1940 Act, and certain persons that would be prevented from serving on the Company's board if it were a BDC (such as investment bankers) will be able to serve on the Company's board;

The Company is no longer subject to provisions of the 1940 Act regulating transactions between BDCs and certain affiliates and restricting the Company's ability to issue warrants and options;

The Company is no longer obligated to subject a material change in its fundamental investment policies to the approval of its shareholders;

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The Company is no longer subject to provisions of the 1940 Act prohibiting the issuance of securities at below net asset value; OR

The withdrawal of the Company's election to be regulated as a BDC results in a change in its method of accounting. BDC financial statement presentation and accounting uses the value method of accounting used by investment companies, which allows BDCs to recognize income and value their investments at market value as opposed to historical cost. Operating companies use either the fair-value or historical-cost methods of accounting for financial statement presentation and accounting for securities held, depending on how the investment is classified and how long the company intends to hold the investment. Changing the Company's method of accounting could reduce the market value of its investments in privately held companies by eliminating the Company's ability to report an increase in value of its holdings as they occur. The Company believes that, in light of its limited assets, the effect of the change in method of accounting should not be material. The Company does not believe that withdrawing its election to be regulated as a BDC will have any impact on its federal income tax status, because the Company never elected to be treated as a regulated investment company under Subchapter M of the Internal Revenue Code. Instead, the Company has always been subject to corporate level federal income tax on its income (without regard to any distributions it makes to its shareholders) as a regular corporation under Subchapter C of the Internal Revenue Code.

Notwithstanding the above, the Board will still be subject to customary principles of fiduciary duty with respect to the Company and its shareholders and investors will benefit from a number of protections and corporate governance requirements under the Sarbanes-Oxley Act of 2002. In addition, withdrawal of the Company's election to be treated as a BDC did not affect the Company's registration under Section 12(g) of the Exchange Act. Under the Exchange Act, the Company is required to file periodic reports on Form 10-K, Form 10-Q, Form 8-K, proxy statements and other reports required under the Exchange Act.

Management has discretionary use of Company assets.

We continue to look for and investigate business opportunities that are consistent with our business plan, including further acquisitions of interests in sub-prime finance companies. Management has broad discretion with respect to the acquisition of interests in companies that are consistent with our anticipated operations. Although management intends to apply any proceeds it may receive through the future issuance of stock or debt to acquire or operate suitable businesses, it will have broad discretion in allocating these funds. There can be no assurance that the management's use or allocation of such proceeds will allow it to achieve its business objectives.

We operate in a competitive market for acquisition and investment opportunities.

We compete for acquisitions with a large number of companies and investment funds. Many of our competitors may have greater resources than we do. Increased competition makes it more difficult for us to make acquisitions or investments at attractive prices. As a result of this competition, sometimes we may be precluded from making otherwise attractive acquisitions or investments. There can be no assurance that we will be able to identify, negotiate and consummate acquisitions of attractive companies in light of this competition.

Results may fluctuate and may not be indicative of future performance.

Our operating results may fluctuate and, therefore, you should not rely on current or historical period results to be indicative of our performance in future reporting periods. Factors that could cause operating results to fluctuate include, but are not limited to, variations in the costs of identifying, negotiating and consummating acquisitions of businesses consistent with our business plan; variations in and the timing of the recognition of net realized gains or losses and changes in unrealized appreciation or depreciation; the degree to which we encounter competition in our markets; and other general economic and operational circumstances.

Our common stock price may be volatile.

The trading price of our common stock may fluctuate substantially. The price of the common stock may be higher or lower than the price you pay for your shares, depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the following:

price and volume fluctuations in the overall stock market from time to time;

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significant volatility in the market price and trading volume of securities of financial services companies;

volatility resulting from trading in derivative securities related to our common stock including puts, calls, long-term equity anticipation securities (LEAPs), or short trading positions;

actual or anticipated changes in our earnings or fluctuations in our operating results or changes in the expectations of securities analysts;

general economic conditions and trends;

loss of a major funding source; or

departures of key personnel.

OTC Bulletin Board.

Our common stock is quoted on the OTC Bulletin Board (OTCBB). The OTCBB is an inter-dealer, over-the-counter market that provides significantly less liquidity than the NASDAQ Stock Market or national or regional exchanges. Securities traded on the OTCBB are typically thinly traded, highly volatile, have fewer markets and are not followed by analysts. The SEC's order handling rules, which apply to NASDAQ-listed securities, do not apply to securities quoted on the OTCBB. Quotes for stocks included on the OTCBB are not listed in newspapers. Therefore, prices for securities traded solely on the OTCBB may be difficult to obtain and holders of our common stock may be unable to sell their shares at acceptable prices.

Penny Stock Rules.

Trading in our securities will be subject to the penny stock rules for the foreseeable future. The SEC has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. These rules require that any broker-dealer who recommends our securities to persons other than prior customers and accredited investors must, prior to the sale, make a special written suitability determination for the purchaser and receive the purchaser's written agreement to execute the transaction. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated with trading in the penny stock market. In addition, broker-dealers must disclose commissions payable to both the broker-dealer and the registered representative and current quotations for the securities they offer. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from recommending transactions in our securities, which could severely limit the liquidity of our common stock and consequently adversely affect the market price of our common stock.

Changes in the law or regulations that govern us could have a material impact on us or our operations.

Our business operations are subject to various laws and regulations concerning consumer financing. We are also regulated by the SEC and impacted by regulations of certain state regulatory agencies and self-regulatory organizations. Any change in the law or regulations that govern our business could have a material impact on us or our operations. Laws and regulations may be changed from time to time, and the interpretations of the relevant laws and regulations also are subject to change, which may have a material effect on our operations.

No dividends.

Holders of our securities will only be entitled to dividends when, as and if declared by our Board of Directors. We do not expect to generate a sufficient cash surplus which would be available for dividends in the foreseeable future.

Table of Contents**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

ITEM 2. PROPERTIES

We do not own any real estate or other physical properties material to our operations. Our administrative and principal executive offices (a leased suite) are located at 2650 Biscayne Boulevard, 1st Floor, Miami, Florida 33137. We believe that our office facilities are suitable and adequate for our business needs as they are contemplated to be conducted.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during our fourth fiscal quarter ended December 31, 2006.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information****Price Range of Common Stock**

Our common stock is quoted by Over the Counter Bulletin Board under the symbol AVNT. The following table sets forth the high and low bid prices for our common stock for the periods indicated, as reported by Over the Counter Bulletin Board. Such quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commissions, and may not necessarily represent actual transactions.

	High	Low
Year Ended December 31, 2006:		
First Quarter	\$ 0.0046	\$ 0.0003
Second Quarter	\$ 0.0033	\$ 0.0011
Third Quarter	\$ 0.0014	\$ 0.0008
Fourth Quarter	\$ 0.0010	\$ 0.0005
Year Ended December 31, 2005:		
First Quarter	\$ 0.0090	\$ 0.0030
Second Quarter	\$ 0.0070	\$ 0.0020
Third Quarter	\$ 0.0034	\$ 0.0008
Fourth Quarter	\$ 0.0012	\$ 0.0003
Year Ended December 31, 2004:		
First Quarter	\$ 0.0500	\$ 0.0240
Second Quarter	\$ 0.0450	\$ 0.0200
Third Quarter	\$ 0.0350	\$ 0.0180
Fourth Quarter	\$ 0.0150	\$ 0.0030

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Overview

The Company is a publicly-held Miami, Florida based Company that through incremental acquisitions of automobile finance companies intends to adopt and expand its business model to become formidable in the sub-prime lending market.

Pursuant to the Company's election to withdraw its status as a BDC effective May 15, 2006 we are continuing as an operating reporting public company subject to the Exchange Act. The BDC withdrawal resulted in a significant change in the Company's required method of accounting. BDC financial statement presentation and accounting utilizes the value method of accounting used by investment companies, which allows BDCs to recognize income and value their investments at market value as opposed to historical cost. In addition, majority-owned subsidiaries are not consolidated and instead, investments in those subsidiaries are reflected on the balance sheet as an investment in a portfolio company, at fair value. As an operating company, the required financial statement presentation and accounting for securities held by the Company utilize either fair value or historical cost methods of accounting, depending on the classification of the investment and the Company's intent with respect to the period of time it intends to hold the investment, and the Company and its subsidiaries are reflected for financial accounting purposes as a consolidated entity.

The change in accounting due to the conversion to an operating company from a BDC is considered a change in accounting principle that is being applied retroactively to prior years. As a result, in accordance with FAS 154, Accounting for Changes and Error Corrections, which requires that a change in accounting principle be retrospectively applied to all prior periods presented, the accompanying consolidated financial statements are presented on an operating and consolidated basis for all current and prior periods presented on a retrospective basis without regard to a BDC method of accounting.

Going Concern

Our ability to continue as a going concern is dependent on the ability to further implement our business plan, raise capital, and generate revenues. We presently do not have sufficient revenues to cover our incurred expenses. Our management recognizes that we must generate additional resources to enable us to pay our obligations as they come due, and that we must ultimately successfully implement our business plan and achieve profitable operations. We cannot assure you that we will be successful in any of these activities. Should any of these events not occur, our financial condition will be materially adversely affected.

The time required for us to become profitable from operations is highly uncertain, and we cannot assure you that we will achieve or sustain operating profitability or generate sufficient cash flow to meet our planned capital expenditures, working capital and debt service requirements. If required, our ability to obtain additional financing from other sources also depends on many factors beyond our control, including the state of the capital markets and the prospects for our business. The necessary additional financing may not be available to us or may be available only on terms that would result in further dilution to the current owners of our common stock.

We cannot assure you that we will generate sufficient cash flow from operations or obtain additional financing to meet scheduled debt payments and financial covenants. If we fail to make any required payment under the agreements and related documents governing our indebtedness or fail to comply with the financial and operating covenants contained in them, we would be in default. The financial statements do not include any adjustments to reflect the possible effects on recoverability and classification of assets or the amounts and classification of liabilities, which may result from the inability of the Company to continue as a going concern.

Critical Accounting Estimates and Policies

General

The Consolidated Financial Statements of the Company are prepared in accordance with U.S. generally accepted accounting principles, which require management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, net revenue and expenses, and the disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that it believes

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to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Senior management has discussed the development, selection and disclosure of these estimates with the Audit Committee of Aventura's Board of Directors. Management believes that the accounting estimates employed and the resulting balances are reasonable; however, actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably likely to occur could materially impact the financial statements. Management believes the following critical accounting policies reflect the significant estimates and assumptions used in the preparation of the Consolidated Financial Statements.

A summary of significant accounting policies is included in Note 3 to the consolidated financial statements included elsewhere in this Report. We believe that the application of these policies on a consistent basis enables us to provide useful and reliable financial information about our operating results and financial condition.

Recent Developments

On May 16, 2006, the Company entered into several agreements with Horvath, which owns and operates automobile dealerships and finance companies concentrating in the sub-prime lending market. These agreements included a Securities Purchase Agreement (SPA), a Class A Common Stock Purchase Warrant (Warrant), a Registration Rights Agreement and a Lock-Up Agreement (the Transaction). The parties to the SPA include the Company, Horvath and one of Horvath's wholly-owned subsidiaries, Ohio Funding. Pursuant to the terms of the SPA, in exchange for contributing 30% of the equity of Ohio Funding with an agreed value of \$100,000, Horvath received 200,000,000 shares of common stock of the Company. As a part of the Transaction, the Company issued to Horvath a Warrant exercisable for one year. The Warrant enables Horvath to contribute, at any time during the exercise period, at a fixed price per share of \$.0005, equity interests in its subsidiaries in exchange for the greater of: (a) 2,528,443,528 shares of the common stock of the Company, or (b) that number of shares of common stock of the Company as shall be required for Horvath to obtain, when combined with other shares of common stock of the Company then cumulatively held by Horvath, at least 51% of the total fully-diluted shares of common stock outstanding of the Company on the date the Warrant is fully exercised. The Warrant immediately grants to Horvath one Board seat designation right with respect to the Board of Directors of the Company, and grants one additional Board seat designation right, up to a total of 4 Board seat designations (including the original Board seat), upon each tender of a controlling equity position in a legal entity controlled by Horvath. The Transaction also includes a Registration Rights Agreement between Horvath and the Company, which grants Horvath certain registration rights concerning the shares of the Company's common stock that it received under the SPA and those shares it will receive upon exercise of the Warrant. The Company is obligated to effect up to 2 demand registrations, and an unlimited number of piggyback registrations, and to pay for certain expenses incurred in connection with such registrations, for a period of 5 years from the Transaction closing date. Also in connection with the Transaction, Melissa Apple, as trustee under the Maria Lopez Irrevocable Trust UTD March 29, 2004 (the Trust), the current majority shareholder of the Company, entered into a Lock-Up Agreement with Horvath whereby the Trust agreed to refrain from transferring its shares of common stock of the Company (Trust Shares) to any third party, except to certain permitted transferees, for a period of one year following the Transaction closing date and to only transfer up to a permitted amount of Trust Shares equal to 5% of the total number of Shares in each of the following 4 years.

The Trust also granted Horvath, while the Warrant is outstanding, full authority to vote, in person or by proxy, all of the Trust Shares on matters submitted to the vote of Company's shareholders, including but not limited to, the election of the Company's Board of Directors. Pursuant to the Transaction, a change in control of the Company has occurred as of the Transaction closing date, May 16, 2006, since Horvath acquired voting control of the Company. As set forth above, the Trust (the Company's majority shareholder) granted Horvath full proxy authority to vote all of the Trust Shares while the Warrant remains outstanding and the Warrant grants Horvath up to a total of four 4 Board seat designations with respect to the available seats on the Board of Directors of the Company. The Company also agreed that, at no time prior to the expiration of the Warrant, shall the total number of directors of the Company exceed 7.

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On October 1, 2006, pursuant to a partial exercise of the Warrant by Horvath, the Company acquired an additional 30% of the equity of Ohio Funding with an agreed value of \$100,000 in exchange for the issuance of 200,000,000 shares of the Company's common stock. Following this transaction, a Replacement Class A Common Stock Purchase Warrant No. 1 was issued to Horvath (Replacement Warrant). Horvath has reported that it beneficially owns 2,751,339,181 shares of common stock of the Company, or approximately 51% of the pro-rata voting securities of the Company, assuming full exercise of the Replacement Warrant, comprised of: (1) 400,000,000 shares of the Company's common stock received by Horvath in the transaction, and (2) 2,351,339,181 shares of the Company's common stock to be received if Horvath fully exercises the Replacement Warrant. The holder of the Replacement Warrant has indicated its intent to fully exercise the Replacement Warrant prior to the end of the exercise period on May 15, 2007.

Results Of Operations

Due to the Company's June 7, 2005 acquisition of a 100% member interest in Aventura Networks, LLC in exchange for 880,000,000 shares of the Company's previously unissued common stock, a reverse acquisition occurred since the owners of Aventura Networks, LLC held a majority of the Company's common stock immediately following the transaction. Accordingly, for financial reporting purposes the Company recognized Aventura Networks, LLC as the Company's historical registrant and retrospectively consolidated with Aventura Networks, LLC as its wholly owned subsidiary. All operating activity (other than that of Aventura Networks, LLC) prior to June 7, 2005 was eliminated and equity was restated to reflect our new structure. However, since Aventura Networks, LLC was distributed out of the Company on June 29, 2006, Aventura Networks, LLC is portrayed throughout the financial statements as discontinued operations. The Company acquired a controlling interest in and consolidated Ohio Funding Group, Inc. into the Company's financial statements by virtue of our May 16, 2006 and October 1, 2006 30% and 30% respective investments in Ohio's outstanding common stock.

For a discussion of factors that could impact operating results, see the section entitled Risk Factors in Item 1A, which is incorporated herein by reference.

AVENTURA HOLDINGS, INC.**STATEMENTS OF OPERATIONS**

	For the Year Ended December 31 2006	For the Year Ended December 31 2005	For the Year Ended December 31 2004
REVENUES	\$ 46,754	\$	\$
EXPENSES			
General and administrative expense	272,413	250,617	
Net operating loss	(225,659)	(250,617)	
OTHER EXPENSE			
Finance Costs	(21,705)	(40,546)	
Warrant expense	(250,000)		
Total Other Expense	(271,705)	(40,546)	
Loss from continuing operations before minority interest	(497,364)	(291,163)	
Minority Interest -Ohio Funding	(13,305)		
Loss from continuing operations	(510,669)	(291,163)	
Discontinued operations	6,187	(98,870)	33,650
Net gain on disposal of subsidiary	8,116		
Income (loss) from discontinued operations	14,303	(98,870)	33,650
Net Income (Loss)	\$ (496,366)	\$ (390,033)	\$ 33,650

LOSS PER SHARE:

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Weighted Common Shares Outstanding - Basic and Diluted	2,672,338,098	737,554,613	172,367,734
Net Loss Per Common Share - Basic and Diluted	\$ (nil)	\$ (nil)	\$ nil

REVENUES

Revenues for the year ended December 31, 2006 were \$46,754 compared to revenues for the year ended December 31, 2005 of \$0.

OPERATING AND OTHER EXPENSES

Operating expenses for the year ended December 31, 2006 were \$272,413 compared to operating expenses for the year ended December 31, 2005 of \$250,617.

Financing expenses were \$21,705 for the year ended December 31, 2006 compared to \$40,545 for the year ended December 31, 2005.

The Horvath Warrant was valued at \$250,000 using the Black-Scholes option pricing method using the following assumptions:

1. common stock price of \$0.0005
2. exercise price of \$0.0005
3. volatility of 100% (based on historical volatility over the expected term)
4. expected term of 200 days (based on the contractual term of one year adjusted for anticipated partial exercises during the contractual term)
5. expected dividends of \$0
6. discount rate of 4%

As no future consideration is connected to the Warrant issuance, the entire \$250,000 was immediately expensed.

As a result of these factors, we reported a net loss of \$496,366 or \$(nil) per share for the year ended December 31, 2006 as compared to a net loss of \$390,033 or \$(nil) per share for the year ended December 31, 2005.

Table of Contents**LIQUIDITY AND CAPITAL RESOURCES**

At December 31, 2006, we had an accumulated deficit of \$920,266 and liabilities exceeding assets by \$87,282.

We have no material commitments for capital expenditures.

Net cash used in operations during the year ended December 31, 2006 was \$340,328 primarily relating to our \$496,366 net loss, \$135,131 and \$234,137 increases in accounts and contracts receivable and offset by a \$250,000 warrant expense payable with Company common stock and \$77,754 in consulting fees paid with common stock. In the comparable period of 2005, we had net cash used in operations of \$304,577, primarily relating to the net loss of \$390,033.

No cash was provided or used by investing activities for the years ended December 31, 2006 and 2005.

Net cash provided by financing activities for the year ended December 31, 2006 was \$365,596 as compared to net cash provided by financing activities of \$300,000 for the year ended December 31, 2005. During the year ended December 31, 2006 we paid \$978 in cash to extinguish our debt to Dutchess Private Equities Fund II, LP and incurred \$150,000 for a note payable to ADEG. In the comparable period of 2005, we entered into a Stock Purchase Agreement with Dutchess and received net advances of \$300,000.

The Company relies upon outside entities to finance its operations and provide capital for lending activities. A tightening of capital markets can reduce or eliminate funding sources resulting in a decrease in our liquidity and an inability to generate revenues from new lending activities.

Off Balance Sheet Arrangements

There are no off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Table of Contractual Obligations**Contractual Obligations**

	Total	Payments Due By Period			
		Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Long-Term Debt Obligations:					
Note Payable*	\$ 154,555	\$	\$	\$ 154,555	\$
Total	\$ 154,555	\$	\$	\$ 154,555	\$

* The entire note payable and accrued interest are due and payable on July 10, 2001 but are convertible at the Holder's option into common shares of the Company at any time after July 10, 2007 at a conversion price of \$0.0015 per share.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not currently engage in transactions in derivative financial instruments or derivative commodity instruments. As of December 31, 2006, the Company's financial instruments were not exposed to significant market risk due to interest rate risk, foreign currency exchange risk, commodity price risk or other relevant market risks, such as equity price risk.

However, as discussed elsewhere in this Form 10-K, the Company currently owns 60% of Ohio Funding Group, Inc., a company partially owned by Horvath. Management expects to secure additional investments in automobile dealerships and finance companies, including Ohio Funding Group, Inc., that concentrate in the sub-prime market. We expect to pursue a business model consistent with Horvath's current business operations, including possible further acquisitions within the automobile sales and / or sub-prime lending industry. In view of our current

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investment in Ohio Funding Group, Inc. and future business operations in the sub-prime automobile lending market, we may also be subject to the following market risk:

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Interest Rate Risk

Our anticipated operations are expected to be leveraged and sensitive to the difference between the interest rates we pay for borrowed funds and the interest rates we charge in our lending operations. Horvath's current dealer financing operations involve fixed rate obligations, which generally are not subject to interest rate risk. To the extent we may borrow funds to finance our operations at variable rates, or our financing operations are modified to include variable rate instruments, we may become subject to risks arising from interest rate fluctuations. Our potential exposure to interest rate risk arises primarily from changes in prime lending rates of commercial banks, which are in turn impacted by the policies and practices of the United States Federal Reserve Board, among other things.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the board of directors and shareholders of

Aventura Holdings, Inc.

We have audited the accompanying balance sheets of Aventura Holdings, Inc. as of December 31, 2006 and 2005 and the related statements of operations, changes in shareholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aventura Holdings, Inc. as of December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Aventura Holdings, Inc. will continue as a going concern. As discussed in Note 2 to the financial statements, Aventura Holdings, Inc. has suffered recurring losses from operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Jewett, Schwartz, Wolfe & Associates

Hollywood, Florida

April 16, 2007

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Table of Contents**AVENTURA HOLDINGS, INC.****BALANCE SHEETS****DECEMBER 31,**

	2006	2005
ASSETS:		
Cash	\$ 25,268	\$
Trade accounts receivable, net	126,679	
Contracts receivable, net	229,972	
Deferred finance charges		21,705
Prepaid expense	11,004	
Due from related party	19,963	
Assets from discontinued operations		39,521
TOTAL ASSETS	\$ 412,886	\$ 61,226
LIABILITIES & SHAREHOLDERS DEFICIT:		
Liabilities:		
Accounts payable and accrued expenses	\$ 80,304	\$ 20,534
Accrued compensation	5,000	
Interest payable	18,504	
Due to related party	174,287	
Liability payable with common stock		362,250
Note payable	154,555	
Minority Interest - Ohio Funding	67,518	
Liabilities from discontinued operations		13,113
Total Liabilities	500,168	395,897
Shareholders' Equity (Deficit):		
Common Stock; \$0.001 par value; 5,000,000,000 shares authorized; 3,043,443,527 and 2,019,657,813 shares issued and outstanding December 31, 2006 and December 31, 2005	3,043,444	2,019,658
Common stock issuable		300,000
Additional paid in capital	(2,210,460)	(2,297,946)
Accumulated deficit	(920,266)	(356,383)
Total Shareholders' Deficit	(87,282)	(334,671)
TOTAL LIABILITIES & SHAREHOLDERS DEFICIT	\$ 412,886	\$ 61,226

The accompanying notes are an integral part of these Consolidated Financial Statements.

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AVENTURA HOLDINGS, INC.
STATEMENTS OF OPERATIONS

	For the Year Ended December 31 2006	For the Year Ended December 31 2005	For the Year Ended December 31 2004
REVENUES	\$ 46,754	\$	\$
EXPENSES			
General and administrative expense	272,413	250,617	
Net operating loss	(225,659)	(250,617)	
OTHER EXPENSE			
Finance Costs	(21,705)	(40,546)	
Warrant expense	(250,000)		
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Loss from continuing operations	(510,669)	(291,163)	
Discontinued operations	6,187	(98,870)	33,650
Net gain on disposal of subsidiary	8,116		
Income (loss) from discontinued operations	14,303	(98,870)	33,650
Net Income (Loss)	\$ (496,366)	\$ (390,033)	\$ 33,650
LOSS PER SHARE:			
Weighted Common Shares Outstanding - Basic and Diluted	2,672,338,098	737,554,613	172,367,734
Net Loss Per Common Share - Basic and Diluted	\$ (nil)	\$ (nil)	\$ nil

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents**AVENTURA HOLDINGS, INC.****STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (DEFICIT)**

	Common Stock		Common Stock Issuable		Additional	Retained	Total
	Shares	Amount	Shares	Amount	Paid In Capital	Earnings (Accumulated Deficit)	
		\$		\$	\$	\$	\$
Balance at December 31, 2003							
Original issuance of shares to original shareholders of Aventura Networks	880,000,000	880,000			(880,000)		
Net income						33,650	33,650
Balance at December 31, 2004	880,000,000	880,000			(880,000)	33,650	33,650
Recapitalization and issuance to original shareholders of Aventura Holdings	645,657,813	645,658			(668,078)		(22,420)
Antidilution shares issued to acquiror	500,000,000	500,000	300,000,000	300,000	(800,000)		
Retirement of returned consulting shares	(6,000,000)	(6,000)			(18,000)		(24,000)
Contributed services					30,000		30,000
Recharacterization of minority interest					38,132		38,132
Net loss						(390,033)	(390,033)
Balance at December 31, 2005	2,019,657,813	2,019,658	300,000,000	300,000	(2,297,946)	(356,383)	(334,671)
Common stock issuable in exchange for portfolio company (Aventura Networks LLC) acquisition			325,000,000				