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Independent Auditors' Management Letter

To the Board of Directors of
Back to Basics Charter School Foundation, Inc.
D/B/A Terrace Community Middle School
Thonotosassa, Florida

We have audited the financial statements of Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated September 1, 2010.

We have issued our Independent Auditors' Report on Compliance and Internal Control Based on An Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards dated September 1, 2010. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of Charter School Audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.854(1)(d)1.) require a statement as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding financial audit.

The Rules of the Auditor General (Section 10.854(1)(d)2.) require a statement as to whether or not the charter school has met one or more of the conditions used to identify a state of financial emergency as described in Sections 218.503(1), Florida Statutes.

The Rules of the Auditor General (Section 10.854(1)(d)3.) require whenever one or more of the financial emergency conditions described in Section 218.503(1) have been met, the auditor should determine whether such conditions resulted from deteriorating financial conditions, and if so, to include recommendations to address these deteriorating conditions.

The Rules of the Auditor General (Sections 10.854(1)(d)4) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on internal control and compliance:

Recommendations to improve financial management, accounting procedures, and internal controls.

Violations of laws, rules, regulations, and contractual provisions that: (1) have occurred, or are likely to have occurred; (2) were discovered within the scope of the financial audit; and (3) may or may not have materially affected the financial statements.

Illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.

Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements).

Failures to properly record financial transactions.

Other inaccuracies, irregularities, shortages and defalcations, and instances of fraud and fraud related risk factors representing reportable conditions discovered by, or that came to the attention of the auditor.

The Rules of the Auditor General (Section 10.857(2) Require a Written Statement of Explanation or Rebuttal Concerning and Deficiencies Cited in the Audit, Including Corrective Action to be Taken. – None

Irregularities Reported in Preceding Annual Financial Audit – None

Recommendations Preceding Annual Financial Audit - None

Financial Condition Deteriorating - No

Met One or More of the Conditions Used to Identify a State of Financial Emergency as Described in Section 218.503(1) Florida Statutes - None

Recommendations to Improve Financial Management Accounting Procedures, and Internal Control: - None

Violations of Laws, Rules, Regulations - None

Illegal or Improper Expenditures – None

Improper or Inadequate Accounting Procedures – None

Failure to Properly Record Financial Transactions - None

Other Inaccuracies, Irregularities, Shortages and Defalcations – None

Conflicts of Interest - None

The Rules of the Auditor General (Rule 10.855(10)) require that the auditor apply financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by them.

The Rules of the Auditor General (Section 10.854 (1)(d)(6.)) also require that the name or official title and legal authority for the charter school be disclosed in the management letter, unless disclosed in the notes to the financial statements. Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community School was incorporated in the State of Florida May 27, 1998, and received its status as a non-profit Section 501(c)(3) organization from the Internal Revenue Service June 24, 1998.

This management letter is intended solely for the information of Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School, and its management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

Certified Public Accountants
September 1, 2010