

**TERRACE COMMUNITY
MIDDLE SCHOOL**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

June 30, 2010

**TERRACE COMMUNITY MIDDLE SCHOOL
JUNE 30, 2010**

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TCMS Terrace Community Middle School

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Back To Basics Charter School Foundation, Inc. Terrace Community Middle School Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2010

Our analysis and discussion of the Back to Basics Charter School Foundation Inc.- Terrace Community Middle School (BTBCSF-TCMS) financial performance provides an overview of the school's financial activities for the fiscal year ended June 30, 2010.

Financial Highlights

The BTBCSF-TCMS net assets totaled \$1,374,314 which represents 48.3% increase over prior fiscal year. The net assets balance consisted of net capital investments of \$ 935,903, Capital leases payable of \$61,852 and unrestricted net assets of \$ 500,263. General revenues totaled \$ 3,715,931 and accounted for 80.1% of all revenues for the school.

The year end balances in our separate funds were: general fund reported a balance of \$500,263 while our debt service fund ended with a fund balance of \$ 858,600.

Using this Comprehensive Annual Financial Report

This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand BTBCSF-TCMS as a whole, and then proceed to a detailed look at specific financial activities.

Reporting BTBCSF-TCMS as a Whole

The statement of Net Assets and Statement of Activities

One of the most important questions one can ask about the BTBCSF-TCMS financial activities is: Is BTBCSF-TCMS better off or worse as a result of this year's activities.? The Statement of Net Assets and the Statement of Activities report information about BTBCSF-TCMS as a whole and about it's activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year revenues and expenses are taken into consideration when cash is received or paid.

These two statements report BTBCSF-TCMS net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the financial health of BTBCSF-TCMS is improving or deteriorating as a whole. The reader should consider other non- financial factors such as enrollment, state funding levels, and facility conditions in arriving at their conclusion of the overall health of BTBCSF-TCMS.

Reporting the Schools Most Significant Funds

Fund Financial Statements

Our analysis of the school’s major funds begins on page 3 of the Auditors report. The fund financial statements begin on page 21 of the Auditors report and provide detailed information about the most significant funds at BTBCSF-TCMS. These funds represent the funds required to be established by the State of Florida, HSB, and the “Red Book”. The form of accounting for these funds is described in the notes that accompany the financial statements.

Governmental Funds

All non debt service funds that flow through the BTBCSF-TFMC activities are classified under Governmental Funds, which focus on how money flows into and out of the funds and the balances left at year-end available for spending in future periods. These funds are accounting for under a modified accrual accounting method, which measures cash and other financial assets that can readily be converted into cash. The government fund statements provide a detailed short-term view of the BTBCSF-TCMS general government operations and the basic services it provides. Government fund information helps you to determine whether there are more or less financial resources available to spend in the future to finance school activities. The relationship or differences between governmental activities as reported in the Statement of Net Assets and the Statement of Activities and governmental funds is reconciled in the basic financial statements.

Debt Service Funds

All capital funds (SIT) flow through the Debt Service fund, and the balances left at year end available for spending in future periods. These funds are accounting for under a modified accrual accounting method, which measures cash and other financial assets that can readily be converted into cash. The Debt Service fund statements provide a detailed view of the debt service funds available for the retirement of the debt incurred on behalf of the construction of the physical plant of BTBCSF-TCMS.

School-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. In the case of BTBCSF-TCMS assets exceeded liabilities by \$1,374,314 at the close of the past fiscal year. Approx. 68.1% of the BTBCSF-TCMS net assets reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The BTBCSF-TCMS uses capital assets to provide education facilities and services, therefore these assets are not available for future spending. Although the BTBCSF-TCMS investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It should be noted that BTBCSF-TCMS secured a mortgage for \$6.215MM via issuance of Series 2007 A & B Industrial Development Revenue Bonds for the retirement of various bridge mortgages used to acquire 3.39 acres MOL and construction of 33,000 sq. ft permanent facility

BTBCSF-Terrace Community Middle School Management's Discussion and Analysis

A comparative Analysis of Fiscal year 2009 to 2010 follows:

Net Assets	Government Assets	
	2009	2010
Current Assets	1,257,535	1,652,902
Capital Assets	5,980,350	6,016,904
Total Assets	7,237,885	7,669,806
Current Liabilities	415,364	490,178
Long term liabilities	5,895,836	5,805,314
Total Liabilities	6,311,200	6,295,492
Net Assets		
Invested in Capital		
Assets net of debt	818,013	935,903
Capital leases	(78,586)	(61,852)
Unrestricted	187,258	500,263
Total Net assets	926,685	1,374,314

Analysis of Net Assets Restrictions

Currently, no portion of net assets are restricted that are not part of invested Capital assets, these balances may be used to meet the schools on going activities. The BTBCSF-TCMS continues to report positive balances in all areas of net assets.

**BTBCSF-Terrace Community Middle School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

See appendix A

Changes in Net Assets

As previously stated and further demonstrated in this analysis, BTBCSF-TCMS has experienced a increase in net assets of 48.3% during fiscal year 2010. This change is the end result of an increase of 20.1% in revenues offset by an increase in net capital assets of \$37k offset by a 16.1% increase in operational spending for the same period.

The bulk of revenue increases resulted from a 125 person student population increase Year over Year. This combined the decreases in State FTE sources due to state budget cutbacks during the fiscal year, student/PRA sources and in unrestricted Grants and donations. This increase was planned and the direct result of anticipated budget for the current year.

The spending increases were generally in personnel costs and increased operational expenses of the school to handle the increased student load.. Capital asset acquisition was influenced totally by the final completion and close out of the 2007 land acquisition and building construction. The change in net assets was positive, significant and expected and planned. The foundation and school administration continue to seek cost reductions and revenue improvements. The school administration and foundation had planned for the state cutbacks and were positioned to deal with them as the funds were reduced during the year.

This change in the fund balances indicates a slight growth for our fund balance as we move towards stable operation post construction of the new school facility. This is as planned and indicative efforts by the governing body of the school to improve the net assets of the operation. At this time there is no indication of any limitations to the viability of the school in the near future.

**BTBCSF-Terrace Community School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009**

See appendix B

Variance Analysis to Budgets

To discuss the variances of the NON capital asset portion of these statements, the BTBCSF-TCS had an overall variance of revenues that are \$386,623 favorable to the plan for FY 2010, this is compared to a variance of (\$39,331) unfavorable for the FY 2009. Revenue variances for both years included:

<u>Revenue Source</u>	<u>Fav/(unfav) FY 2009 Var.</u>	<u>Fav/(unfav) FY 2010 Var.</u>
State FTE funds	\$ 19,524	\$ 279,690
SIT Funds	(78,818)	(22,107)
Grant/Donations	(23,790)	(1,660)
Student/PRA	35,258	71,058

The major revenue variances for State SIT funds were the result increased student populations offset in part by state level budgetary cuts and adjustments out of the control of the foundation. The decrease in grants and PRA revenues results are the direct result of the current depressed economic conditions.

Spending variances for the same periods included:

<u>Spending /Exp.</u>	<u>(Fav)/Unfav FY 2009 Var.</u>	<u>(Fav)/Unfav FY 2010 Var.</u>
Salaries/Fringe	\$ (145,601)	\$ (172,436)
Professional Svc	44,405	50,876
Instr. Matrl	25,405	(63,138)
Lease payments	0	0
Student Activities	(8,938)	(6,656)

There was no change between the original budget and the final budget as presented in all examples above. The causes for these variances are wide and are primarily related to student needs however, they cover numerous issues, mostly the increased population of students over original plan. All issues were made aware to management and were dealt with accordingly. Every effort was made to ensure that there was ample funding to cover any program or initiative.

Management sees no significant impact on immediate operations of the school as a result of these variances.

Significant Capital Assets

As presented in Auditors NOTE 5 dealing with Capital Fixed assets, the net value of the capital Fixed assets at BTBCSF-TCMS increased by \$45,134 net of accumulated depreciation of \$ 142,214. These additions included (at Gross):

Building Improvements	46,459
Furniture & Fixtures	40,447
A/V Computers & SW	104,442

Operating Leases & Lease purchase payable

As described in the auditors note # 3 & 6, the BTBCSF-TCMS has operating lease commitments as follows: Subsequent events should be noted in note #6.

2011	300,000
2012	300,000
2013	300,000
2014	300,000
2015	300,000
2016	300,000

These payments exclusive of any potential future FTE adjusts as provided by the MOSI-BTBCSF-TCMS lease agreement. Subsequent events related to the sub-lease to Hillsborough County School District eliminates these payments in favor of BTBCSF-TCMS for the duration of the sub lease. This sub lease runs for 5 years with a 5 year option to renewal commencing July 2007.

The management of the BTBCSF-TCMS is aware of the risk associated with the effects of the risk associated with the sub lease arrangement as it relates to the level of SIT funding that will be available for operations and occupancy expenses for the school. Management is continuing with efforts to secure additional funding in the form of operational grants and endowment seed funds to help offset this risk in the future. While these plans have been fully developed, success in the current economic climate has been difficult, however we will continue on our quest for these funds.

Declaration of facts conditions since period end and audit report date:

Management is unaware of any significant issue, fact, or circumstance that has arisen since the close of the fiscal year and the date of this report, except as noted below or disclosed herein, that it feels will have a significant effect on the financial position or results of the operations after the reporting date.

BTBCSF-Terrace Community Middle School
 Managements Discussion Analysis
 Fiscal Year Ended June 30,2010
 Appendix A

	2009	2010
	Governmental Activities <u>Actual</u>	Governmental Activities <u>Actual</u>
3001 · TOTAL REVENUE		
3100 · FOUNDATION INCOME		
3110 · GRANT-DONATION INCOME		
3111 · CORPORATE GRANTS/DONATIONS	-	61
3112 · PRIVATE FOUNDATION GRANTS	1,450	178
3113 · GENERAL PUBLIC DONATIONS	7,014	7,640
3119 · GRANTS-GOVERNMENTAL	3,754	4,461
3110 · GRANT-DONATION INCOME - Other		
Total 3110 · GRANT-DONATION INCOME	<u>12,218</u>	<u>12,340</u>
3120 · INVESTMENT INCOME		
3121 · INTEREST INCOME	4,158	7,544
Total 3120 · INVESTMENT INCOME	<u>4,158</u>	<u>7,544</u>
3130 · SCHOOL BOARD REVENUE=EFT		
3131 · STATE FUNDS-EFT	3,043,248	3,638,199
3132 · SIT FUNDS..CAPITAL OUTLAY	249,430	350,904
3139 · OTHER INCOME-EFT	69,249	70,188
Total 3130 · SCHOOL BOARD REVENUE=EFT	<u>3,361,927</u>	<u>4,059,291</u>
3140 · OTHER INCOME		
3141 · SCHOOL LUNCH INCOME	91,175	108,601
3142 · TRANSPORTATION REVENUE		
3143 · STUDENT ACTIVITY/PROJECT INCOME		
31431 · FIELD TRIP RECEIPTS	45,939	70,560
31433 · YEARBOOK RECEIPTS	15,079	17,883
31435 · OTHER	15,224	11,353
31437 · Student Gov. Receipts	5,981	8,379
31459 · Music	-	6,460
31439 · 8th GRADE GRADUATION	5,072	2,560
31450 · Book fees	37,013	25,044
31460 · Drama Receipts	-	3,515
After School / Slam / FAFO	37,426	79,904
Total 3143 · STUDENT ACTIVITY/PROJECT INCOME	<u>161,734</u>	<u>225,658</u>
3144 · ATHLETIC DEPARTMENT		
31441 · ADMISSION RECEIPTS	1,320	270
31442 · STUDENT PAYMENTS-FEES	1,535	3,630
31443 · FUND RAISING	689	2,825
31444 · OTHER-ATHLETIC	6,152	5,622
3144 · ATHLETIC DEPARTMENT - Other	-	-
Total 3144 · ATHLETIC DEPARTMENT	<u>9,696</u>	<u>12,347</u>
3145 · P.R.A. ACTIVITIES		
31451 · AUCTION RECEIPTS	73,706	58,394
31452 · TEAM TORNADO RECEIPTS	60,825	64,013
31453 · SCHOOL STORE	35,692	40,275
31454 · WED. PIZZA LUNCH RECEIPTS		
31455 · PRA RECEIPTS OTHER	15,741	11,273
31456 · PRA T SHIRT SALES	35,637	36,500
3145 · P.R.A. ACTIVITIES - Other	-	-
Total 3145 · P.R.A. ACTIVITIES	<u>221,601</u>	<u>210,455</u>
3149 · OTHER	-	867
3140 · OTHER INCOME - Other		
Total 3140 · OTHER INCOME	<u>484,206</u>	<u>557,928</u>
Total 3100 · FOUNDATION INCOME	<u>3,862,509</u>	<u>4,637,103</u>
Total 3001 · TOTAL REVENUE	<u>3,862,509</u>	<u>4,637,103</u>

BTBCSF-Terrace Community Middle School
 Managements Discussion Analysis
 Fiscal Year Ended June 30,2010
 Appendix A

	3,862,509	4,637,103
4000 · TOTAL EXPENSES		
5100 · Basic Instruction		
5100100 · Basic Instruction salaries		
5100101 · CLASSROOM TEACHER P/R	1,693,011	1,857,977
Total 5100100 · Basic Instruction salaries	1,693,011	1,857,977
5100200 · Basic Instruction Employee Ben.		
5100203 · FICA-ER EXP.	128,754	163,867
5100204 · Group Inc exp.	1,450	-
5100206 · FLA SUI EXP.	4,015	1,982
5100207 · OTHER P/R RELATED EXP	228,665	237,361
Total 5100200 · Basic Instruction Employee Ben.	362,884	403,210
5100500 · Basic Instr-material & suppl		
5100510 · MATERIALS & SUPPLIES	784	1,565
5100520 · SUPPLIES-INSTRUCTIONAL	16,016	26,770
5100540 · TEXT BOOKS	14,008	57,487
5100550 · Instructional equipment	40,969	46,559
5100580 · STUDENT ACTIVITIES-PROGRAMS	4,005	8,060
5100581 · FIELD TRIP EXP.	63,726	70,219
5100582 · BANQUET EXPENSES		
5100583 · YEARBOOK EXPENSES	10,283	13,531
5100585 · OTHER	2,333	29,343
5100586 · SGA EXPENSES	4,808	6,155
5100587 · Forensics expense		3,437
5100588 · 8th Grade Graduation	7,139	3,012
Total 5100500 · Basic Instr-material & suppl	164,071	266,138
Total 5100 · Basic Instruction	2,219,966	2,527,325
5600 · Other Instructional		
5600100 · Other Instr-salaries		
5600101 · SUBSTITUTE TEACHER P/R	84,919	119,385
5600102 · AIDE P/R		
5600103 · Stipends	73,960	6,489
Total 5600100 · Other Instr-salaries	158,879	125,874
5600200 · Other Instr-employee ben		
5600203 · OI FICA ER	11,857	8,853
5600206 · OI Fla SUI	370	510
5600207 · OI other PR related	13,448	62,922
Total 5600200 · Other instr-employee ben	25,675	72,285
Total 5600 · Other Instructional	184,554	198,159
6200 · Instructional Media Services		
6200500 · Instr. media Svc-materials		
6200530 · PERIODICALS		135
6200590 · OTHER MATERIAL & SUPPLIES		
Total 6200500 · Instr. media Svc-materials	-	135
Total 6200 · Instructional Media Services	-	135
7200 · General Administration		
7200300 · Gen Admin purchases svc		
7200310 · PROFESSIONAL & TECH. SERVICES	55,591	34,124
7200320 · GENERAL & PROPERTY INSURANCE EX	22,239	25,558
7200330 · TRAVEL EXP.	1,082	-
7200335 · ENTERTAINMENT EXP.	-	2,680
7200363 · EQUIPMENT-OFFICE RENTALS	8,459	5,091
7200371 · TELEPHONE EXPENSES	11,552	13,031
7200372 · INTERNET EXPENSES	-	446
7200380 · Adverting exp	-	
7200390 · OFFICE EXPENSES	13,290	30,138

BTBCSF-Terrace Community Middle School
 Managements Discussion Analysis
 Fiscal Year Ended June 30,2010
 Appendix A

7200395 · CITY UTILITIES	14,180	8,709
Total 7200300 · Gen Admin purchases svc	<u>126,393</u>	<u>119,777</u>
7200400 · Gen Admin Energy svc		
7200430 · ELECTRICITY EXP.	43,582	49,098
7200431 · Gas bill	-	
Total 7200400 · Gen Admin Energy svc	<u>43,582</u>	<u>49,098</u>
7200700 · Gen Admin other exp		
7200701 · OTHER EXPENSES		1,248
7200703 · INTEREST EXP.	325,680	320,160
7200704 · FUND RAISING EXP		-
7200705 · Challenge Fund Spending		-
7200751 · P.R.A. SPENDING	24,825	34,928
7200752 · PRA AUCTION EXPENSES	9,992	11,848
7200753 · PRA TEAM TORNADO EXPENSES	2,263	1,087
7200754 · PRA SCHOOL STORE EXPENSES		-
7200755 · PRA PIZZA LUNCH EXP		
7200756 · PRA OTHER EXPENSES	13,085	2,592
7200760 · BOARD EXPENSES	2,716	5,021
7200780 · ATHLETIC DEPT. SPENDING	2,787	445
7200781 · ATHLETIC FACILITY RENTALS		75
7200782 · REFEREE FEES	1,799	3,080
7200783 · ATHLETIC UNIFORM EXPENSES	4,222	3,721
7200784 · ATHLETIC EQUIPMENT-SUPPLIES	592	-
7200785 · ATHLETIC REGISTRATION FEES		250
7200786 · ATHLETIC EXPENSES-OTHER	327	4,365
7200790 · MISC. OTHER EXP.	8,862	15,396
7277702 · MOSI MOVING EXPENSES		
Total 7200700 · Gen Admin other exp	<u>397,150</u>	<u>404,216</u>
Total 7200 · General Administration	<u>567,125</u>	<u>573,091</u>
7300 · School Admin		
7300100 · School Admin Salaries		
7300101 · ADMINISTRATION P/R	388,628	530,349
7300102 · CLERICAL P/R	1,673	-
7300103 · OVERTIME-NON EXEMPT		
Total 7300100 · School Admin Salaries	<u>390,301</u>	<u>530,349</u>
7300200 · School Admin Empl Benefits		
7300203 · School Admin FICA ER	26,795	34,843
7300206 · School Admin Fla Sui	835	439
7300207 · School Admin other PR related	24,429	36,500
Total 7300200 · School Admin Empl Benefits	<u>52,059</u>	<u>71,782</u>
Total 7300 · School Admin	<u>442,360</u>	<u>602,131</u>
7600 · Food Service		
7600500 · Food svc Material supplies		
7600570 · FOOD-LUNCH PROGRAMS	104,638	129,905
Total 7600500 · Food svc Material supplies	<u>104,638</u>	<u>129,905</u>
Total 7600 · Food Service	<u>104,638</u>	<u>129,905</u>
7800 · Student Transportation		
7800500 · Student transp. materials/supp		
7800502 · TRANSPORTATION EXP	1,367	
7800595 · Bus related exp.		
Total 7800500 · Student transp. materials/supp	<u>1,367</u>	<u>-</u>
Total 7800 · Student Transportation	<u>1,367</u>	<u>-</u>
7900 · Plant ops		
7900300 · Plant ops purchased svc		
7900355 · SUPPLIES-CUSTODIAL, OTHER	16,187	19,622
7900360 · RENTALS-LEASES	5,584	
7900361 · BUILDING	740	4,544

BTBCSF-Terrace Community Middle School
 Managements Discussion Analysis
 Fiscal Year Ended June 30,2010
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Total 7900300 · Plant ops purchased svc	22,511	24,166
Total 7900 · Plant ops	22,511	24,166
8100 · Maintenance of Plant		
8100300 · Maintenance of Plant Services		
8100340 · REPAIRS MAINT. OFFICE		1,650
8100350 · REPAIRS & MAINTENANCE-FACILITY	54,911	73,808
Total 8100300 · Maintenance of Plant Services	54,911	75,458
Total 8100 · Maintenance of Plant	54,911	75,458
9100 · Community Svc		
9100100 · Community Svc salaries		
9100101 · SUMMER/AFTER SCHOOL PROGRAM	-	-
Total 9100100 · Community Svc salaries	-	-
7400-Facillry Acqulsition		
7400663 Building & FA constr	46,569	108,647
Total 7400	46,569	108,647
Total 7400	46,569	108,647
Total Governmental Activities	3,644,001	4,239,017
Depn Exp.	132,776	-
CAPITAL SPENDING		
NOTE PAYABLE		
Total Expenditures	3,776,777	4,239,017
Excess Revenues over Expenditures	85,732	398,086

BTBCSF-Terrace Community Middle School
Managements Discussion Analysis
Fiscal Year Ended June 30,2010
Appendix B

3001 · TOTAL REVENUE	2009 Governmental Activities			2010 Governmental Activities		
	Actual	Budget	Variance	Actual	Budget	Variance
3100 · FOUNDATION INCOME						
3110 · GRANT-DONATION INCOME						
3111 · CORPORATE GRANTS/DONATIONS	0.00	504	(504)	61		61
3112 · PRIVATE FOUNDATION GRANTS	1,450.00	504	946	178	1,500	(1,322)
3113 · GENERAL PUBLIC DONATIONS	7,014.00	30,000	(22,986)	7,640	10,000	(2,360)
3119 · GRANTS-GOVERNMENTAL	3,754	5,000	(1,246)	4,461	2,500	1,961
3110 · GRANT-DONATION INCOME - Other	-	-	-	-	-	-
Total 3110 · GRANT-DONATION INCOME	12,218	36,008	(23,790)	12,340	14,000	(1,660)
3120 · INVESTMENT INCOME						
3121 · INTEREST INCOME	4,158	24,000	(19,842)	7,544	5,000	2,544
Total 3120 · INVESTMENT INCOME	4,158	24,000	(19,842)	7,544	5,000	2,544
3130 · SCHOOL BOARD REVENUE=EFT						
3131 · STATE FUNDS-EFT	3,043,248.00	3,023,724	19,524	3,638,199	3,359,109	279,090
3132 · SIT FUNDS..CAPITAL OUTLAY	249,430.00	328,248	(78,818)	350,904	373,011	(22,107)
3139 · OTHER INCOME-EFT	69,249.00	50,400	18,849	70,188	45,000	25,188
Total 3130 · SCHOOL BOARD REVENUE=EFT	3,361,927	3,402,372	(40,445)	4,059,291	3,777,120	282,171
3140 · OTHER INCOME						
3141 · SCHOOL LUNCH INCOME	91,175.00	99,996	(8,821)	108,601	110,000	(1,399)
3142 · TRANSPORTATION REVENUE	-	-	-	-	-	-
3143 · STUDENT ACTIVITY/PROJECT INCOME						
31431 · FIELD TRIP RECEIPTS	45,939.00	54,996	(9,057)	70,560	40,000	30,560
31433 · YEARBOOK RECEIPTS	15,079.00	15,000	79	17,883	15,000	2,883
31435 · OTHER	15,224.00	11,492	3,732	11,353	31,000	(19,647)
31437 · Student Gov. Receipts	5,981.00	7,500	(1,519)	8,379	5,000	3,379
31459 · Music	0.00	-	-	6,460		6,460
31439 · 8th GRADE GRADUATION	5,072.00		5,072	2,560	1,000	1,560
31450 · Book fees	37,013.00	32,496	4,517	25,044	26,000	(956)
31460 · Drama Receipts	-	4,992	(4,992)	3,515		3,515
After School / Slam / FAFO	37,426		37,426	79,904	36,600	43,304
Total 3143 · STUDENT ACTIVITY/PROJECT INCOME	161,734	126,476	35,258	225,658	154,600	71,058
3144 · ATHLETIC DEPARTMENT						
31441 · ADMISSION RECEIPTS	1,320	2,000	(680)	270	1,500	(1,230)
31442 · STUDENT PAYMENTS-FEE	1,535	5,000	(3,465)	3,630	1,500	2,130
31443 · FUND RAISING	689	4,992	(4,303)	2,825	1,000	1,825
31444 · OTHER-ATHLETIC	6,152	4,992	1,160	5,622	5,000	622
3144 · ATHLETIC DEPARTMENT -	-	-	-	-	-	-
Total 3144 · ATHLETIC DEPARTMENT	9,696	16,984	(7,288)	12,347	9,000	3,347
3145 · P.R.A. ACTIVITIES						
31451 · AUCTION RECEIPTS	73,706.00	100,000	(26,294)	58,394	65,000	(6,606)
31452 · TEAM TORNADO RECEIPT	60,825.00	65,004	(4,179)	64,013	60,000	4,013
31453 · SCHOOL STORE	35,692.00	20,004	15,688	40,275	15,000	25,275
31454 · WED. PIZZA LUNCH RECEIPTS	-		-	-		-
31455 · PRA RECEIPTS OTHER	15,741.00	9,996	5,745	11,273	11,000	273
31456 · PRA T SHIRT SALES	35,637.00	1,000	34,637	36,500	30,000	6,500
3145 · P.R.A. ACTIVITIES - Other	0.00	-	-	-	-	-
Total 3145 · P.R.A. ACTIVITIES	221,601	196,004	25,597	210,455	181,000	29,455
3149 · OTHER	-	-	-	867		867
3140 · OTHER INCOME - Other						
Total 3140 · OTHER INCOME	484,206	439,460	44,746	557,928	454,600	103,328
Total 3100 · FOUNDATION INCOME	3,862,509	3,901,840	(39,331)	4,637,103	4,250,720	386,383
Total 3001 · TOTAL REVENUE	3,862,509	3,901,840	(39,331)	4,637,103	4,250,720	386,383

BTBCSF-Terrace Community Middle School
Managements Discussion Analysis
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	3,862,509	3,901,840	(39,331)	4,637,103	4,250,720	386,383
4000 · TOTAL EXPENSES						
5100 · Basic Instruction						
5100100 · Basic Instruction salaries						
5100101 · CLASSROOM TEACHER P/R	1,693,011.00	1,615,332	(77,679)	1,857,977	1,672,000	(185,977)
Total 5100100 · Basic Instruction salaries	<u>1,693,011</u>	<u>1,615,332</u>	<u>(77,679)</u>	<u>1,857,977</u>	<u>1,672,000</u>	<u>(185,977)</u>
5100200 · Basic Instruction Employee Ben.						
5100203 · FICA-ER EXP.	128,754.00	123,576	(5,178)	163,867	127,908	(35,959)
5100204 · Group Inc exp.	1,450	50,004	48,554	-	-	-
5100206 · FLA SUI EXP.	4,015.00	18,000	13,985	1,982	18,220	16,238
5100207 · OTHER P/R RELATED EXP	228,665.00	125,004	(103,661)	237,361	194,873	(42,488)
Total 5100200 · Basic Instruction Employee Ben.	<u>362,884</u>	<u>316,584</u>	<u>(46,300)</u>	<u>403,210</u>	<u>341,001</u>	<u>(62,209)</u>
5100500 · Basic Instr-material & suppl						
5100510 · MATERIALS & SUPPLIES	784.00	4,992	4,208	1,565	2,500	935
5100520 · SUPPLIES-INSTRUCTIONAL	16,016.00	3,000	(13,016)	26,770	28,000	1,230
5100540 · TEXT BOOKS	14,008.00	35,000	20,992	57,487	55,000	(2,487)
5100550 · Instructional equipment	40,969.00	49,992	9,023	46,559	2,500	(44,059)
5100580 · STUDENT ACTIVITIES-PROGRAMS	4,005.00	9,996	5,991	8,060	10,000	1,940
5100581 · FIELD TRIP EXP.	63,726.00	54,996	(8,730)	70,219	75,000	4,781
5100582 · BANQUET EXPENSES		11,000	11,000			-
5100583 · YEARBOOK EXPENSES	10,283.00	9,000	(1,283)	13,531	15,000	1,469
5100585 · OTHER	2,333	4,500	2,167	29,343	5,000	(24,343)
5100586 · SGA EXPENSES	4,808.00	4,000	(808)	6,155	4,000	(2,155)
5100587 · Forensics expense			-	3,437	5,000	1,563
5100588 · 8th Grade Graduation	7,139.00	3,000	(4,139)	3,012	1,000	(2,012)
Total 5100500 · Basic Instr-material & suppl	<u>164,071</u>	<u>189,476</u>	<u>25,405</u>	<u>266,138</u>	<u>203,000</u>	<u>(63,138)</u>
Total 5100 · Basic Instruction	<u>2,219,966</u>	<u>2,121,392</u>	<u>(98,574)</u>	<u>2,527,325</u>	<u>2,216,001</u>	<u>(311,324)</u>
5600 · Other Instructional						
5600100 · Other Instr-salaries						
5600101 · SUBSTITUTE TEACHER P/R	84,919.00	24,996	(59,923)	119,385	95,000	(24,385)
5600102 · AIDE P/R			-			-
5600103 · Stipends	73,960.00	50,400	(23,560)	6,489		(6,489)
Total 5600100 · Other Instr-salaries	<u>158,879</u>	<u>75,396</u>	<u>(83,483)</u>	<u>125,874</u>	<u>95,000</u>	<u>(30,874)</u>
5600200 · Other Instr-employee ben						
5600203 · OI FICA ER	11,857.00	5,760	(6,097)	8,853	7,268	(1,585)
5600206 · OI Fla SUI	370.00	600	230	510	385	(125)
5600207 · OI other PR related	13,448.00	3,000	(10,448)	62,922	15,000	(47,922)
Total 5600200 · Other Instr-employee ben	<u>25,675</u>	<u>9,360</u>	<u>(16,315)</u>	<u>72,285</u>	<u>22,653</u>	<u>(49,632)</u>
Total 5600 · Other Instructional	<u>184,554</u>	<u>84,756</u>	<u>(99,798)</u>	<u>198,159</u>	<u>117,653</u>	<u>(80,506)</u>
6200 · Instructional Media Services						
6200500 · Instr. media Svc-materials						
6200530 · PERIODICALS			-	135	100	(35)
6200590 · OTHER MATERIAL & SUPPLIES			-			-
Total 6200500 · Instr. media Svc-materials	<u>-</u>	<u>-</u>	<u>-</u>	<u>135</u>	<u>100</u>	<u>(35)</u>
Total 6200 · Instructional Media Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>135</u>	<u>100</u>	<u>(35)</u>
7200 · General Administration						
7200300 · Gen Admin purchases svc						
7200310 · PROFESSIONAL & TECH. SERVICES	55,591.00	99,996	44,405	34,124	85,000	50,876
7200320 · GENERAL & PROPERTY INSURANCE EX	22,239.00	24,996	2,757	25,558	31,000	5,442
7200330 · TRAVEL EXP.	1,082.00	1,500	418	-	-	-
7200335 · ENTERTAINMENT EXP.	0.00	1,000	1,000	2,680	2,500	(180)
7200363 · EQUIPMENT-OFFICE RENTALS	8,459.00	15,000	6,541	5,091	11,000	5,909
7200371 · TELEPHONE EXPENSES	11,552.00	8,748	(2,804)	13,031	10,000	(3,031)
7200372 · INTERNET EXPENSES	0.00	-	-	446	2,300	1,854

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7200380 · Advertling exp	0.00	1,000	1,000	-		
7200390 · OFFICE EXPENSES	13,290.00	24,996	11,706	30,138	15,000	(15,138)
7200395 · CITY UTILITIES	14,180	12,300	(1,880)	8,709	15,000	6,291
Total 7200300 · Gen Admin purchases svc	126,393	189,536	63,143	119,777	171,800	52,023
7200400 · Gen Admin Energy svc						
7200430 · ELECTRICITY EXP.	43,582	44,004	422	49,098	45,000	(4,098)
7200431 · Gas bill	-	-	-	-	-	-
Total 7200400 · Gen Admin Energy svc	43,582	44,004	422	49,098	45,000	(4,098)
7200700 · Gen Admin other exp						
7200701 · OTHER EXPENSES	-	-	-	1,248	10,000	8,752
7200703 · INTEREST EXP.	325,680.00	325,224	(456)	320,160	322,560	2,400
7200704 · FUND RAISING EXP	-	-	-	-	5,000	5,000
7200705 · Challenge Fund Spending	-	-	-	-	-	-
7200751 · P.R.A. SPENDING	24,825	996	(23,829)	34,928	1,000	(33,928)
7200752 · PRA AUCTION EXPENSES	9,992	30,000	20,008	11,848	35,000	23,152
7200753 · PRA TEAM TORNADO EXPENSES	2,263	2,004	(259)	1,087	2,500	1,413
7200754 · PRA SCHOOL STORE EXPENSES	-	-	-	-	-	-
7200755 · PRA PIZZA LUNCH EXP	-	-	-	-	-	-
7200756 · PRA OTHER EXPENSES	13,085	7,500	(5,585)	2,592	7,500	4,908
7200760 · BOARD EXPENSES	2,716	4,500	1,784	5,021	1,500	(3,521)
7200780 · ATHLETIC DEPT. SPENDING	2,787	996	(1,791)	445	2,500	2,055
7200781 · ATHLETIC FACILITY RENTALS	-	-	-	75	1,000	925
7200782 · REFEREE FEES	1,799	1,500	(299)	3,080	2,000	(1,080)
7200783 · ATHLETIC UNIFORM EXPENSES	4,222	6,996	2,774	3,721	5,000	1,279
7200784 · ATHLETIC EQUIPMENT-SUPPLIES	592	504	(88)	-	1,000	1,000
7200785 · ATHLETIC REGISTRATION FEES	-	-	-	250	-	(250)
7200786 · ATHLETIC EXPENSES-OTHER	327	2,000	1,673	4,365	1,000	(3,365)
7200790 · MISC. OTHER EXP.	8,862	5,992	(2,870)	15,396	-	(15,396)
7277702 · MOSI MOVING EXPENSES	-	-	-	-	-	-
Total 7200700 · Gen Admin other exp	397,150	388,212	(8,938)	404,216	397,560	(6,656)
Total 7200 · General Administration	567,125	621,752	54,627	573,091	614,360	41,269
7300 · School Admin						
7300100 · School Admin Salaries						
7300101 · ADMINISTRATION P/R	388,628	449,640	61,012	530,349	671,000	140,651
7300102 · CLERICAL P/R	1,673	-	(1,673)	-	-	-
7300103 · OVERTIME-NON EXEMPT	-	-	-	-	-	-
Total 7300100 · School Admin Salaries	390,301	449,640	59,339	530,349	671,000	140,651
7300200 · School Admin Empl Benefits						
7300203 · School Admin FICA ER	26,795	34,392	7,597	34,843	51,332	16,489
7300206 · School Admin Fla Sui	835	1,500	665	439	1,000	561
7300207 · School Admin other PR related	24,429	35,004	10,575	36,500	35,000	(1,500)
Total 7300200 · School Admin Empl Benefits	52,059	70,896	18,837	71,782	87,332	15,550
Total 7300 · School Admin	442,360	520,536	78,176	602,131	758,332	156,201
7600 · Food Service						
7600500 · Food svc Material supplies						
7600570 · FOOD-LUNCH PROGRAMS	104,638	99,996	(4,642)	129,905	110,000	(19,905)
Total 7600500 · Food svc Material supplies	104,638	99,996	(4,642)	129,905	110,000	(19,905)
Total 7600 · Food Service	104,638	99,996	(4,642)	129,905	110,000	(19,905)
7800 · Student Transportation						
7800500 · Student transp. materials/supp						
7800502 · TRANSPORTATION EXP	1,367	9,996	(8,629)	-	5,000	5,000
7800595 · Bus related exp.	-	-	-	-	-	-
Total 7800500 · Student transp. materials/supp	1,367	9,996	(8,629)	-	5,000	5,000
Total 7800 · Student Transportation	1,367	9,996	(8,629)	-	5,000	5,000
7900 · Plant ops						

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7900300 · Plant ops purchased svc						
7900355 · SUPPLIES-CUSTODIAL, OTHER	16,187	24,996	8,809	19,622	50,000	30,378
7900360 · RENTALS-LEASES	5,584	4,992	(592)		25,000	25,000
7900361 · BUILDING	740	26,496	25,756	4,544	7,500	2,956
Total 7900300 · Plant ops purchased svc	<u>22,511</u>	<u>56,484</u>	<u>33,973</u>	<u>24,166</u>	<u>82,500</u>	<u>58,334</u>
Total 7900 · Plant ops	<u>22,511</u>	<u>56,484</u>	<u>33,973</u>	<u>24,166</u>	<u>82,500</u>	<u>58,334</u>
8100 · Maintenance of Plant						
8100300 · Maintenance of Plant Services						
8100340 · REPAIRS MAINT. OFFICE		9,996	9,996	1,650		(1,650)
8100350 · REPAIRS & MAINTENANCE-FACILITY	54,911	30,000	(24,911)	73,808	55,000	(18,808)
Total 8100300 · Maintenance of Plant Services	<u>54,911</u>	<u>39,996</u>	<u>(14,915)</u>	<u>75,458</u>	<u>55,000</u>	<u>(20,458)</u>
Total 8100 · Maintenance of Plant	<u>54,911</u>	<u>39,996</u>	<u>(14,915)</u>	<u>75,458</u>	<u>55,000</u>	<u>(20,458)</u>
9100 · Community Svc						
9100100 · Community Svc salaries					50,000	50,000
9100101 · SUMMER/AFTER SCHOOL PROGRAM	-	-	-	-	-	-
Total 9100100 · Community Svc salaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
7400-Facility Acquisition						
7400663 Building & FA constr	46,569	-	(46,569)	108,647	-	(108,647)
Total 7400	<u>46,569</u>	<u>-</u>	<u>(46,569)</u>	<u>108,647</u>	<u>-</u>	<u>(108,647)</u>
Total 7400	<u>46,569</u>	<u>-</u>	<u>(46,569)</u>	<u>108,647</u>	<u>50,000</u>	<u>(58,647)</u>
Total Governmental Activities	<u>3,644,001</u>	<u>3,554,908</u>	<u>(106,351)</u>	<u>4,239,017</u>	<u>4,008,946</u>	<u>(230,071)</u>
Depn Exp.	132,776	150,000	17,224	-	150,000	150,000
CAPITAL SPENDING		-	-		-	-
NOTE PAYABLE						
Total Expenditures	<u>3,776,777</u>	<u>3,704,908</u>	<u>(89,127)</u>	<u>4,239,017</u>	<u>4,158,946</u>	<u>(80,071)</u>
Excess Revenues over Expenditures	<u>85,732</u>	<u>196,932</u>	<u>(111,200)</u>	<u>398,086</u>	<u>91,774</u>	<u>306,312</u>

Rowlson & Company, P.A.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

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 accompanying financial statements of the governmental activities and each major fund of Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School, a component unit of the Hillsborough County District School Board as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles accepted in the United States of America.

The management discussion & analysis and budgeting comparison information on pages 1 through 14 and pages 34 - 37 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report, dated September 1, 2010, on our consideration of the Terrace Community Middle School internal control and our tests of its compliance with laws, administrative rules, regulations, contracts and grants, and other guidelines included under the heading *Independent Auditor's Report on Compliance and Internal Control Based on An Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards*.

In accordance with Section 11.45(3)(a)2, Florida Statutes, and Section 10.856(2), Rules of the Auditor General, we have also issued a statement of the auditor's comments and recommendations addressed to Terrace Community Middle School's Board of Directors, dated September 1, 2010, under the heading *Independent Auditor's Management Letter*.

Respectfully submitted,

A handwritten signature in cursive script that reads "Roulston & Company, PA".

Certified Public Accountants
September 1, 2010

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$1,652,902
Capital Assets:	
Land	2,525,138
Buildings & improvements	3,196,739
Furniture & fixtures	177,074
Computer, visual and audio equipment	737,252
Accumulated depreciation	(850,961)
Bond issuance costs, net	231,662
	7,669,806
 LIABILITIES	
Payroll taxes & benefits payable	294,039
Interest payable	39,287
Lease payable	61,852
Bonds payable:	
Current portion of bonds payable	95,000
Long-term portion of bonds payable	5,805,314
	6,295,492
 NET ASSETS	
Invested in capital assets, net of related debt	935,903
Capital lease payable	(61,852)
Unrestricted	500,263
	\$1,374,314

See Accompanying Notes and Accountants' Report

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS
				TOTAL GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES				
Instruction and instruction-related services	\$2,631,826			(\$2,631,826)
Support services-student-based	321,428	\$494,579	\$75,689	248,840
General administrative	681,378			(681,378)
Support services-non-student-based	213,503		350,904	137,401
Interest on long-term debt	332,485			(332,485)
Depreciation-unallocated	8,854			(8,854)
TOTALS	\$4,189,474	\$494,579	\$426,593	(\$3,268,302)

GENERAL REVENUES:

State funds-FTE	\$3,708,387
Other income	7,544
Total General Revenues	3,715,931
Change In Net Assets	447,629
NET ASSETS-BEGINNING	926,685
NET ASSETS-ENDING	\$1,374,314

See Accompanying Notes and Accountants' Report

**TERRACE COMMUNITY MIDDLE SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$794,302	\$858,600	\$1,652,902
TOTAL ASSETS	<u>794,302</u>	<u>858,600</u>	<u>1,652,902</u>
 <u>LIABILITIES & FUND BALANCES</u>			
LIABILITIES			
Payroll taxes & benefits payable	294,039		294,039
TOTAL LIABILITIES	<u>294,039</u>	<u>0</u>	<u>294,039</u>
 FUND BALANCES			
Unreserved	500,263		500,263
Reserved for retirement of long-term debt		858,600	858,600
TOTAL FUND BALANCES	<u>500,263</u>	<u>858,600</u>	<u>1,358,863</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$794,302</u>	<u>\$858,600</u>	<u>\$1,652,902</u>

See Accompanying Notes and Accountants' Report

**TERRACE COMMUNITY MIDDLE SCHOOL
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2010**

Amounts reported for governmental activities in the statement of net assets are different because:

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS	\$1,358,863
Bond issuance costs, net	231,662
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The costs of the assets are \$6,636,203 and the accumulated depreciation is \$850,961.	5,785,242
Long-term liabilities, including bonds payable, are not due and payable in current period and therefore not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds payable	\$5,900,314
Accrued interest on bonds	39,287
Capital lease payable	61,852
	(6,001,453)
TOTAL NET ASSETS-GOVERNMENTAL ACTIVITIES	\$1,374,314

See Accompanying Notes and Accountants' Report

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Other financing sources			
Bond proceeds			
Mortgage proceeds			
Total other financing sources	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Grants & donations			
Corporate grants & donations	61		61
Private foundation grants	178		178
General public donations	7,640		7,640
Grants - governmental	4,461		4,461
Total grants & donations	<u>12,340</u>		<u>12,340</u>
Investment income			
Interest income		5,795	5,795
Other investment income		1,749	1,749
Total investment income	<u>0</u>	<u>7,544</u>	<u>7,544</u>
School board - FTE			
State funds - FTE	3,638,199		3,638,199
SIT funds - capital outlay	350,904		350,904
Other income - FTE	70,188		70,188
Total school board - FTE	<u>4,059,291</u>		<u>4,059,291</u>
Other income			
School lunch income	108,601		108,601
Transportation revenue			
Student activity & project income:			
Field trip receipts	70,560		70,560
Yearbook receipts	17,883		17,883
Other	13,899		13,899
Student government receipts	8,379		8,379
8th grade graduation	2,560		2,560
Book fees	25,044		25,044
Lab fees	5,218		5,218
Drama receipts	3,515		3,515
After school care receipts	57,270		57,270
SLAM income	19,200		19,200
FAFO income	2,130		2,130
Athletic department:			
Admission receipts	270		270
Student payment fees	3,630		3,630
Fundraisng	2,825		2,825
Other-athletic	5,622		5,622
P.R.A. activities:			
Auction receipts	58,394		58,394
Team Tornado receipts	64,013		64,013
School store	40,275		40,275
Script			
Receipts other	11,273		11,273
T-shirt sales	36,500		36,500
Other	867		867
Total other income	<u>557,928</u>		<u>557,928</u>
Total Revenues	<u>\$4,629,559</u>	<u>\$7,544</u>	<u>\$4,637,103</u>

TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Expenditures:			
Other financing uses			
Principal		\$85,000	\$85,000
Interest expense		320,160	320,160
Total other financing uses	\$0	405,160	405,160
Basic instruction			
Classroom teacher payroll	1,857,977		1,857,977
Federal payroll taxes	163,867		163,867
State payroll taxes	1,982		1,982
Other payroll expenses	237,361		237,361
Materials & supplies	1,565		1,565
Supplies - instructional	26,770		26,770
Lab expenses	7,209		7,209
Textbooks	57,487		57,487
Books-consumables	10,987		10,987
Instructional equipment	46,559		46,559
Student activities - programs	8,060		8,060
Field trip expenses	70,219		70,219
Banquet expense			
Yearbook expenses	13,531		13,531
Other	10,573		10,573
SGA expenses	6,155		6,155
8th grade graduation	3,012		3,012
Drama expenses	2,796		2,796
Jr. K. Club expenses	1,215		1,215
Total basic instruction expense	2,527,325	0	2,527,325
Other instructional			
Substitute teacher payroll	119,385		119,385
Stipends	6,489		6,489
Federal payroll taxes	8,853		8,853
State payroll taxes	510		510
Other payroll related expenses	62,922		62,922
Total other instructional expense	198,159	0	198,159
School administration			
Administration payroll	530,349		530,349
Overtime - non-exempt			
Federal payroll taxes	34,843		34,843
State payroll taxes	439		439
Other payroll related expenses	36,500		36,500
Total school administration expense	602,131	0	602,131
Food service			
Food - lunch programs	129,905		129,905
Total food service expense	\$129,905	\$0	\$129,905

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund	Debt Service Fund	Total Governmental Funds
General administration			
Professional & technical services	\$34,259		\$34,259
General & property insurance expense	25,558		25,558
Travel & entertainment expense	2,680		2,680
Equipment - office rentals	5,091		5,091
Telephone & internet expense	13,477		13,477
Office expense	30,138		30,138
Advertising expense			
Interest expense			
Electricity	49,098		49,098
Utilities	8,709		8,709
P.R.A. expense	34,928		34,928
P.R.A. auction expense	11,848		11,848
P.R.A. team tornado expense	1,087		1,087
P.R.A. other expense	2,592		2,592
Board expense	5,021		5,021
Athletic expense	520		520
Referee fees	3,080		3,080
Athletic uniform expense	3,721		3,721
Athletic equipment supplies			
Athletic expense other	4,615		4,615
Fundraising			
Miscellaneous & other expense	16,644		16,644
Total general administration expense	253,066	\$0	253,066
Facility acquisition costs			
Facility acquisition costs	108,647		108,647
Total facility acquisition costs	108,647	0	108,647
Plant operations			
Supplies - custodial	19,622		19,622
Alarm system - security	4,544		4,544
Building			
Total plant operations expense	24,166	0	24,166
Maintenance of plant			
Repairs & maintenance - office	1,650		1,650
Repairs & maintenance - facility	73,808		73,808
Total maintenance of plant expense	75,458	0	75,458
Student transportation			
Transportation expense			
Total student transportation expense	0	0	0
Total Expenditures	3,918,857	405,160	4,324,017
Excess of Revenues Over Expenditures	710,702	(397,616)	313,086
Other financing uses			
Interfund transfers	(397,697)	397,697	0
Total other financing uses	(397,697)	397,697	0
Net Changes In Fund Balances	313,005	81	313,086
Fund Balances, July 1, 2009	187,258	858,519	1,045,777
Fund Balances, June 30, 2010	\$500,263	\$858,600	\$1,358,863

**TERRACE COMMUNITY MIDDLE SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Amounts reported for governmental activities in the statement of activities are different because:

NET CHANGES IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS **\$313,086**

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays \$208,082 are greater than depreciation expense (\$146,214) for the year ended. 61,868

Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets. 85,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires use of a current financial resource. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the governmental funds is the net result of the two factors. (12,325)

CHANGE IN NET ASSETS-GOVERNMENTAL ACTIVITIES **\$447,629**

See Accompanying Notes and Accountants' Report

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - REPORTING ENTITY

Back To Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School (the School) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act, and Section 228.056, Florida Statutes. The governing body of the School is the not-for-profit corporation's Board of Directors.

Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School is exempt from income taxes under provision 501(c)(3) of the Internal Revenue Code.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district, the Hillsborough County District School Board. The current charter is effective until June 30, 2011 by mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter immediately if good cause is shown or if the health, safety, or welfare of the students is threatened. In such event, the Hillsborough County District School board shall assume operation of Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School. Due to the above relationship, the School is deemed to be a component unit of the Hillsborough County District School Board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2 - Continued

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. Certain of the significant changes in the Statement include the following:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.

Financial statements relating to activities of the School.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements) as of June 30, 2010.

FUND ACCOUNTING

The School's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific school functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

GOVERNMENTAL FUND TYPES

The General Fund- to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund- to account for the proceeds of specific revenue sources and Federal grants (other than expendable trusts or for specific capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2 - Continued

BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School as a whole. The government-wide statements are prepared using the economic measurement fund. These statements differ in the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanation to better identify the relationship between the government-wide statement and the statement for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each identifiable activity or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All revenues not classified as program revenues are presented as general revenues of the School.

Fund Financial Statements

Fund financial statements report detailed information about the School. Their focus is on major funds rather than reporting funds by type. Each major governmental aid fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., expenditures and other financing uses) in net current assets.

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2 - Continued

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using the modified accrual basis for governmental funds.

Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flow.

Under the modified accrual basis, revenues, except for certain grant revenues, are recognized when they become measurable and available. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principle exceptions to this rule are: (1) prepaid items are generally not accrued; (2) interest on long-term debt is recognized when due; and (3) expenditures related to liabilities reported as general long-term debt are recognized when due.

BUDGETS AND BUDGETARY ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies, capital outlay).

CASH AND CASH EQUIVALENTS

The school's cash consists of demand deposits with commercial financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2 - Continued

CAPITAL ASSETS & DEPRECIATION

All capital assets are capitalized at cost and updated for addition and retention during the year. Donated fixed assets are recorded at their fair market values as of the date received. Capital assets are depreciated over ten to fifty years using the straight-line method. Depreciation expense for this year was not allocated to any activity. Due to its location in Florida the School has been unable to obtain wind-storm insurance at commercially reasonable rates. Therefore, the School is self-insured for wind-storm insurance.

REVENUE SOURCES

Revenues for current operations are received primarily from the Hillsborough County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 228.056(13), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under provisions of Section 236.081, Florida Statutes, the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The basic amount of funding through the FEFP under Section 236.081 is the product of the (1) weighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(c)(2). For the year 2009-2010 school year the school reported 628.00 un-weighted FTE. Weighted funding represents approximately 5.68 % of the total funding.

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2 - Continued

The following is a break-down of the funding for the fiscal year after the 5% district administrative fee:

FEFP Funding:	
Basic Funding	\$ 2,237,053
ESE Funding	159,061
Class size reduction funds	549,777
Other	<u>663,609</u>
Total FEFP funding	3,609,500
Other Funding	<u>449,791</u>
Total	<u>\$ 4,059,291</u>

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Sections 229.565(2) & (3), Florida Statutes, and Rule 6A-1.0453, Florida. In this regard, the school is required to maintain the following documentation for three years or until the completion of an FTE audit:

- *Attendance and membership documentation (Rule 6A-1.044, FAC)
- *Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- *Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- *Evaluation and planning documents for weighted programs (Section 1011.62(1)(e), FS, and Rule 6A-6.03411, FAC)

The School also receives funding from the Public Education Capital Outlay funds pursuant to Section 228.056(1) of the Florida Statutes. These outlays were used for purpose of the operating lease disclosed in Note 3.

Finally, the School received donations from various corporations. These donations were used specifically for computer and technology enhancements for the school.

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 3 - OPERATING LEASE

On August 24, 2000 the School entered into an agreement with the Museum of Science and Industry Foundation, Inc. (MOSI) to lease space in their facility located at 4801 East Fowler Avenue, Tampa, Florida. The terms of the lease are as follows:

- (1) The School will pay \$25,000 per month beginning July 1, 2001 and ending June 30, 2016.
- (2) The lease payment will be increased by the percentage the School's FTE funding from the state of Florida has been increased during each preceding school year.
- (3) The school has granted MOSI security interest in all present and future property of the school placed in the MOSI facility.

The minimum lease payments exclusive of the FTE annual adjustment are as follows:

2011	\$ 300,000
2012	300,000
2013	300,000
2014	300,000
2015	300,000
Thereafter	300,000

The School during 2007 assigned the lease above to The Hillsborough County School Board. The assignment is for five years with an option for an additional five years.

NOTE 4 - RETIREMENT PLAN

The School has available for the benefit of all its employees a retirement plan which provides benefits for the employees at retirement, disability, or death.

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 5 - CAPITAL FIXED ASSETS

A summary of general fixed assets follows:

<i>Governmental Activities:</i>	Balance July 1, 2009	Additions	Balance June 30, 2010
Buildings & Improvements	\$ 3,150,280	\$ 46,459	\$ 3,196,739
Furniture & Fixtures	136,627	40,447	177,074
Computer, visual & audio Equipment	632,810	104,442	737,252
Land	<u>2,525,138</u>	<u> </u>	<u>2,525,138</u>
Total	<u>6,444,855</u>	<u>191,348</u>	<u>6,636,203</u>
 <i>Less Accumulated Depreciation:</i>			
Buildings & Improvements	184,701	63,635	248,336
Furniture & Fixtures	78,955	8,854	87,809
Computer, visual & audio Equipment	<u>441,091</u>	<u>73,725</u>	<u>514,816</u>
Total	<u>704,747</u>	<u>146,214</u>	<u>850,961</u>
 Capital Assets, Net	 <u>\$ 5,740,108</u>	 <u>\$ 45,134</u>	 <u>\$ 5,785,242</u>

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6 - BOND DEBT MATURITY

During 2007, the School secured a mortgage for \$6.215MM via the issuance of Series 2007 A & B Industrial Development Revenue Bonds for the retirement of various bridge mortgages used to acquire 3.39 acres MOL and construction of a 33,000 sq. ft permanent facility. The Series 2007A Bond has a maturity date of May 15, 2037 and a stated interest rate of 5.125%. The Series 2007B Bond has a maturity date of May 15, 2015 and a stated interest rate of 6.900%. The payment schedules are summarized below:

Government Activities- Bonds

Revenue Bonds

Year Ended June 30	Series 2007A		Series 2007B	
	Principal	Interest	Principal	Interest
2011	\$ -	\$282,900	\$ 95,000	\$ 31,395
2012	-	282,900	100,000	24,840
2013	-	282,900	105,000	17,940
2014	-	282,900	115,000	10,695
2015	80,000	282,900	40,000	2,760
2016-2020	715,000	1,324,043	-	-
2021-2025	915,000	1,121,349	-	-
2026-2030	1,175,000	862,026	-	-
2031-2035	1,505,000	528,132	-	-
2036-2037	1,130,000	97,887	-	-
Total	\$ 5,520,000	\$ 5,347,937	\$ 455,000	\$ 87,630

REQUIRED SUPPLEMENTARY INFORMATION

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants & donations				
Corporate grants & donations	\$ -	\$ -	\$ 61	\$ 61
Private foundation grants	1,500	1,500	178	(1,322)
General public donations	10,000	10,000	7,640	(2,360)
Grants - governmental	2,500	2,500	4,461	1,961
Total grants & donations	14,000	14,000	12,340	(1,660)
Investment income				
Interest income				
Other investment income				
Total investment income	0	0	0	0
School board - FTE				
State funds - FTE	3,359,109	3,359,109	3,638,199	279,090
SIT capital funds	373,011	373,011	350,904	(22,107)
Other income - FTE	45,000	45,000	70,188	25,188
Total school board - FTE	3,777,120	3,777,120	4,059,291	282,171
Other income				
School lunch income	110,000	110,000	108,601	(1,399)
Transportation revenue				
Student activity & project income:				
Field trip receipts	40,000	40,000	70,560	30,560
Yearbook receipts	15,000	15,000	17,883	2,883
Other	21,600	21,600	13,899	(7,701)
Student government receipts	5,000	5,000	8,379	3,379
8th grade graduation	1,000	1,000	2,560	1,560
Book fees	26,000	26,000	25,044	(956)
Lab fees	11,000	11,000	5,218	(5,782)
Drama receipts	0	0	3,515	3,515
After school care receipts	35,000	35,000	57,270	22,270
SLAM income			19,200	19,200
FAFO income			2,130	2,130
Athletic department:				
Admission receipts	1,500	1,500	270	(1,230)
Student payment fees	1,500	1,500	3,630	2,130
Fundraising	1,000	1,000	2,825	1,825
Other-athletic	5,000	5,000	5,622	622
P.R.A. activities:				
Auction receipts	65,000	65,000	58,394	(6,606)
Team Tornado receipts	60,000	60,000	64,013	4,013
School store	15,000	15,000	40,275	25,275
Receipts other	11,000	11,000	11,273	273
T-shirt sales	30,000	30,000	36,500	6,500
Script				
Other			867	867
Total other income	454,600	454,600	557,928	103,328
Total Revenues	\$4,245,720	\$4,245,720	\$4,629,559	\$383,839

REQUIRED SUPPLEMENTARY INFORMATION

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Basic instruction				
Classroom teacher payroll	\$1,672,000	\$1,672,000	\$1,857,977	\$185,977
Federal payroll taxes	127,908	127,908	163,867	35,959
State payroll taxes	18,220	18,220	1,982	(16,238)
Other payroll expenses	194,873	194,873	237,361	42,488
Materials & supplies	2,500	2,500	1,565	(935)
Supplies - instructional	25,000	25,000	26,770	1,770
Lab expenses	500	500	7,209	6,709
Textbooks	27,500	27,500	57,487	29,987
Books-consumables	30,000	30,000	10,987	(19,013)
Instructional equipment	2,500	2,500	46,559	44,059
Student activities - programs	10,000	10,000	8,060	(1,940)
Field trip expense	75,000	75,000	70,219	(4,781)
Banquet expense				
Yearbook expense	15,000	15,000	13,531	(1,469)
Other	6,000	6,000	11,788	5,788
SGA expense	4,000	4,000	6,155	2,155
Drama expenses	0	0	2,796	2,796
8th grade graduation	5,000	5,000	3,012	(1,988)
Total basic instruction expense	2,216,001	2,216,001	2,527,325	311,324
Other instructional				
Substitute teacher payroll	50,000	50,000	119,385	69,385
Stipends	45,000	45,000	6,489	(38,511)
Federal payroll taxes	7,268	7,268	8,853	1,585
State payroll taxes	385	385	510	125
Other payroll related expenses	15,000	15,000	62,922	47,922
Total other instructional expense	117,653	117,653	198,159	80,506
Instructional media services				
Periodicals	100	100	135	35
Total instructional media services expense	100	100	135	35
School administration				
Administration payroll	721,000	721,000	530,349	(190,651)
Overtime - non-exempt				
Federal payroll taxes	51,332	51,332	34,843	(16,489)
State payroll taxes	1,000	1,000	439	(561)
Other payroll related expenses	35,000	35,000	36,500	1,500
Total school administration expense	808,332	808,332	602,131	(206,201)
Food service				
Food - lunch programs	110,000	110,000	129,905	19,905
Total food service expense	\$110,000	\$110,000	\$129,905	\$19,905

REQUIRED SUPPLEMENTARY INFORMATION

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General administration				
Professional & technical services	\$86,000	\$86,000	\$34,124	(\$51,876)
General & property insurance expense	30,000	30,000	25,558	(4,442)
Travel & entertainment expense	2,500	2,500	2,680	180
Equipment - office rentals	11,000	11,000	5,091	(5,909)
Telephone & internet expense	12,300	12,300	13,477	1,177
Office expense	15,000	15,000	30,138	15,138
Interest expense				
Advertising expense				
Electricity	45,000	45,000	49,098	4,098
Utilities	15,000	15,000	8,709	(6,291)
P.R.A. expense	1,000	1,000	34,928	33,928
P.R.A. auction expense	35,000	35,000	11,848	(23,152)
P.R.A. team tornado expense	2,500	2,500	1,087	(1,413)
P.R.A. other expense	7,500	7,500	2,592	(4,908)
Board expense	1,500	1,500	5,021	3,521
Athletic expense	3,500	3,500	520	(2,980)
Referee fees	2,000	2,000	3,080	1,080
Athletic uniform expense	5,000	5,000	3,721	(1,279)
Athletic equipment supplies	1,000	1,000	0	(1,000)
Athletic expense other	1,000	1,000	4,615	3,615
Fundraising	5,000	5,000	0	(5,000)
Miscellaneous & other expense	10,000	10,000	16,644	6,644
Total general administration expense	291,800	291,800	252,931	(38,869)
Facilities Acquisition and Construction				
Facility acquisition costs			108,647	108,647
Total Facilities Acquisition and Construction	0	0	108,647	108,647
Plant operations				
Supplies - custodial	50,000	50,000	19,622	(30,378)
Alarm system	7,500	7,500	4,544	(2,956)
Building	25,000	25,000	0	(25,000)
Depreciation expense	150,000	150,000	0	(150,000)
Total Plant operations expense	232,500	232,500	24,166	(208,334)
Maintenance of plant				
Repairs & maintenance - office	0	0	1,650	1,650
Repairs & maintenance - facility	55,000	55,000	73,808	18,808
Total Maintenance of plant expense	55,000	55,000	75,458	20,458
Student transportation				
Transportation expense	5,000	5,000	0	(5,000)
Total student transportation expense	5,000	5,000	0	(5,000)
Total Expenditures	3,836,386	3,836,386	3,918,857	82,471
Excess of Revenues Over Expenditures	409,334	409,334	710,702	301,368
Other financing uses				
Interfund transfers			(397,697)	(397,697)
Net Changes In Fund Balance	409,334	409,334	313,005	(96,329)
Fund Balance, July 1, 2009	1,069,691	1,069,691	187,258	(882,433)
Fund Balance, June 30, 2010	\$1,479,025	\$1,479,025	\$500,263	(\$978,762)

REQUIRED SUPPLEMENTARY INFORMATION

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL-DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other financing sources				
Interest income	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$7,544</u>	<u>\$2,544</u>
Total other financing sources	<u>5,000</u>	<u>5,000</u>	<u>7,544</u>	<u>2,544</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>7,544</u>	<u>2,544</u>
Expenditures:				
General administration				
Interest expense	322,560	322,560	320,160	(2,400)
Principal			85,000	85,000
General administration expense	<u>322,560</u>	<u>322,560</u>	<u>405,160</u>	<u>82,600</u>
Other financing uses				
Building				
Other financing uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>322,560</u>	<u>322,560</u>	<u>405,160</u>	<u>82,600</u>
Excess of Revenues Over Expenditures	<u>(317,560)</u>	<u>(317,560)</u>	<u>(397,616)</u>	<u>(80,056)</u>
Other financing sources:				
Interfund transfers			397,697	397,697
Net Changes in Fund Balance	<u>(317,560)</u>	<u>(317,560)</u>	<u>81</u>	<u>317,641</u>
Fund Balance July 1, 2009	<u>(296,224)</u>	<u>(296,224)</u>	<u>858,519</u>	<u>1,154,743</u>
Fund Balance June 30, 2010	<u>(\$613,784)</u>	<u>(\$613,784)</u>	<u>\$858,600</u>	<u>\$1,472,384</u>

See Accompanying Notes and Accountants' Report

Rowlson & Company, P.A.

Certified Public Accountants

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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

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 general purpose financial statements of Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School, a component unit of Hillsborough County District School Board, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon included under the heading Independent Auditor's Report on General Purpose Financial Statements. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in 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.

COMPLIANCE

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the School's general purpose financial statements for the fiscal year ended June 30, 2010, we considered the School's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the School's general purpose financial statements and not to provide assurance on the School's internal control. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, School District and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Roulston & Company, PA".

Certified Public Accountants

September 1, 2010

Rowlson & Company, P.A.

Certified Public Accountants

Rocky Pointe Centre
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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

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 (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,

Raulson & Company, PA

Certified Public Accountants
September 1, 2010