

**TERRACE COMMUNITY
MIDDLE SCHOOL**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

June 30, 2015

**TERRACE COMMUNITY MIDDLE SCHOOL
JUNE 30, 2015**

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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, 2015

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, 2015.

Financial Highlights

The BTBCSF-TCMS net assets totaled \$1,522,032 which represents 3.29% increase over prior fiscal year. The net assets balance consisted of net capital investments of \$ 1,186,634, loans payable of \$29,690 and unrestricted net assets of \$ 335,398. General state revenues totaled \$ 4,343,799 and accounted for 89.1% of all revenues for the school.

The year end balances in our separate funds were: general fund reported a balance of \$517,401 while our debt service fund ended with a fund balance of \$ 858,576.

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 17 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 \$1,522,032 at the close of the past fiscal year. Approx. 77.9% 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, at this point the Series B have been retired.

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

A comparative Analysis of Fiscal year 2014 to 2015 follows:

Net Assets	Government Assets	
	<u>2014</u>	<u>2015</u>
Current Assets	1,386,536	1,376,116
Capital Assets	5,794,859	5,744,161
Total Assets	7,181,395	7,120,277
Current Liabilities	281,774	312,003
Long term liabilities	5,382,475	5,271,678
Total Liabilities	5,664,249	5,598,245
Net Assets		
Invested in Capital		
Assets net of debt	1,150,960	1,216,324
Bank loan-	(43,710)	(29,690)
Unrestricted	366,186	335,398
Total Net assets	1,473,436	1,522,032

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, 2015**

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 3.29% during fiscal year 2015. This change is the end result of an increase of 1.1% in revenues offset by a 4.3% increase in overall operational spending for the same period. Keep mind that this analysis is a year over year review of actual revenues and expenses.

The revenue change of \$53k results from an overall increase to state funding at \$ 31k increase YOY. This included higher than planned FTE funds offset by lower than planned SIT funds. These revenues were further impacted by a decrease in fundraising activities on behalf of the foundation. In prior years this funding source helped to supplement the state revenue or FTE sources. Economic conditions locally as well as the demographics of our student population continues to contribute to this revenue mix situation. The spending increases of \$178k were generally for instructional personnel costs and increases of operational expenses of the school used to maintain the increased student load. Every effort was made to control spending to balance against the increased revenues, case in point is the reduction or G&A expenses by 58k YOY. Capital asset acquisition was influenced totally by the continued operation and instructional needs of the students and faculty. The foundation and school administration continue to seek cost reductions and revenue improvements.

We continue to feel confident that we have turned the corner from the severe state funding cutbacks from the last few years. The foundation and the school administration seeks both continued operational efficiencies, and an aggressive search for additional funding opportunities. This remains a paramount goal for this governing body. At this time there is no expectation of nor any indication of any limitations to the viability of the school in the near future.

TBCSF-Terrace Community School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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 were (\$93,473) unfavorable to the plan for FY 2015, this is compared to a variance of \$69,576 favorable for the FY 2014. Revenue variances for both years included:

<u>Revenue Source</u>	Fav/(unfav) <u>FY 2014 Var.</u>	Fav/(unfav) <u>FY 2015 Var.</u>
State FTE funds	\$ 193,095	\$ 33,147
SIT Funds	48,085	(3,177)
Grant/Donations	(3,817)	1,050
Student/PRA	(167,787)	(128,401)

The revenue variances this year though unfavorable indicated better information on State funds and anticipated donations and grants. The major decrease in PRA and student fees centers on the decision to not host the annual auction this year. This is planned to resume in fiscal year 2016. This decision was thoroughly discussed by the Board including the impact on the plan. The decision was felt to be the best plan for the school for the current fiscal year given the previously discussed demographics of the student population for the year.

Spending variances for the same periods included:

<u>Spending /Exp.</u>	Fav/(Unfav) <u>FY 2014 Var.</u>	Fav/(Unfav) <u>FY 2014 Var.</u>
Salaries/Fringe	\$ (141,351)	\$ (59,339)
Instructional Svc	(40,609)	(29,008)
Gen Admin Exp.	(10,032)	43,063
Occupancy exp.	114,546	2,642

There were no changes between the original budget and the final budget. The causes for these variances are varied, yet do indicate a general improvement YOY . All are primarily related to student needs however, they cover numerous issues. 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 decreased by (\$42,077) net of accumulated depreciation of \$ 95,540. These additions included (at Gross):

Building Improvements	53,462
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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.

2016	300,000
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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 30,2015
 Appendix A

	2014	2015
	Governmental Activities <u>Actual</u>	Governmental Activities <u>Actual</u>
3001 · TOTAL REVENUE		
3100 · FOUNDATION INCOME		
3110 · GRANT-DONATION INCOME		
3111 · CORPORATE GRANTS/DONATIONS	2,326	850
3112 · PRIVATE FOUNDATION GRANTS	568	298
3113 · GENERAL PUBLIC DONATIONS	3,510	8,027
3119 · GRANTS-GOVERNMENTAL	1,069	1,625
3110 · GRANT-DONATION INCOME - Other		
Total 3110 · GRANT-DONATION INCOME	<u>7,473</u>	<u>10,800</u>
3120 · INVESTMENT INCOME		
3121 · INTEREST INCOME	1,210	(462)
Total 3120 · INVESTMENT INCOME	<u>1,210</u>	<u>(462)</u>
3130 · SCHOOL BOARD REVENUE=EFT		
3131 · STATE FUNDS-EFT	3,912,596	3,997,891
3132 · SIT FUNDS..CAPITAL OUTLAY	323,085	270,477
3139 · OTHER INCOME-EFT	76,085	75,431
Total 3130 · SCHOOL BOARD REVENUE=EFT	<u>4,311,766</u>	<u>4,343,799</u>
3140 · OTHER INCOME		
3141 · SCHOOL LUNCH INCOME	83,706	102,357
3142 · TRANSPORTATION REVENUE		
3143 · STUDENT ACTIVITY/PROJECT INCOME		
31431 · FIELD TRIP RECEIPTS	56,830	42,418
31433 · YEARBOOK RECEIPTS	23,120	21,969
31435 · OTHER	17,821	53,797
31437 · Student Gov. Receipts	9,703	12,649
31459 · Music	6,466	1,771
31439 · 8th GRADE GRADUATION		1,239
31450 · Book fees	37,393	41,050
31460- Drama Receipts	3,336	93
After School / Slam / FAFO	90,425	108,838
Total 3143 · STUDENT ACTIVITY/PROJECT INCOME	<u>245,094</u>	<u>283,824</u>
3144 · ATHLETIC DEPARTMENT		
31441 · ADMISSION RECEIPTS		
31442 · STUDENT PAYMENTS-FEES	5,301	9,665
31443 · FUND RAISING	22,044	735
31444 · OTHER-ATHLETIC	8,662	9,915
3144 · ATHLETIC DEPARTMENT - Other		
Total 3144 · ATHLETIC DEPARTMENT	<u>36,007</u>	<u>20,315</u>
3145 · P.R.A. ACTIVITIES		
31451 · AUCTION RECEIPTS	34,455	-
31452 · TEAM TORNADO RECEIPTS	60,365	73,627
31453 · SCHOOL STORE	35,413	27,933
31454 · WED. PIZZA LUNCH RECEIPTS		
31455 · PRA RECEIPTS OTHER		
31456 · PRA T SHIRT SALES	3,333	4,369
3145 · P.R.A. ACTIVITIES - Other	1,368	-
Total 3145 · P.R.A. ACTIVITIES	<u>134,934</u>	<u>105,929</u>
3149 · OTHER	3,472	9,997
3140 · OTHER INCOME - Other		
Total 3140 · OTHER INCOME	<u>503,213</u>	<u>522,422</u>
Total 3100 · FOUNDATION INCOME	<u>4,823,662</u>	<u>4,876,559</u>
Total 3001 · TOTAL REVENUE	<u>4,823,662</u>	<u>4,876,559</u>

BTBCSF-Terrace Community Middle School
 Managements Discussion Analysis
 Fiscal Year Ended June 30,2015
 Appendix A

	4,823,662	4,876,559
4000 · TOTAL EXPENSES		
5100 · Basic instruction		
5100100 · Basic Instruction salaries		
5100101 · CLASSROOM TEACHER P/R	2,039,060	2,214,715
Total 5100100 · Basic Instruction salaries	2,039,060	2,214,715
5100200 · Basic Instruction Employee Ben.		
5100203 · FICA-ER EXP.	161,595	169,559
5100204 · Group Inc exp.		
5100206 · FLA SUI EXP.	20,212	10,190
5100207 · OTHER P/R RELATED EXP	338,777	300,458
Total 5100200 · Basic Instruction Employee Ben.	520,584	480,207
5100500 · Basic Instr-material & suppl		
5100510 · MATERIALS & SUPPLIES	-	3,236
5100520 · SUPPLIES-INSTRUCTIONAL	32,213	50,986
= 5100540 · TEXT BOOKS	20,444	12,109
5100550 · Instructional equipment	10,019	31,219
5100580 · STUDENT ACTIVITIES-PROGRAMS	6,404	22,474
5100581 · FIELD TRIP EXP.	68,452	48,440
5100582 · BANQUET EXPENSES		
5100583 · YEARBOOK EXPENSES	15,702	16,136
5100585 · OTHER	11,207	20,654
5100586 · SGA EXPENSES	9,184	12,857
5100587 · Forensics expense	10,223	8,318
5100588 · 8th Grade Graduation	1,623	2,039
Total 5100500 · Basic Instr-material & suppl	185,471	228,468
Total 5100 · Basic instruction	2,745,115	2,923,390
5600 · Other Instructional		
5600100 · Other Instr-salaries		
5600101 · SUBSTITUTE TEACHER P/R	28,029	23,871
5600102 · AIDE P/R		
5600103 · Stipends	44,969	45,125
Total 5600100 · Other Instr-salaries	72,998	68,996
5600200 · Other instr-employee ben		
5600203 · OI FICA ER	2,154	5,282
5600206 · OI Fla SUI	276	318
5600207 · OI other PR related	3,402	7,125
Total 5600200 · Other instr-employee ben	5,832	12,725
Total 5600 · Other Instructional	78,830	81,721
6200 · Instructional Media Services		
6200500 · Instr. media Svc-materials		
6200530 · PERIODICALS		
6200590 · OTHER MATERIAL & SUPPLIES		
Total 6200500 · Instr. media Svc-materials	-	-
Total 6200 · Instructional Media Services	-	-
7200 · General Administration		
7200300 · Gen Admin purchases svc		
7200310 · PROFESSIONAL & TECH. SERVICES	36,734	36,381
7200320 · GENERAL & PROPERTY INSURANCE EX	32,553	32,573
7200330 · TRAVEL EXP.	-	-
7200335 · ENTERTAINMENT EXP.	3,400	4,553
7200363 · EQUIPMENT-OFFICE RENTALS	5,561	6,164
7200371 · TELEPHONE EXPENSES	23,036	10,766
7200372 · INTERNET EXPENSES		
7200380 · DISTRICT ADMIN ERXP	95,960	98,097
7200390 · OFFICE EXPENSES	20,033	15,359

BTBCSF-Terrace Community Middle School
 Managements Discussion Analysis
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7200395 · CITY UTILITIES	6,615	7,121
Total 7200300 · Gen Admin purchases svc	<u>223,892</u>	<u>211,014</u>
7200400 · Gen Admin Energy svc		
7200430 · ELECTRICITY EXP.	52,050	52,575
7200431 · Gas bill		
Total 7200400 · Gen Admin Energy svc	<u>52,050</u>	<u>52,575</u>
7200700 · Gen Admin other exp		
7200701 · OTHER EXPENSES		
7200703 · INTEREST EXP.	295,999	285,660
7200704 · FUND RAISING EXP		
7200705 · Challenge Fund Spending		
7200751 · P.R.A. SPENDING	4,044	459
7200752 · PRA AUCTION EXPENSES	8,733	500
7200753 · PRA TEAM TORNADO EXPENSES	2,628	2,583
7200754 · PRA SCHOOL STORE EXPENSES		
7200755 · PRA PIZZA LUNCH EXP		
7200756 · PRA OTHER EXPENSES	2,989	5,876
7200760 · BOARD EXPENSES	9,094	3,750
7200780 · ATHLETIC DEPT. SPENDING	17,242	3,844
7200781 · ATHLETIC FACILITY RENTALS		
7200782 · REFEREE FEES	1,900	3,009
7200783 · ATHLETIC UNIFORM EXPENSES	10,112	942
7200784 · ATHLETIC EQUIPMENT-SUPPLIES		173
7200785 · ATHLETIC REGISTRATION FEES		
7200786 · ATHLETIC EXPENSES-OTHER	2,305	888
7200790 · MISC. OTHER EXP.	2,066	2,514
7277702 · MOSI MOVING EXPENSES		
Total 7200700 · Gen Admin other exp	<u>357,112</u>	<u>310,198</u>
Total 7200 · General Administration	<u>633,054</u>	<u>573,787</u>
7300 · School Admin		
7300100 · School Admin Salaries		
7300101 · ADMINISTRATION P/R	752,395	755,556
7300102 · CLERICAL P/R		
7300103 · OVERTIME-NON EXEMPT		
Total 7300100 · School Admin Salaries	<u>752,395</u>	<u>755,556</u>
7300200 · School Admin Empl Benefits		
7300203 · School Admin FICA ER	57,559	57,542
7300206 · School Admin Fla Sui	7,138	3,333
7300207 · School Admin other PR related	76,996	103,218
Total 7300200 · School Admin Empl Benefits	<u>141,693</u>	<u>164,093</u>
Total 7300 · School Admin	<u>894,088</u>	<u>919,649</u>
7600 · Food Service		
7600500 · Food svc Material supplies		
7600570 · FOOD-LUNCH PROGRAMS	140,191	143,619
Total 7600500 · Food svc Material supplies	<u>140,191</u>	<u>143,619</u>
Total 7600 · Food Service	<u>140,191</u>	<u>143,619</u>
7800 · Student Transportation		
7800500 · Student transp. materials/supp		
7800502 · TRANSPORTATION EXP		
7800595 · Bus related exp.		
Total 7800500 · Student transp. materials/supp	<u>-</u>	<u>-</u>
Total 7800 · Student Transportation	<u>-</u>	<u>-</u>
7900 · Plant ops		
7900300 · Plant ops purchased svc		
7900355 · SUPPLIES-CUSTODIAL, OTHER	21,668	28,622
7900360 · RENTALS-LEASES	20,076	28,100
7900361 · BUILDING	7,289	3,874

BTBCSF-Terrace Community Middle School
 Managements Discussion Analysis
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Total 7900300 · Plant ops purchased svc	49,033	60,596
Total 7900 · Plant ops	49,033	60,596
8100 · Maintenance of Plant		
8100300 · Maintenance of Plant Services		
8100340 · REPAIRS MAINT. OFFICE		
8100350 · REPAIRS & MAINTENANCE-FACILITY	47,188	39,776
Total 8100300 · Maintenance of Plant Services	47,188	39,776
Total 8100 · Maintenance of Plant	47,188	39,776
9100 · Community Svc		
9100100 · Community Svc salaries		
9100101 · SUMMER/AFTER SCHOOL PROGRAM	-	-
Total 9100100 · Community Svc salaries	-	-
7400-Facility Acquisition		29,317
7400663 Building & FA constr		
Total 7400	-	29,317
Total 7400	-	29,317
Total Governmental Activities	4,587,499	4,771,855
Opn Exp.		
CAPITAL SPENDING		
NOTE PAYABLE		15,441
Total Expenditures	4,587,499	4,787,296
Excess Revenues over Expenditures	236,163	89,263

BTBCSF-Terrace Community Middle School
 Managements Discussion Analysis
 Fiscal Year Ended June 30,2015
 Appendix B

	2014 Governmental Activities			2015 Governmental Activities		
	Actual	Budget	Variance	Actual	Budget	Variance
3001 · TOTAL REVENUE						
3100 · FOUNDATION INCOME						
3110 · GRANT-DONATION INCOME						
3111 · CORPORATE GRANTS/DONATIONS	2,326	1,000	1,326	850	2,500	(1,650)
3112 · PRIVATE FOUNDATION GRANTS	568	5,000	(4,432)	298	1,000	(702)
3113 · GENERAL PUBLIC DONATIONS	3,510	5,000	(1,490)	8,027	5,000	3,027
3119 · GRANTS-GOVERNMENTAL	1,069	1,500	(431)	1,625	1,250	375
3110 · GRANT-DONATION INCOME - Other			-			-
Total 3110 · GRANT-DONATION INCOME	7,473	12,500	(5,027)	10,800	9,750	1,050
3120 · INVESTMENT INCOME						
3121 · INTEREST INCOME	1,210	-	1,210	(462)	1,415	(1,877)
Total 3120 · INVESTMENT INCOME	1,210	-	1,210	(462)	1,415	(1,877)
3130 · SCHOOL BOARD REVENUE=EFT						
3131 · STATE FUNDS-EFT	3,912,596	3,750,586	162,010	3,997,891	3,964,744	33,147
3132 · SIT FUNDS..CAPITAL OUTLAY	323,085	275,000	48,085	270,477	267,300	3,177
3139 · OTHER INCOME-EFT	76,085	45,000	31,085	75,431	76,000	(569)
Total 3130 · SCHOOL BOARD REVENUE=EFT	4,311,766	4,070,586	241,180	4,343,799	4,308,044	35,755
3140 · OTHER INCOME						
3141 · SCHOOL LUNCH INCOME	83,706	105,000	(21,294)	102,357	130,000	(27,643)
3142 · TRANSPORTATION REVENUE						
3143 · STUDENT ACTIVITY/PROJECT INCOME						
31431 · FIELD TRIP RECEIPTS	56,830	65,000	(8,170)	42,418	65,000	(22,582)
31433 · YEARBOOK RECEIPTS	23,120	19,000	4,120	21,969	25,000	(3,031)
31435 · OTHER	17,821	15,000	2,821	53,797	12,500	41,297
31437 · Student Gov. Receipts	9,703		9,703	12,649	7,500	5,149
31459 · Music	6,466	21,000	(14,534)	1,771	10,000	(8,229)
31439 · 8th GRADE GRADUATION			-	1,239	1,036	203
31450 · Book fees	37,393	46,000	(8,607)	41,050	43,000	(1,950)
31460 · Drama Receipts	3,336	5,000	(1,664)	93	3,000	(2,907)
After School / Slam / FAFO	90,425	106,000	(15,575)	108,838	95,000	13,838
Total 3143 · STUDENT ACTIVITY/PROJECT INCO	245,094	277,000	(31,906)	283,824	262,036	21,788
3144 · ATHLETIC DEPARTMENT						
31441 · ADMISSION RECEIPTS			-			-
31442 · STUDENT PAYMENTS-FEE	5,301	5,000	301	9,665	6,000	3,665
31443 · FUND RAISING	22,044	1,000	21,044	735	25,000	(24,265)
31444 · OTHER-ATHLETIC	8,662	15,000	(6,338)	9,915	11,000	(1,085)
3144 · ATHLETIC DEPARTMENT - Other						
Total 3144 · ATHLETIC DEPARTMENT	36,007	21,000	15,007	20,315	42,000	(21,685)
3145 · P.R.A. ACTIVITIES						
31451 · AUCTION RECEIPTS	34,455	150,000	(115,545)	-	100,000	(100,000)
31452 · TEAM TORNADO RECEIPT	60,365	50,000	10,365	73,627	75,000	(1,373)
31453 · SCHOOL STORE	35,413	35,000	413	27,933	40,000	(12,067)
31454 · WED. PIZZA LUNCH RECEIPTS			-			-
31455 · PRA RECEIPTS OTHER		25,000	(25,000)			-
31456 · PRA T SHIRT SALES	3,333	6,000	(2,667)	4,369		4,369
3145 · P.R.A. ACTIVITIES - Other	1,368	2,000	(632)	-		-
Total 3145 · P.R.A. ACTIVITIES	134,934	268,000	(133,066)	105,929	215,000	(109,071)
3149 · OTHER	3,472			9,997	1,787	
3140 · OTHER INCOME - Other			-			-
Total 3140 · OTHER INCOME	503,213	671,000	(167,787)	522,422	650,823	(128,401)
Total 3100 · FOUNDATION INCOME	4,823,662	4,754,086	69,576	4,876,559	4,970,032	(93,473)
Total 3001 · TOTAL REVENUE	4,823,662	4,754,086	69,576	4,876,559	4,970,032	(93,473)

BTBCSF-Terrace Community Middle School
Managements Discussion Analysis
Fiscal Year Ended June 30,2015

Appendix B

4,823,662	4,754,086	69,576	4,876,559	4,970,032	(93,473)
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4000 · TOTAL EXPENSES

5100 · Basic instruction

5100100 · Basic Instruction salaries

5100101 · CLASSROOM TEACHER P/R 2,039,060 1,889,774 (149,286) 2,214,715 2,085,592 (129,123)

Total 5100100 · Basic Instruction salaries **2,039,060 1,889,774 (149,286) 2,214,715 2,085,592 (129,123)**

5100200 · Basic Instruction Employee Ben.

5100203 · FICA-ER EXP. 161,595 144,568 (17,027) 169,559 159,548 (10,011)

5100204 · Group Inc exp. - - - - - -

5100206 · FLA SUI EXP. 20,212 32,315 12,103 10,190 25,027 14,837

5100207 · OTHER P/R RELATED EXP 338,777 356,229 17,452 300,458 291,984 (8,474)

Total 5100200 · Basic Instruction Employee Ben. **520,584 533,112 12,528 480,207 476,559 (3,648)**

5100500 · Basic Instr-material & suppl

5100510 · MATERIALS & SUPPLIES - 3,500 3,500 3,236 15,000 11,764

5100520 · SUPPLIES-INSTRUCTIONAL 32,213 18,000 (14,213) 50,986 26,830 (24,156)

5100540 · TEXT BOOKS 20,444 11,000 (9,444) 12,109 25,000 12,891

5100550 · Instructional equipment 10,019 13,300 3,281 31,219 18,000 (13,219)

5100580 · STUDENT ACTIVITIES-PROGRAMS 6,404 6,000 (404) 22,474 5,400 (17,074)

5100581 · FIELD TRIP EXP. 68,452 65,000 (3,452) 48,440 65,000 16,560

5100582 · BANQUET EXPENSES - - - - - -

5100583 · YEARBOOK EXPENSES 15,702 15,000 (702) 16,136 13,500 (2,636)

5100585 · OTHER 11,207 11,000 (207) 20,654 8,330 (12,324)

5100586 · SGA EXPENSES 9,184 8,000 (1,184) 12,857 7,200 (5,657)

5100587 · Forensics expense 10,223 14,500 4,277 8,318 13,950 5,632

5100588 · 8th Grade Graduation 1,623 150 (1,473) 2,039 1,250 (789)

Total 5100500 · Basic Instr-material & suppl **185,471 165,450 (20,021) 228,468 199,460 (29,008)**

Total 5100 · Basic instruction

2,745,115 2,588,336 (156,779) 2,923,390 2,761,611 (161,779)

5600 · Other Instructional

5600100 · Other Instr-salaries

5600101 · SUBSTITUTE TEACHER P/R 28,029 15,000 (13,029) 23,871 15,000 (8,871)

5600102 · AIDE P/R - - - - - -

5600103 · Stipends 44,969 45,000 31 45,125 45,000 (125)

Total 5600100 · Other Instr-salaries **72,998 60,000 (12,998) 68,996 60,000 (8,996)**

5600200 · Other instr-employee ben

5600203 · OI FICA ER 2,154 4,590 2,436 5,282 4,590 (692)

5600206 · OI Fla SUI 276 1,026 750 318 660 342

5600207 · OI other PR related 3,402 5,244 1,842 7,125 5,000 (2,125)

Total 5600200 · Other instr-employee ben **5,832 10,860 5,028 12,725 10,250 (2,475)**

Total 5600 · Other Instructional

78,830 70,860 (7,970) 81,721 70,250 (11,471)

6200 · Instructional Media Services

6200500 · Instr. media Svc-materials

6200530 · PERIODICALS - - - - - -

6200590 · OTHER MATERIAL & SUPPLIES - - - - - -

Total 6200500 · Instr. media Svc-materials **- - - - - -**

Total 6200 · Instructional Media Services

- - - - - -

7200 · General Administration

7200300 · Gen Admin purchases svc

7200310 · PROFESSIONAL & TECH. SERVICES 36,734 3,600 (33,134) 36,381 30,000 (6,381)

7200320 · GENERAL & PROPERTY INSURANCE EX 32,553 35,000 2,447 32,573 35,000 2,427

7200330 · TRAVEL EXP. - - - - - -

7200335 · ENTERTAINMENT EXP. 3,400 3,000 (400) 4,553 2,500 (2,053)

7200363 · EQUIPMENT-OFFICE RENTALS 5,561 6,000 439 6,164 5,000 (1,164)

7200371 · TELEPHONE EXPENSES 23,036 15,000 (8,036) 10,766 23,334 12,568

7200372 · INTERNET EXPENSES - - - - - -

BTBCSF-Terrace Community Middle School
 Managements Discussion Analysis
 Fiscal Year Ended June 30,2015

Appendix B

720 District Admin fee	95,960	81,412	(14,548)	98,097	95,000	(3,097)
7200390 · OFFICE EXPENSES	20,033	20,300	267	15,359	25,250	9,891
7200395 · CITY UTILITIES	6,615	6,000	(615)	7,121	5,000	(2,121)
Total 7200300 · Gen Admin purchases svc	223,892	170,312	(53,580)	211,014	221,084	10,070
7200400 · Gen Admin Energy svc						
7200430 · ELECTRICITY EXP.	52,050	45,000	(7,050)	52,575	51,000	(1,575)
7200431 · Gas bill			-			-
Total 7200400 · Gen Admin Energy svc	52,050	45,000	(7,050)	52,575	51,000	(1,575)
7200700 · Gen Admin other exp						
7200701 · OTHER EXPENSES			-			-
7200703 · INTEREST EXP.	295,999	302,780	6,781	285,660	296,000	10,340
7200704 · FUND RAISING EXP			-			-
7200705 · Challenge Fund Spending			-			-
7200751 · P.R.A. SPENDING	4,044	500	(3,544)	459	2,500	2,041
7200752 · PRA AUCTION EXPENSES	8,733	7,500	(1,233)	500	7,500	7,000
7200753 · PRA TEAM TORNADO EXPENSES	2,628	2,000	(628)	2,583	2,000	(583)
7200754 · PRA SCHOOL STORE EXPENSES			-			-
7200755 · PRA PIZZA LUNCH EXP			-			-
7200756 · PRA OTHER EXPENSES	2,989	1,300	(1,689)	5,876	2,500	(3,376)
7200760 · BOARD EXPENSES	9,094	2,000	(7,094)	3,750	5,000	1,250
7200780 · ATHLETIC DEPT. SPENDING	17,242	15,000	(2,242)	3,844	12,500	8,656
7200781 · ATHLETIC FACILITY RENTALS			-			-
7200782 · REFEREE FEES	1,900	2,500	600	3,009	2,250	(759)
7200783 · ATHLETIC UNIFORM EXPENSES	10,112	10,000	(112)	942	10,000	9,058
7200784 · ATHLETIC EQUIPMENT-SUPPLIES			-	173		(173)
7200785 · ATHLETIC REGISTRATION FEES			-			-
7200786 · ATHLETIC EXPENSES-OTHER	2,305	500	(1,805)	888	2,280	1,392
7200790 · MISC. OTHER EXP.	2,066	3,000	934	2,514	2,236	(278)
7277702 · MOSI MOVING EXPENSES			-			-
Total 7200700 · Gen Admin other exp	357,112	347,080	(10,032)	310,198	344,766	34,568
Total 7200 · General Administration	633,054	562,392	(70,662)	573,787	616,850	43,063
7300 · School Admin						
7300100 · School Admin Salaries						
7300101 · ADMINISTRATION P/R	752,395	761,661	9,266	755,556	805,251	49,695
7300102 · CLERICAL P/R			-			-
7300103 · OVERTIME-NON EXEMPT			-			-
Total 7300100 · School Admin Salaries	752,395	761,661	9,266	755,556	805,251	49,695
7300200 · School Admin Empl Benefits						
7300203 · School Admin FICA ER	57,559	58,267	708	57,542	61,602	4,060
7300206 · School Admin Fla Sui	7,138	13,024	5,886	3,333	8,858	5,525
7300207 · School Admin other PR related	76,996	64,513	(12,483)	103,218	128,841	25,623
Total 7300200 · School Admin Empl Benefits	141,693	135,804	(5,889)	164,093	199,301	35,208
Total 7300 · School Admin	894,088	897,465	3,377	919,649	1,004,552	84,903
7600 · Food Service						
7600500 · Food svc Material supplies						
7600570 · FOOD-LUNCH PROGRAMS	140,191	145,000	4,809	143,619	135,000	(8,619)
Total 7600500 · Food svc Material supplies	140,191	145,000	4,809	143,619	135,000	(8,619)
Total 7600 · Food Service	140,191	145,000	4,809	143,619	135,000	(8,619)
7800 · Student Transportation						
7800500 · Student transp. materials/supp						
7800502 · TRANSPORTATION EXP			-			-
7800595 · Bus related exp.			-			-
Total 7800500 · Student transp. materials/supp	-	-	-	-	-	-
Total 7800 · Student Transportation	-	-	-	-	-	-
7900 · Plant ops						

BTBCSF-Terrace Community Middle School
 Managements Discussion Analysis
 Fiscal Year Ended June 30,2015
 Appendix B

7900300 · Plant ops purchased svc						
7900355 · SUPPLIES-CUSTODIAL, OTHER	21,668	30,000	8,332	28,622	25,000	(3,622)
7900360 · RENTALS-LEASES	20,076	30,000	9,924	28,100	15,000	(13,100)
7900361 · BUILDING	7,289		(7,289)	3,874	20,834	16,960
Total 7900300 · Plant ops purchased svc	49,033	60,000	10,967	60,596	60,834	238
Total 7900 · Plant ops	49,033	60,000	10,967	60,596	60,834	238
8100 · Maintenance of Plant						
8100300 · Maintenance of Plant Services						
8100340 · REPAIRS MAINT. OFFICE		500	500		418	418
8100350 · REPAIRS & MAINTENANCE-FACILITY	47,188	185,500	138,312	39,776	42,000	2,224
Total 8100300 · Maintenance of Plant Services	47,188	186,000	138,812	39,776	42,418	2,642
Total 8100 · Maintenance of Plant	47,188	186,000	138,812	39,776	42,418	2,642
9100 · Community Svc						
9100100 · Community Svc salaries						
9100101 · SUMMER/AFTER SCHOOL PROGRAM	-	-	-	-	-	-
Total 9100100 · Community Svc salaries	-	-	-	-	-	-
7400-Facility Acquisition						
7400663 Building & FA constr	-	-	-	29,317	5,000	(24,317)
Total 7400	-	-	-	29,317	5,000	(24,317)
Total 7400	-	-	-	29,317	5,000	(24,317)
Total Governmental Activities	4,587,499	4,510,053	(77,446)	4,771,855	4,696,515	(75,340)
Depn Exp.						
CAPITAL SPENDING						
NOTE PAYABLE				15,441		(15,441)
Total Expenditures	4,587,499	4,510,053	(77,446)	4,787,296	4,696,515	(90,781)
Excess Revenues over Expenditures	236,163	244,033	(7,870)	89,263	273,517	(184,254)

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

Report on the Financial Statements

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, 2015, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2015, 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.

Other Matters

Required Supplementary Information

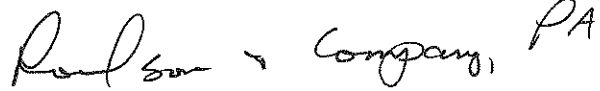
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2015, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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 4, 2015, under the heading *Independent Auditor's Management Letter*.

Respectfully submitted,

A handwritten signature in cursive script that reads "Rowlson & Company, PA". The signature is written in dark ink and is positioned to the right of the typed name below.

Rowlson & Company, P. A.
Certified Public Accountants
September 4, 2015

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2015**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$1,323,226
Due from state	52,850
Capital Assets:	
Land	2,525,138
Buildings & improvements	3,403,644
Furniture & fixtures	267,460
Computer, visual and audio equipment	790,018
Accumulated depreciation	(1,430,820)
Bond issuance costs, net	188,761
	7,120,277
 LIABILITIES	
Payroll taxes & benefits payable	129,450
Interest payable	52,553
Loan payable:	
Current portion of loan payable	14,564
Long-term portion of loan payable	15,126
Bonds payable:	
Current portion of bonds payable	130,000
Long-term portion of bonds payable, net	5,256,552
	5,598,245
 NET ASSETS	
Invested in capital assets, net of related debt	1,186,634
Unrestricted	335,398
	\$1,522,032
	\$1,522,032

See Accompanying Notes and Accountants' Report

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	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	\$2,868,522			(\$2,868,522)
Support services-student-based	298,350	\$499,980	\$33,241	234,871
General administrative	1,091,693			(1,091,693)
Support services-non-student-based	260,671		270,477	9,806
Interest on long-term debt	299,691			(299,691)
Depreciation-unallocated	9,036			(9,036)
TOTALS	\$4,827,963	\$499,980	\$303,718	(\$4,024,265)
GENERAL REVENUES:				
State funds-FTE				\$4,073,322
Other				(461)
Total General Revenues				4,072,861
Change In Net Assets				48,596
NET ASSETS-BEGINNING				1,473,436
NET ASSETS-ENDING				\$1,522,032

See Accompanying Notes and Accountants' Report

**TERRACE COMMUNITY MIDDLE SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$464,551	\$858,675	\$1,323,226
Accounts receivable	52,850		52,850
TOTAL ASSETS	<u>517,401</u>	<u>858,675</u>	<u>1,376,076</u>
 <u>LIABILITIES & FUND BALANCES</u>			
LIABILITIES			
Payroll taxes & benefits payable	129,450		129,450
TOTAL LIABILITIES	<u>129,450</u>	<u>0</u>	<u>129,450</u>
 FUND BALANCES			
Unassigned	387,951		387,951
Restricted		858,675	858,675
TOTAL FUND BALANCES	<u>387,951</u>	<u>858,675</u>	<u>1,246,626</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$517,401</u>	<u>\$858,675</u>	<u>\$1,376,076</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, 2015**

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

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS	\$1,246,626
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Bond issuance costs, net	188,761
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

The costs of the assets are \$6,986,260 and the accumulated depreciation is \$1,430,820.	5,555,440
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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, net	\$5,386,552	
Accrued interest on bonds	52,553	
Loan payable	29,690	
		(5,468,795)

TOTAL NET ASSETS-GOVERNMENTAL ACTIVITIES	<u><u>\$1,522,032</u></u>
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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, 2015**

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues:			
Other financing sources			
Bond proceeds			
Loan proceeds	\$0		\$0
Total other financing sources	0	\$0	0
Grants & donations			
Corporate grants & donations	850		850
Private foundation grants	298		298
General public donations	8,027		8,027
Grants - governmental	1,625		1,625
Total grants & donations	10,800		10,800
Investment income			
Interest income		242	242
Other investment income		(704)	(704)
Total investment income	0	(462)	(462)
School board - FTE			
State funds - FTE	3,997,891		3,997,891
SIT funds - capital outlay	270,477		270,477
Other income - FTE	75,431		75,431
Total school board - FTE	4,343,799		4,343,799
Other income			
School lunch income	102,357		102,357
Transportion revenue			
Student activity & project income:			
Field trip receipts	42,418		42,418
Yearbook receipts	21,969		21,969
Other	53,797		53,797
Student government receipts	12,649		12,649
Music fees	1,771		1,771
Book fees	32,456		32,456
Lab fees	8,594		8,594
Drama receipts	93		93
After school care receipts	87,132		87,132
8th grade graduation	1,239		1,239
FAFO income	21,706		21,706
Athletic department:			
Admission receipts			
Student payment fees	9,665		9,665
Fundraisng	735		735
Other-athletic	9,915		9,915
P.R.A. activities:			
Auction receipts			
Team Tornado receipts	73,627		73,627
School store	27,933		27,933
Other receipts	4,366		4,366
T-shirt sales	3		3
Script			
Other	9,997		9,997
Total other income	522,422		522,422
Total Revenues	\$4,877,021	(\$462)	\$4,876,559

TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Expenditures:			
Other financing uses			
Principal	\$14,020	\$120,000	\$134,020
Interest expense	1,421	285,660	287,081
Total other financing uses	<u>15,441</u>	<u>405,660</u>	<u>421,101</u>
Basic instruction			
Classroom teacher payroll	2,214,715		2,214,715
Federal payroll taxes	169,559		169,559
State payroll taxes	10,190		10,190
Other payroll expenses	300,458		300,458
Materials & supplies			
Supplies - instructional	43,970		43,970
Lab expenses	10,252		10,252
Textbooks	685		685
Books-consumables	11,424		11,424
Instructional equipment	31,219		31,219
Student activities - programs	22,474		22,474
Field trip expenses	48,440		48,440
Banquet expense			
Yearbook expenses	16,136		16,136
Other	20,654		20,654
SGA expenses	12,857		12,857
8th grade graduation	2,039		2,039
Band & chorus expense	8,182		8,182
Jr. K. Club expenses	136		136
Total basic instruction expense	<u>2,923,390</u>	<u>0</u>	<u>2,923,390</u>
Other instructional			
Substitute teacher payroll	23,871		23,871
Stipends	45,125		45,125
Federal payroll taxes	5,282		5,282
State payroll taxes	318		318
Other payroll related expenses	7,125		7,125
Total other instructional expense	<u>81,721</u>	<u>0</u>	<u>81,721</u>
School administration			
Administration payroll	755,556		755,556
Overtime - non-exempt			
Federal payroll taxes	57,542		57,542
State payroll taxes	3,333		3,333
Other payroll related expenses	103,218		103,218
Total school administration expense	<u>919,649</u>	<u>0</u>	<u>919,649</u>
Food service			
Food - lunch programs	143,619		143,619
Total food service expense	<u>143,619</u>	<u>0</u>	<u>143,619</u>

**TERRACE COMMUNITY MIDDLE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
General administration			
Professional & technical services	\$36,381		\$36,381
General & property insurance expense	32,573		32,573
Travel & entertainment expense	4,553		4,553
Equipment - office rentals	6,164		6,164
Telephone & internet expense	10,766		10,766
Office expense	14,671		14,671
Advertising expense	688		688
District administrative fee	98,097		98,097
Electricity	52,575		52,575
Utilities	7,121		7,121
P.R.A. expense	459		459
P.R.A. auction expense	500		500
P.R.A. team tornado expense	2,583		2,583
P.R.A. other expense	5,876		5,876
Board expense	3,750		3,750
Athletic expense	3,844		3,844
Referee fees	3,009		3,009
Athletic uniform expense	942		942
Athletic equipment supplies	173		173
Athletic expense other	888		888
Fundraising			
Miscellaneous & other expense	2,514		2,514
Total general administration expense	<u>288,127</u>	<u>\$0</u>	<u>288,127</u>
Facility acquisition costs			
Facility acquisition costs	29,317		29,317
Total facility acquisition costs	<u>29,317</u>	<u>0</u>	<u>29,317</u>
Plant operations			
Supplies - custodial	28,622		28,622
Alarm system - security	4,927		4,927
Building	27,047		27,047
Total plant operations expense	<u>60,596</u>	<u>0</u>	<u>60,596</u>
Maintenance of plant			
Repairs & maintenance - office			
Repairs & maintenance - facility	39,776		39,776
Total maintenance of plant expense	<u>39,776</u>	<u>0</u>	<u>39,776</u>
Student transportation			
Transportation expense			
Total student transportation expense	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>4,501,636</u>	<u>405,660</u>	<u>4,907,296</u>
Excess of Expenditures Over Revenues	<u>375,385</u>	<u>(406,122)</u>	<u>(30,737)</u>
Other financing uses			
Interfund transfers	(406,221)	406,221	0
Total other financing uses	<u>(406,221)</u>	<u>406,221</u>	<u>0</u>
Net Changes In Fund Balances	<u>(30,836)</u>	<u>99</u>	<u>(30,737)</u>
Fund Balances, July 1, 2014	<u>418,787</u>	<u>858,576</u>	<u>1,277,363</u>
Fund Balances, June 30, 2015	<u>\$387,951</u>	<u>\$858,675</u>	<u>\$1,246,626</u>

**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, 2015**

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

NET CHANGES IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS (\$30,737)

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 \$53,463 are less than depreciation expense (\$95,540) for the year ended. (42,077)

Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets. 120,000

Loan proceeds provide current financial resources to governmental funds, but incurring debt increases liabilities in the statement of net assets. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net assets. This amount by which repayments \$14,020 exceeded proceeds \$0. 14,020

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 these two factors. (12,610)

CHANGE IN NET ASSETS-GOVERNMENTAL ACTIVITIES \$48,596

See Accompanying Notes and Accountants' Report

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2021 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, 2015

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, 2015.

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. Interfund transfers are used to fund bonds payable.

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, 2015**

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, 2015**

NOTE 2 - Continued

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual – Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual – The fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year-end. 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. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule is that principal and interest on general obligation long-term debt, if any, is 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, 2015**

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 1011.62 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 2014-2015 school year the School reported 659.00 un-weighted FTE. Weighted funding represents approximately 6% of the total state funding.

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 - Continued

The following is a break-down of the funding for the fiscal year before the 2% district administrative fee:

FEFP Funding:	
Basic Funding	\$ 2,686,186
ESE Funding	243,147
Class size reduction funds	598,910
Other	<u>425,552</u>
Total FEFP funding	3,953,795
Other Funding	<u>390,004</u>
Total	<u>\$ 4,343,799</u>

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code. 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, 2015**

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:

2016	\$ 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, 2015**

NOTE 5 - CAPITAL FIXED ASSETS

A summary of general fixed assets follows:

<i>Governmental Activities:</i>	Balance July 1, 2014	Additions	Balance June 30, 2015
Buildings & Improvements	\$ 3,374,327	\$ 29,317	\$ 3,403,644
Furniture & Fixtures	243,314	24,146	267,460
Computer, visual & audio Equipment	790,018		790,018
Land	<u>2,525,138</u>	<u> </u>	<u>2,525,138</u>
Total	<u>6,932,797</u>	<u>53,463</u>	<u>6,986,260</u>
 <i>Less Accumulated Depreciation:</i>			
Buildings & Improvements	511,148	68,030	579,178
Furniture & Fixtures	128,574	9,036	137,610
Computer, visual & audio Equipment	<u>695,558</u>	<u>18,474</u>	<u>714,032</u>
Total	<u>1,335,280</u>	<u>95,540</u>	<u>1,430,820</u>
 Capital Assets, Net	 <u>\$ 5,597,517</u>	 <u>\$ (42,077)</u>	 <u>\$ 5,555,440</u>

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 matured on May 15, 2015 and had a stated interest rate of 6.900%. The payment schedule is summarized below:

Government Activities- Bonds

Revenue Bonds

Year Ended	Series 2007A	
June 30	Principal	Interest
2016	\$ 130,000	\$278,800
2017	135,000	272,137
2018	145,000	265,219
2019	150,000	257,787
2020	155,000	250,100
2021-2025	915,000	1,121,350
2026-2030	1,175,000	862,025
2031-2035	1,505,000	528,132
2036-2037	1,130,000	97,887
Discount, net	(53,448)	-
Total	<u>\$ 5,386,552</u>	<u>\$ 3,933,437</u>

NOTE 7 - NOTE PAYABLE MATURITY

During 2012 the School borrowed \$70,205 from a commercial bank with interest rate at 3.75% and payments of \$1,287 per month for 60 months. Payments of principal are as follows:

2016	\$ 14,564
2017	<u>15,126</u>
Total	<u>\$ 29,690</u>

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 - FUND BALANCE REPORTING GASB 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)*. This statement defines types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the funds balance categories list below:

- 1) *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). **None at June 30, 2015.**
- 2) *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors. **None at June 30, 2015.**
- 4) *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. **None at June 30, 2015.**
- 5) *Unassigned* fund balance is the residual classification for the government general fund and includes all spendable amounts not contained in the other classifications.

The district's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

**TERRACE COMMUNITY MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 - RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability, and property coverage is provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded the commercial coverage.

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, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Grants & donations				
Corporate grants & donations	\$ 2,500	\$ 2,500	\$ 850	\$ (1,650)
Private foundation grants	1,000	1,000	298	(702)
General public donations	5,000	5,000	8,027	3,027
Grants - governmental	1,250	1,250	1,625	375
Total grants & donations	9,750	9,750	10,800	1,050
Other financing sources				
Loan proceeds	0	0	0	0
Other				
Total investment income	0	0	0	0
School board - FTE				
State funds - FTE	3,964,744	3,964,744	3,997,891	33,147
SIT capital funds	267,300	267,300	270,477	3,177
Other income - FTE	76,000	76,000	75,431	(569)
Total school board - FTE	4,308,044	4,308,044	4,343,799	35,755
Other income				
School lunch income	130,000	130,000	102,357	(27,643)
Transportation revenue				
Student activity & project income:				
Field trip receipts	65,000	65,000	42,418	(22,582)
Yearbook receipts	25,000	25,000	21,969	(3,031)
Other	12,500	12,500	53,797	41,297
Student government receipts	7,500	7,500	12,649	5,149
Music fees	10,000	10,000	1,771	(8,229)
Book fees	35,000	35,000	32,456	(2,544)
Lab fees	8,000	8,000	8,594	594
Drama receipts	3,000	3,000	93	(2,907)
After school care receipts	85,000	85,000	87,132	2,132
8th grade graduation	1,036	1,036	1,239	203
FAFO income	10,000	10,000	21,706	11,706
Athletic department:				
Admission receipts				
Student payment fees	6,000	6,000	9,665	3,665
Fundraisng	25,000	25,000	735	(24,265)
Other-athletic	11,000	11,000	9,915	(1,085)
P.R.A. activities:				
Auction receipts	100,000	100,000	0	(100,000)
Team Tornado receipts	75,000	75,000	73,627	(1,373)
School store	40,000	40,000	27,933	(12,067)
Other receipts	0	0	4,366	4,366
T-shirt sales	0	0	3	3
Script				
Other	1,787	1,787	9,997	8,210
Total other income	650,823	650,823	522,422	(128,401)
Total Revenues	\$4,968,617	\$4,968,617	\$4,877,021	(\$91,596)

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Expenditures:				
Basic instruction				
Classroom teacher payroll	\$2,085,592	\$2,085,592	\$2,214,715	\$129,123
Federal payroll taxes	159,548	159,548	169,559	10,011
State payroll taxes	25,027	25,027	10,190	(14,837)
Other payroll expenses	291,984	291,984	300,458	8,474
Materials & supplies	15,000	15,000	3,236	(11,764)
Supplies - instructional	16,000	16,000	40,734	24,734
Lab expenses	10,830	10,830	10,252	(578)
Textbooks	25,000	25,000	685	(24,315)
Books-consumables	15,000	15,000	11,424	(3,576)
Instructional equipment	3,000	3,000	31,219	28,219
Student activities - programs	5,400	5,400	22,474	17,074
Field trip expense	65,000	65,000	48,440	(16,560)
Yearbook expense	13,500	13,500	16,136	2,636
Other	8,330	8,330	20,654	12,324
SGA expense	7,200	7,200	12,857	5,657
8th grade graduation	1,250	1,250	2,039	789
Band, Chorus and Drama expense	13,050	13,050	8,182	(4,868)
Jr. K Club expenses	900	900	136	(764)
Total basic instruction expense	2,761,611	2,761,611	2,923,390	161,779
Other instructional				
Substitute teacher payroll	15,000	15,000	23,871	8,871
Stipends	45,000	45,000	45,125	125
Federal payroll taxes	4,590	4,590	5,282	692
State payroll taxes	660	660	318	(342)
Other payroll related expenses	5,000	5,000	7,125	2,125
Total other instructional expense	70,250	70,250	81,721	11,471
Other financing uses				
Principal and interest			15,441	15,441
Total other financing uses	0	0	15,441	15,441
School administration				
Administration payroll	805,251	805,251	755,556	(49,695)
Overtime - non-exempt				
Federal payroll taxes	61,602	61,602	57,542	(4,060)
State payroll taxes	8,858	8,858	3,333	(5,525)
Other payroll related expenses	128,841	128,841	103,218	(25,623)
Total school administration expense	1,004,552	1,004,552	919,649	(84,903)
Food service				
Food - lunch programs	135,000	135,000	143,619	8,619
Total food service expense	\$135,000	\$135,000	\$143,619	\$8,619

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
General administration				
Professional & technical services	\$30,000	\$30,000	\$36,381	\$6,381
General & property insurance expense	35,000	35,000	32,573	(2,427)
Travel & entertainment expense	2,500	2,500	4,553	2,053
Equipment - office rentals	5,000	5,000	6,164	1,164
Telephone & internet expense	23,334	23,334	10,766	(12,568)
Office expense	25,000	25,000	14,671	(10,329)
Advertising expense	250	250	688	438
District administrative fee	95,000	95,000	98,097	3,097
Electricity	51,000	51,000	52,575	1,575
Utilities	5,000	5,000	7,121	2,121
P.R.A. expense	2,500	2,500	459	(2,041)
P.R.A. auction expense	7,500	7,500	500	(7,000)
P.R.A. team tornado expense	2,000	2,000	2,583	583
P.R.A. other expense	2,500	2,500	5,876	3,376
Board expense	5,000	5,000	3,750	(1,250)
Athletic expense	12,500	12,500	3,844	(8,656)
Referee fees	2,250	2,250	3,009	759
Athletic uniform expense	10,000	10,000	942	(9,058)
Athletic equipment supplies	0	0	173	173
Athletic expense other	2,280	2,280	888	(1,392)
Fundraising				
Miscellaneous & other expense	2,236	2,236	2,514	278
Total general administration expense	320,850	320,850	288,127	(32,723)
Facility acquisition costs				
Facility acquisition costs	5,000	5,000	29,317	24,317
Total facility acquisition costs	5,000	5,000	29,317	24,317
Plant operations				
Supplies - custodial	25,000	25,000	28,622	3,622
Alarm system	15,000	15,000	4,927	(10,073)
Rentals-Leases	20,834	20,834	23,173	2,339
Building			3,874	3,874
Total Plant operations expense	60,834	60,834	60,596	(238)
Maintenance of plant				
Repairs & maintenance - office	418	418		(418)
Repairs & maintenance - facility	42,000	42,000	39,776	(2,224)
Total Maintenance of plant expense	42,418	42,418	39,776	(2,642)
Student transportation				
Transportation expense				
Total student transportation expense	0	0	0	0
Total Expenditures	4,400,515	4,400,515	4,501,636	101,121
Excess of Revenues Over Expenditures	568,102	568,102	375,385	(192,717)
Other financing uses				
Interfund transfers			(406,221)	(406,221)
Net Changes In Fund Balance	568,102	568,102	(30,836)	(598,938)
Fund Balance, July 1, 2014	418,787	418,787	418,787	0
Fund Balance, June 30, 2015	\$986,889	\$986,889	\$387,951	(\$598,938)

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, 2015**

	<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, net	\$1,415	\$1,415	(\$462)	(\$1,877)
Total other financing sources	<u>1,415</u>	<u>1,415</u>	<u>(462)</u>	<u>(1,877)</u>
Total Revenues	<u>1,415</u>	<u>1,415</u>	<u>(462)</u>	<u>(1,877)</u>
Expenditures:				
General administration				
Interest expense	296,000	296,000	285,660	(10,340)
Principal			120,000	120,000
General administration expense	<u>296,000</u>	<u>296,000</u>	<u>405,660</u>	<u>109,660</u>
Other financing uses				
Building				
Other financing uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>296,000</u>	<u>296,000</u>	<u>405,660</u>	<u>109,660</u>
Excess of Expenditures Over Revenues	(294,585)	(294,585)	(406,122)	(111,537)
Other financing sources:				
Interfund transfers			406,221	406,221
Net Changes in Fund Balance	<u>(294,585)</u>	<u>(294,585)</u>	<u>99</u>	<u>294,684</u>
Fund Balance July 1, 2014	<u>858,576</u>	<u>858,576</u>	<u>858,576</u>	<u>0</u>
Fund Balance June 30, 2015	<u>\$563,991</u>	<u>\$563,991</u>	<u>\$858,675</u>	<u>\$294,684</u>

See Accompanying Notes and Accountants' Report

**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, 2015, 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, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts including student enrollment and attendance data and program eligibility documentation. 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 noncompliance 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, 2015, 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Terrace Community Middle School's internal control over financial reporting. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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,

Rowlson & Company, P.A.

Rowlson & Company, P. A.
Certified Public Accountants
September 4, 2015

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

Report on the Financial Statements

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, 2015, and have issued our report thereon dated September 4, 2015.

Auditor's Responsibility

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.

Other Reporting Required by *Government Auditing Standards*

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 4, 2015. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report, therefore, no corrective actions were required.

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School did not meet any of the conditions described in Section 218.503(1).

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for the Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School. It is management's responsibility to monitor the Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School financial condition and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency

Sections 10.854(1)(e)7. And 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

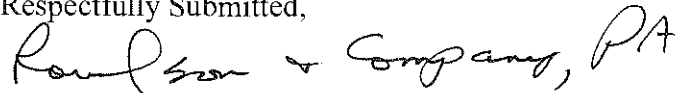
Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Back to Basics Charter School Foundation, Inc. D/B/A Terrace Community Middle School.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Rowlson & Company, PA
Certified Public Accountants
September 4, 2015