

**ABC DISCOUNT MERCHANDISER, INC.**  
**d.b.a. ABC DISCOUNT MERCHANDISER #1010**  
**BIG PAD SHOPPING CENTER**  
**PHOENIX, AZ**  
**TENANT SALES AUDIT REPORT**  
for the twenty-four (24) months  
ended January 31, 2002

## TENANT SALES AUDIT REPORT

Tenant:	<u>ABC Discount Merchandiser, Inc.</u>
Trade Name:	<u>ABC Discount Merchandiser #1010</u>
Shopping Center:	<u>Big Pad Shopping Center</u>
City / State:	<u>Phoenix, AZ</u>
Period:	<u>The twenty-four (24) months</u> <u>ended January 31, 2002</u>

### Client

Company:	<u>Major Realty, LLC</u>
Person:	<u>Ms. Jane Jones, General Manager</u>
Address:	<u>123 Main Street</u>
City / State:	<u>San Francisco, CA 55555</u>
Date of Examination:	<u>April 14, 2002</u>
Date of Report:	<u>April 16, 2002</u>

**Compu/Audit, Inc.**  
**6320 West 85th Place, Suite 102**  
**Los Angeles, Ca. 90045**  
**1 - 800 - WE AUDIT**

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## Section 1

### Executive Overview

Tenant: ABC Discount Merchandiser, Inc.  
Shopping Center: Major Shopping Center  
City: Phoenix, AZ  
Report Date: April 16, 2002  
Landlord: Major Realty, LLC  
Management: Major Property Management Co.

1. Audit Period: From February 1, 2000 to January 31, 2002
2. Examination Location: Denver, CO
3. Date of Examination: April 14, 2002

4. Total Unreported Sales.....	<u>\$ 17,872,170</u>
5. Unreported Sales in Percentage Rent.....	<u>17,872,170</u>
6. Percentage Rent Due Landlord.....	198,472
7. Interest Due Landlord.....	20,465
8. Examination Fee Due Landlord.....	750
9. Grand Total.....	<u>\$ 219,687</u>

10. Tenant's response to findings:  
Tenant offered no opinion concerning the findings.
11. Sales records requested but not provided:  
Daily sales reports and cash register tapes which are retained at the store.
12. Tenant's compliance with Reporting Requirements:  
Tenant does not comply with Reporting Requirements.

## **Section 1**

### **Executive Overview** (continued)

#### **Comments**

The tenant's representative was helpful and cooperative. Accounting records were maintained in a simple manner, given the large size of the enterprise. There was no document trail from recorded sales to reported sales provided to the examiner. It was not within the scope of this sales audit to reconstruct accounting records, which would have been required in order to retrace the audit trail. There are approximately 2,500 stores in total. The tenant deducted 3.82% of 2001 sales for area pro-rations, and 45.49% of 2002 sales due to the square footage of an unauthorized store expansion, for which the tenant did not pay rent. There are no subtenants at this store.

**Section 2**

**A**  
**Additional Percentage Rent Due**

	Lease Year Ended 1/31/02	Lease Year Ended 1/31/01
Reported Sales	\$13,948,139	\$19,243,467
Findings:		
1. <u>Pro-Ration Deduction</u>	10,764,952	764,296
2. <u>Service Depts. Gross Sales Adjustment</u>	3,481,922	2,861,000
Total Findings	14,246,874	3,625,296
Subject Sales	28,195,013	22,868,763
Break Point	12,600,000	12,600,000
Percentage Rent Application	15,595,013	10,268,763
	%	%
	1	1
Amount of Percentage Rent	155,950	102,688
Paid Previously	9,297	50,869
Percentage Rent Balance Due	146,653	51,819

**Summary**

Additional Percentage Rent Due	198,472
Interest @ 10%:	
on 2001 additional percentage rent	9,466
on 2002 additional percentage rent	10,999
Examination Fee Due	750
Total Due Landlord	<u>\$ 219,687</u>

For Additional information, please contact Compu/Audit, Inc. at

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<http://www.compuaudit.com>