

**ABC FRIED CHICKEN, INC.**  
**d.b.a. ABC FRIED CHICKEN #1529**  
**MAJOR SHOPPING CENTER**  
**COLUMBUS, OH**  
**TENANT SALES AUDIT REPORT**  
for the twenty-four (24) months  
ended December 31, 2001

## TENANT SALES AUDIT REPORT

Tenant: ABC Fried Chicken, Inc.  
Trade Name: ABC Fried Chicken #1529  
Shopping Location: Major Shopping Center  
City / State: Columbus, OH  
Period: The twenty-four (24) months  
ended December 31, 2001

### Client

Company: Major Realty, LLC  
Person: Mr. Bill Smith, General Manager  
Address: 123 Main Street  
City / State: Philadelphia, PA 55555  
Date of Examination: April 14, 2002  
Date of Report: April 16, 2002

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

## Table of Contents

<u>SECTION</u>		<u>PAGE</u>
1	Executive Overview	3
2	Additional Percentage Rent Due	5
3	Tenant Comments	7
4	Examination Scope and Results	8
5	Records -- Required and Provided	9
6	Recording of Sales	13
7	Tenant Sales Reporting	14
8	Recommendations	15

## Section 1

### Executive Overview

Tenant: ABC Fried Chicken, Inc.  
Mall: Major Shopping Center  
City: Columbus, OH  
Report Date: April 16, 2002  
Landlord: Major Realty, LLC  
Management: Major Property Management Co.

1. Audit Period: From January 1, 2000 to December 31, 2001
2. Examination Location: Boston, MA
3. Date of Examination: April 14, 2002

4. Total Unreported Sales.....	<u>\$ 120,894</u>
5. Sales in Percentage Rent.....	<u>43,953</u>
6. Percentage Rent Due Landlord.....	<u>2,637</u>
7. CAM Fees Due Landlord .....	<u>1,209</u>
8. Interest Due Landlord.....	<u>743</u>
9. Examination Fee Due Landlord.....	<u>750</u>
10. Grand Total.....	<u>\$ 5,339</u>

11. Tenant's response to findings:  
Tenant did not respond to findings.
12. Sales records requested but not provided:  
None.
13. Tenant's compliance with Reporting Requirements:  
Tenant does not comply with Reporting Requirements, as reported sales are incorrect.

## Section 1

### Executive Overview

(continued)

### Comments

Books and records were adequate, and the tenant was helpful and cooperative. Restaurant operators appear to change often, resulting in sales reporting inconsistencies. Credit card discounts are properly classified as an operating expense, and there is no customer tipping (property of employees). Cash/sales are subject to a thorough internal audit. The tenant appears to have adopted a corporate policy of treating sales discount coupons and other discounts as an operating expense. No changes were made by the examiner for this item. The tenant owns/operates approximately 1000 locations.

The tenant has improperly excluded outside (take-out) sales for the sales audit period. Also, CAM charges are based on 2% of sales to \$400,000 and 1% of sales in excess of \$400,000. All unreported sales are in excess of the \$400,000 CAM breakpoint. Article 3 of the Food Court Area Addendum of the lease states:

"Throughout the Lease Term, Tenant shall pay to Landlord for such services, as an Additional Charge under the Lease in addition to rental and all other Additional Charges thereunder including Tenant's pro rata share of Common Area Expenses, an amount equal to **two percent (2%)** of Tenant's monthly Net Sales, payable monthly, in arrears, on or before the **twentieth (20th)** day of the month immediately succeeding the month during which said Net Sales were made; **provided, however, during each Lease Year that Tenant achieves a Net Sales volume of \$400,000.00, Tenant shall thereafter pay an amount equal to one percent (1%) of its monthly Net Sales for the remainder of such Lease Year commencing with the month immediately succeeding the month during which Tenant achieved the \$400,000.00 Net Sales.**"

## Section 1

### A Additional Percentage Rent Due

	Lease Year Ended 12/31/01	Lease Year Ended 12/31/00
Reported Sales	\$ 638,292	\$ 616,323
Findings:		
1. <u>Outside Sales</u>	58,364	62,530
Total Findings	58,364	62,530
Subject Sales	696,656	678,853
Break Point	755,833	634,900
Percentage Rent Application	0	43,953
	%	%
	6	6
Amount of Percentage Rent	0	2,637
Amount of CAM Fees	584	625
Paid Previously	0	0
Percentage Rent Balance and Additional CAM Fees Due	584	3,262

#### Summary

Additional Percentage Rent Due	\$ 2,637
CAM Fees Due	1,209
Interest Due	743
	<u>4,589</u>
Examination Fees Due	750
Total Due	<u><u>\$ 5,339</u></u>

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

1 - 800 - WE AUDIT

1 - 800 - 932 - 8348

<http://www.compuaudit.com>