

**ABC FURNITURE STORES, INC.**  
**d.b.a. ABC FURNITURE STORE**  
**MAJOR SHOPPING CENTER**  
**PHILADELPHIA, PA**  
**TENANT SALES AUDIT REPORT**  
for the twenty-nine (29) months  
ended December 31, 2001

## TENANT SALES AUDIT REPORT

Tenant: ABC Furniture Stores, Inc.  
Trade Name: ABC Furniture Store  
Shopping Center: Major Shopping Center  
City / State: Philadelphia, PA  
Period: The twenty-nine (29) months  
ended December 31, 2001

### Client

Company: Major Realty, LLC  
Person: Mr. Bill Smith, General Manager  
Address: 123 Main Street  
City / State: Detroit, MI  
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	11
7	Tenant Sales Reporting	12
8	Recommendations	13

## Section 1

### Executive Overview

Tenant: ABC Furniture Stores Inc.  
Shopping Center: Major Shopping Center  
City: Philadelphia, PA  
Report Date: April 16, 2002  
Landlord: Major Realty, LLC  
Management: Major Property Management Co.

1. Audit Period: From August 1, 1999 to December 31, 2001
2. Examination Location: Philadelphia, PA
3. Date of Examination: April 14, 2002

4. Total Unreported Sales.....	<u>\$ 310,693</u>
5. Unreported Sales in Percentage Rent.....	<u>310,693</u>
6. Percentage Rent Due Landlord.....	<u>15,373</u>
7. Examination Fee Due Landlord.....	<u>750</u>
8. Grand Total.....	<u><u>\$ 16,123</u></u>

9. Tenant's response to findings:  
Tenant agrees with findings.
10. Sales records requested but not provided:  
1999-2000 accounting information
11. Tenant's compliance with Reporting Requirements:  
Tenant does not comply with Reporting Requirements.

## **Section 1**

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

#### **Comments**

The accounting records prior to January 1, 2001 were of very poor quality and accounting records prior to this date were generally unavailable. There was a significant improvement in the 2001 lease year and subsequent record keeping. The tenant's representative did not appear to understand the importance of providing reliable accounting information to the examiner for the entire sales audit period, and the scope of the audit was limited accordingly. The examiner had no choice but to apply reasonable conservative estimates when no additional information was available. The examiner is prepared to return to the tenant's premises to re-audit the accounting information if it subsequently does become available.

**Section 2**

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

	Lease Year Ended 12/31/01	Lease Year Ended 12/31/00	5 Month Lease Year Ended 12/31/99
Reported Sales	\$1,869,543	\$1,742,050	\$623,143
Findings:			
1. <u>Fabric Protection</u>	24,986	23,282	8,328
2. <u>Delivery, Repair, &amp; Service Labor</u>	15,870	14,788	5,289
3. <u>Customer Deposits</u>	56,709	-	-
4. <u>Arithmetic difference</u>	144,678	16,763	-
Total Findings	242,243	54,833	13,617
Subject Sales	2,111,786	1,796,883	636,760
Break Point	1,801,332	1,723,013	717,922
Percentage Rent Application	310,454	73,870	0
	%	%	%
	4	4	4
Amount of Percentage Rent Paid Previously	12,418	2,955	0
Percentage Rent Balance Due	0	0	0
	12,418	2,955	0

**Summary**

Additional Percentage Rent Due	15,373
Examination Fee Due	750
Total Due Landlord	<u><u>\$ 16,123</u></u>

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

1 - 800 - WE AUDIT

1 - 800 - 932 - 8348

<http://www.compuaudit.com>