

ABC LIQUORS, INC.
d.b.a. ABC LIQUOR
NEIGHBORHOOD SHOPPING CENTER
ST. LOUIS, MO
TENANT SALES AUDIT REPORT
for the thirty-six (36) months
ended April 30, 2001

TENANT SALES AUDIT REPORT

Tenant: ABC Liquors, Inc.
Trade Name: ABC Liquor
Shopping Location: Neighborhood Shopping Center
City / State: St. Louis, MO
Period: The thirty-six (36) months
ended April 30, 2001

Client

Company: Major Realty, LP
Person: Mr. Bill Smith, Property Manager
Address: 123 Main Street
City / State: Charlotte, NC 55555
Date of Examination: April 14, 2002
Date of Report: April 16, 2002

Compu/Audit, Inc.
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Section 1

Executive Overview

Tenant:	<u>ABC Liquors, Inc.</u>
Mall:	<u>Neighborhood Shopping Center</u>
City:	<u>St. Louis, MO</u>
Report Date:	<u>April 16, 2002</u>
Landlord:	<u>Major Realty, LP</u>
Management:	<u>Major Property Management Co.</u>

1. Audit Period: From May 1, 1998 to April 30, 2001
2. Examination Location: St. Louis, MO
3. Date of Examination: April 14, 2002

4. Total Unreported Sales.....	\$ 264,908
5. Sales in Percentage Rent.....	<u>250,776</u>
6. Percentage Rent Due Landlord.....	<u>20,062</u>
7. Interest Due Landlord.....	To Be Determined
8. Examination Fee Due Landlord.....	<u>600</u>
9. Grand Total.....	<u>\$ 20,662</u>

10. Tenant's response to findings:
Tenant agrees with findings.

11. Sales records requested but not provided:
None.

12. 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 in good order, and the tenant was helpful and cooperative. The tenant failed to report Miscellaneous Revenues from lottery commissions, customer check cashing, money order fees, etc. as required by the lease. The tenant did not explain the sales under-reported arithmetic differences between actual and reported sales, nor the unreported Miscellaneous Revenues. Cash/sales are subject to an internal audit by the owner. Credit card discounts are properly classified as an operating expense. Interstore transfers between tenant-owned stores are insignificant. Tenant gross margins appear to be reasonable. Sales have increased moderately during the three year sales audit period.

Section 2

A

Additional Percentage Rent Due

	Lease Year Ended 04/30/01	Lease Year Ended 04/30/00	Lease Period Ended 04/30/99
Reported Sales	\$ 620,943	\$ 619,363	\$ 561,281
Findings:			
1. <u>Miscellaneous Income</u>	61,420	65,399	59,210
2. <u>Arithmetic Difference</u>	18,486	57,017	3,376
Total Findings	79,906	122,416	62,586
Subject Sales	700,849	741,779	623,867
Break Point	600,000	600,000	600,000
Percentage Rent Application	100,849	141,779	23,867
	%	%	%
	8	8	8
Amount of Percentage Rent Paid Previously	8,068	11,342	1,909
	1,257	0	0
Percentage Rent Balance Due	6,811	11,342	1,909

Summary

Additional Percentage Rent Due (plus interest)	20,062
Examination Fee Due	600
Total Due	<u>\$ 20,662</u>

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

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