

ABC PARKING, INC.
dba ABC PARKING #1111
123 MAIN STREET
CHICAGO, IL
TENANT SALES AUDIT REPORT
for the thirty six (36) months
ended June 30, 2002

TENANT SALES AUDIT REPORT

Tenant:	ABC Parking, Inc.
Trade Name:	ABC Parking #1111
Address:	123 Main Street
City / State:	Chicago, IL
Period:	The thirty-six (36) months ended June 30, 2002.

Client

Company:	Major Realty, LLC
Person:	Mr. Bill Smith, General Manager
Address:	123 Main Street
City / State:	New York, NY 55555
Date of Examination:	July 15, 2002 & August 4, 2002
Date of Report:	October 1, 2002

Compu/Audit, Inc.
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Section 1

Executive Overview

Tenant: ABC Parking, Inc.
Address: 123 Main Street
City: Chicago, IL
Report Date: October 1, 2002
Landlord: Major Realty, LLC
Management: Major Property Management Co.

1. Audit Period: From July 1, 1999 to June 30, 2002
2. Examination Location: Chicago, IL
3. Date of Examination: July 15, 2002 & August 4, 2002

4. Total Over/Unreported Sales.....	\$ 258,959
5. Sales in Percentage Rent.....	258,959
6. Percentage Rent Due Landlord.....	181,271
7. Interest Due Landlord.....	5,438
8. Examination Fee Due Landlord.....	9,525
9. Grand Total.....	<u>\$ 196,234</u>

10. Tenant's response to findings:
Tenant did not respond to 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 and are not certified by a corporate officer, as the lease requires

Section 1

Executive Overview

(continued)

Comments

In general, ABC Parking, Inc. ("Tenant") was uncooperative and did not provide, when requested, the necessary information needed to audit their accounts. A typical standard tenant sales audit of this type would take about four days to complete. However, Compu/Audit spent in excess of 10 days to complete the ABC Parking #1111 revenue audit.

Between June 30, 2000 and June 30, 2002, the tenant underreported its sales to the Landlord by \$258,959 or 19% of its total sales, for which it is required to pay percentage rent. As a result, the Landlord is owed \$181,271 in percentage rent, \$5,438 in late fees and \$9,525 in audit fees, in addition to any other fees, including but not limited to legal or collection fees it may incur.

The bulk of the underreported sales were a result of payments due to the tenant, under its sub-lease with DEF Car Rentals. The Sub-Rent Commencement Date is September 1, 1999. DEF Car Rentals sub-leased a number of spaces from the Tenant and agreed to pay the sub-rents directly to the Landlord. The tenant was allowed to reduce the Minimum Rent paid to the Landlord by the amount paid by DEF Car Rentals; however, the Tenant was still required to include the sub-rents as sales for percentage rent calculation purposes.

Section 1

Executive Overview

(continued)

Comments

(continued)

The annual rental income (\$86,400) is to be increased by 3% on each succeeding anniversary of the sublease. Therefore, the monthly rent is to be increased to \$7,416.00 (monthly), effective September 1, 2000 and \$7,638.48 (monthly), effective September 1, 2001.

The tenant is required to report rental income earned (not received) from its customers. GHI Retail, Inc. owed the tenant \$9,000 for parking as of June 30, 2001. No change for this item was made by the examiner, as the revenues were reported in the subsequent year and this was, therefore, only a timing difference. The remainder of the underreported sales occurred in 2000 - Tenant records show an additional \$6,613 in sales above and beyond that reported to the Landlord.

The sale of parking validation stickers is made from the corporate offices for better internal accounting controls.

Section 2

A

	Lease Year Ended 06/30/02	Lease Year Ended 06/30/01	Lease Year Ended 06/30/00
Reported Sales (Revised by tenant)	\$ 466,246	\$ 420,353	\$ 443,165
Findings:			
1. Rental Income - Subtenant*	86,400	86,400	72,000
2. GHI Retail #13 Unreported Revenue - to June 30, 2001-timing difference	N/A	N/A	-
3. Arithmetic Difference	-	-	6,613
4. Additional Subtenant Minimum Rent increase	2,734	2,652	2,160
Total Findings	89,134	89,052	80,773
Subject Sales	555,380	509,405	523,938
Breakpoint	400,000	400,000	400,000
Percentage Rent Application	155,380	109,405	123,938
Percentage Rent Balance Due	%	%	%
	70	70	70
Amount of Percentage Rent Paid Previously	108,766	76,584	86,757
	46,372	14,247	30,216
Percentage Rent Balance Due	\$ 62,394	\$ 62,337	\$ 56,541
"Kickout Clause" Amount	\$ 445,000	\$ 445,000	\$ 445,000

* Rent Commencement Date September 1, 1999 - annual increase 3%.

Section 2

B

	Lease Year Ended 06/30/02	Lease Year Ended 06/30/01	Lease Year Ended 06/30/00	Total
Total Unreported Sales (Net)	89,134	89,052	80,773	258,959
Total Unreported Sales (Net) in Percentage Rent	89,134	89,052	80,773	258,959
Percentage Rent Rate	% 70	% 70	% 70	% 70
Percentage Rent Due*	\$ 62,394	**\$ 62,336	\$ 56,541	\$ 181,271

* Plus late fee and audit fees

** Rounding

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

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