

**ABC SPAS, INC.**  
**d.b.a. ABC PATIO & SPAS**  
**MAJOR SHOPPING CENTER**  
**INDIANAPOLIS, IN**  
**TENANT SALES AUDIT REPORT**  
for the twelve (12) months  
ended December 31, 2001

## TENANT SALES AUDIT REPORT

Tenant: ABC Spas, Inc.  
Trade Name: ABC Patio & Spas  
Shopping Location: Major Shopping Center  
City / State: Indianapolis, IN  
Period: The twelve (12) months  
ended December 31, 2001

### Client

Company: Major Realty, LLC  
Person: Ms. Jane Jones, Genral Manager  
Address: 123 Main Street  
City / State: Columbus, OH 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**

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## Section 1

### Executive Overview

Tenant: ABC Spas, 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 January 1, 2001 to December 31, 2001
2. Examination Location: Atlanta, GA
3. Date of Examination: April 14, 2002

|                                      |                         |
|--------------------------------------|-------------------------|
| 4. Total Unreported Sales.....       | <u>\$ 610,103</u>       |
| 5. Sales in Percentage Rent.....     | <u>372,389</u>          |
| 6. Percentage Rent Due Landlord..... | <u>18,619</u>           |
| 7. Interest Due Landlord.....        | <u>2,048</u>            |
| 8. Examination Fee Due Landlord..... | <u>700</u>              |
| 9. Grand Total.....                  | <u><u>\$ 21,367</u></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 adequate, and the tenant was helpful and cooperative. The tenant has a diversified business operation, including retail sales and service, mail-order, internet, commercial and wholesale sales. During the 2001 lease year, apparently all non-retail sales activities were moved to a warehouse facility at 123 Fair Avenue, Philadelphia, PA. The utilization of a new computer system by the tenant has been helpful in providing an improved audit trail.

Unreported retail sales - 5% (arithmetic difference) of \$610,103, appeared to have been underreported for the sales audit period.

Cash/sales are subject to a thorough internal audit, and credit card discounts are properly classified as an operating expense.

## Section 2

### A

#### Additional Percentage Rent Due

|                                 | Lease<br>Year<br>Ended<br>12/31/01 |
|---------------------------------|------------------------------------|
| Reported Sales                  | <u>\$2,402,286</u>                 |
| Findings:                       |                                    |
| 1. <u>Arithmetic Difference</u> | <u>610,103</u>                     |
| Total Findings                  | <u>610,103</u>                     |
| Subject Sales                   | 3,012,389                          |
| Break Point                     | <u>2,640,000</u>                   |
| Percentage Rent Application     | 372,389                            |
|                                 | %                                  |
|                                 | 5                                  |
| Amount of Percentage Rent       | <u>18,619</u>                      |
| Paid Previously                 | <u>0</u>                           |
| Percentage Rent Balance Due     | <u>18,619</u>                      |

#### Summary

|                                |                         |
|--------------------------------|-------------------------|
| Additional Percentage Rent Due | \$ 18,619               |
| Interest Due Landlord          | 2,048                   |
| Examination Fee Due            | <u>700</u>              |
| Total Due Landlord             | <u><u>\$ 21,367</u></u> |

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

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