

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

Client

Company:	<u>Major Realty, LLC</u>
Person:	<u>Ms. Jane Jones, Genral Manager</u>
Address:	<u>123 Main Street</u>
City / State:	<u>Columbus, OH 55555</u>
Date of Examination:	<u>April 14, 2002</u>
Date of Report:	<u>April 16, 2002</u>

Compu/Audit, Inc.
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Section 1

Executive Overview

Tenant:	<u>ABC Spas, Inc.</u>
Shopping Center:	<u>Major Shopping Center</u>
City:	<u>Philadelphia, PA</u>
Report Date:	<u>April 16, 2002</u>
Landlord:	<u>Major Realty, LLC</u>
Management:	<u>Major Property Management Co.</u>

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>\$ 21,367</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 Year Ended 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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