

**ABC TOY & HOBBY SHOPS, INC.**  
**d.b.a. ABC TOY & HOBBY SHOP #515**  
**MAJOR SHOPPING CENTER**  
**SAN FRANCISCO, CA**  
**TENANT SALES AUDIT REPORT**  
for the forty-nine (49) months  
ended January 31, 2002

## TENANT SALES AUDIT REPORT

Tenant: ABC Toy & Hobby Shops, Inc.  
Trade Name: ABC Toy & Hobby Shop #515  
Shopping Location: Major Shopping Center  
City / State: San Francisco, Ca.  
Period: The forty-nine (49) months  
ended January 31, 2002

### Client

Company: Major Realty, LLC  
Person: Ms. Jane Jones, General Manager  
Address: 123 Main Street  
City / State: Washington DC  
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 Toy & Hobby Shops, Inc.  
Shopping Location: Major Shopping Center  
City: San Francisco, Ca.  
Report Date: April 16, 2002  
Landlord: Major Realty, LLC  
Management: Major Property Management Co.

1. Audit Period: From January 1, 1998 to January 31, 2002
2. Examination Location: Columbus, OH
3. Date of Examination: April 14, 2002

4. Total Unreported Sales.....	<u>\$ 76,278</u>
5. Sales in Percentage Rent.....	<u>76,278</u>
6. Percentage Rent Due Landlord.....	<u>4,653</u>
7. Interest Due Landlord.....	<u>782</u>
8. Examination Fee Due Landlord.....	<u>0</u>
9. Grand Total.....	<u>\$ 5,435</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 complies with Reporting Requirements.

## **Section 1**

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

#### **Comments**

Books and records were of good quality. After a Chapter 11 corporate reorganization was completed, the tenant was cooperative. The lease permits the tenant to exclude sales to employees (up to 2% of sales) provided that sales are made at tenant cost to the employees. Also, the tenant is permitted to exclude sales made on a nonprofit basis to "not for profit organizations." Sales in both categories are made at a profit, which is only slightly reduced from the tenant's regular profit margins. Catalog and layaway sales are not utilized by the tenant. There is a small timing difference between actual sales and reported sales, because the tenant reports sales on a thirteen-week accounting cycle. Credit card fees are properly reported as an operating expense. The lease expiry date is January 31, 2002, extending the audit period by one month.

**Section 2**

**A**

**Additional Percentage Rent Due**

	13 month Lease Year Ended 1/31/02	Lease Year Ended 12/31/00	Lease Year Ended 12/31/99	Lease Year Ended 12/31/98
Reported Sales	\$ 1,289,421	\$ 1,123,127	\$969,347	\$784,137
Findings:				
1. <u>Employee Sales</u>	10,254	14,638	13,837	11,612
2. <u>Exempt Sales</u>	5,874	3,344	8,051	8,668
Total Findings	16,128	17,982	21,888	20,280
Subject Sales	1,305,549	1,141,109	991,235	804,417
Break Point	816,222	753,436	753,436	753,436
Percentage Rent Application	489,327	387,673	237,799	50,981
	%	%	%	%
	6	6	6	6
Amount of Percentage Rent	29,360	23,260	14,268	3,059
Paid Previously	28,316	22,181	12,955	1,842
Percentage Rent Balance Due	1,044	1,079	1,313	1,217

**Summary**

Additional Percentage Rent Due	4,653
Interest Due	782
	<hr/>
Total Due Landlord	<u><u>\$ 5,435</u></u>

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

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