

ABC ANTIQUITIES, INC.
d.b.a. ABC ANTIQUES
MAJOR SHOPPING CENTER
ATLANTA, GA
TENANT SALES AUDIT REPORT
for the twenty-four (24) months
ended December 31, 2001

TENANT SALES AUDIT REPORT

Tenant: ABC Antiquities, Inc.
Trade Name: ABC Antiques
Shopping Center: Major Shopping Center
City / State: Atlanta, GA
Period: The twenty-four (24) months
ended December 31, 2001

Client

Company: Major Realty, LLC
Person: Ms. Jane Jones, General Manager
Address: 123 Main Street
City / State: Boston, MA 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: ABC Antiquities Inc.
Shopping Center: Major Shopping Center
City: Atlanta, GA
Report Date: April 16, 2002
Landlord: Major Realty, LLC
Management: Major Property Management Co.

1. Audit Period: From January 1, 2000 to December 31, 2001
2. Examination Location: Atlanta, GA
3. Date of Examination: April 14, 2002

4. Total Unreported Sales.....	<u>\$ 108,473</u>
5. Unreported Sales in Percentage Rent.....	<u>68,187</u>
6. Percentage Rent Due Landlord.....	<u>5,455</u>
8. Examination Fee Due Landlord.....	<u>700</u>
9. Grand Total.....	<u><u>\$ 6,155</u></u>

10. Tenant's response to findings:
Tenant's representative 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.

Section 1

Executive Overview (continued)

Comments

The manually maintained books and records were adequate. Mr. Jim Johnson, owner, appeared to have little working knowledge of the accounting procedures in place, and stated that Mrs. Johnson was responsible for accounting matters. Under the terms of the lease, the tenant is permitted to exclude bank credit card fees from reported sales, but has not done so. Despite the unreported sales, the tenant maintains that he requires a rent abatement. Related thereto, he further states that a museum area occupies 25% of the demised premises and his potential sales are therefore reduced accordingly. He offered no explanation as to the reason(s) why the reported sales differed so significantly from the sales reported to the State Board of Equalization and the Internal Revenue Service. The tenant recently acquired a second gallery, 25 miles away.

Section 2

A

Additional Percentage Rent Due

	Lease Year Ended 12/31/01	Lease Year Ended 12/31/00
Reported Sales	\$ 360,081	\$ 319,633
Findings:		
1. <u>Unreconciled difference</u>	46,641	61,832
Total Findings	46,641	61,832
Subject Sales	406,722	381,465
Break Point	360,000	360,000
Percentage Rent Application	46,722	21,465
	%	%
	8	8
Amount of Percentage Rent Paid Previously	3,738	1,717
Percentage Rent Balance Due	0	0
	3,738	1,717

Summary

Additional Percentage Rent Due	5,455
Examination Fee Due	700
Total Due Landlord	<u>\$ 6,155</u>

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

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