

**ABC CAR WASH INC.**  
**d.b.a. ABC CAR WASH**  
**NEIGHBORHOOD SHOPPING CENTER**  
**SEATTLE, WA**  
**TENANT SALES AUDIT REPORT**  
for the twelve (12) months  
ended December 31, 2001

## TENANT SALES AUDIT REPORT

Tenant: ABC Car Wash, Inc.  
Trade Name: ABC Car Wash  
Shopping Location: Neighborhood Shopping Center  
City / State: Seattle, WA  
Period: The twelve (12) months  
ended December 31, 2001

### Client

Company: Major Realty, LP  
Person: Ms. Jane Jones, Property Manager  
Address: 123 Main Street  
City / State: Phoenix, AZ 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:	<u>ABC Car Wash, Inc.</u>
Shopping Center:	<u>Major Shopping Center</u>
City:	<u>Seattle, WA</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: Seattle, WA
3. Date of Examination: April 14, 2002

4. Total Unreported Sales.....	<u>\$ 723,906</u>
5. Sales in Percentage Rent.....	<u>723,906</u>
6. Percentage Rent Due Landlord.....	<u>43,434</u>
7. Interest Due Landlord.....	<u>7,167</u>
8. Examination Fee Due Landlord.....	<u>700</u>
9. Grand Total.....	<u>\$ 51,301</u>

10. Tenant's response to findings:  
Tenant partially 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, but the reported sales for both the car wash and convenience store were materially understated. The percentage rent applicable to the sale of gasoline is based upon the number of gallons sold by the tenant. No percentage rent is due on the sale of gasoline. The tenant appears to have incorrectly deducted inappropriate sales exclusions, for which the tenant's representative did not provide substantive information or explanation to the examiner concerning the sales reporting shortfall. Sales per the Income Statements provided by the tenant revealed apparent major sales underreporting by the tenant. Sales are properly recorded net of all discounts, including free car washes to employees and various customer sales incentives.

## Section 2

### A Additional Percentage Rent Due Car Wash Parcel

	Lease Year Ended 12/31/01
Reported Sales	<u>\$3,411,165</u>
Findings:	
1. <u>Unreconciled difference</u>	<u>386,778</u>
Total Findings	<u>386,778</u>
Subject Sales	3,797,943
Break Point	<u>2,833,333</u>
Percentage Rent Application	964,610
	%
	<u>6</u>
Amount of Percentage Rent	57,877
Paid Previously	<u>41,544</u>
Percentage Rent Balance Due	<u>16,333</u>
<b><u>Summary</u></b>	
Additional Percentage Rent Due - Car Wash	16,333
Additional Percentage Rent Due - Convenience Store	<u>27,102</u>
	43,435
Interest Due	<u>7,167</u>
	50,602
Examination Fee Due	700
Total Due	<u><u>\$ 51,302</u></u>

**Section 2**

**A**  
**Additional Percentage Rent Due**  
**Convenience Store**

	Lease Year Ended <u>12/31/01</u>
Reported Sales	<u>\$1,264,576</u>
Findings:	
1. <u>Unreconciled difference</u>	<u>337,128</u>
Total Findings	<u>337,128</u>
Subject Sales	1,601,704
Break Point	<u>1,150,000</u>
Percentage Rent Application	451,704
	%
	<u>6</u>
Amount of Percentage Rent	27,102
Paid Previously	<u>0</u>
Percentage Rent Balance Due	<u>27,102</u>

**Summary**

Additional Percentage Rent Due (Transferred to previous page)	<u><u>\$ 27,102</u></u>
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**Section 2**

**A  
Additional Percentage Rent Due @ 2¢ per gallon  
Motor Fuel**

	Lease Year Ended 12/31/01
Reported Gallons Sold	4,194,746
Findings:	
1. None	
Total Findings	0
Subject Gallons Sold	4,194,746
Break Point - Gallons	5,214,270
Percentage Rent Application	0
per gallon	2¢
Amount of Percentage Rent	0
Paid Previously	0
Percentage Rent Balance Due	0
 Average Selling Price	
per gallon of gas	 \$ 1.54



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

1 - 800 - WE AUDIT

1 - 800 - 932 - 8348

<http://www.compuaudit.com>