

ABC DINING & DANCING, INC.
d.b.a. ABC DINING & DANCING
MAJOR SHOPPING CENTER
MIAMI, FL
TENANT SALES AUDIT REPORT
for the twenty-four (24) months
ended December 31, 2001

TENANT SALES AUDIT REPORT

Tenant: ABC Dining & Dancing, Inc.
Trade Name: ABC Dining & Dancing
Shopping Center: Major Shopping Center
City / State: Miami, FL
Period: The twenty-four (24) months
ended December 31, 2001

Client

Company: Major Realty, LLC
Person: Mr. Bill Smith, General 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.
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Section 1

Executive Overview

Tenant: ABC Dining & Dancing, Inc.
Shopping Center: Major Shopping Center
City: Miami, FL
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: Miami, FL
3. Date of Examination: April 14, 2002

4. Total Unreported Sales.....	<u>\$ 245,623</u>
5. Unreported Sales in Percentage Rent.....	<u>129,744</u>
6. Percentage Rent Due Landlord.....	<u>13,454</u>
7. Interest Due Landlord.....	<u>0</u>
8. Examination Fee Due Landlord.....	<u>750</u>
9. Grand Total.....	<u>\$ 14,204</u>

10. Tenant's response to findings:
Tenant agrees with findings.
11. Sales records requested but not provided:
Bank statements, 2000 general ledger May to December.
12. Tenant's compliance with Reporting Requirements:
Tenant does not comply with Reporting Requirements.

Section 1

Executive Overview

(continued)

Comments

The books and records were of poor quality, but the tenant representative was helpful and cooperative. There are a number of ancillary revenue sources which are either poorly accounted for, or are not accounted for at all. Examples of this accounting problem are cigarette sales, mechanical vending (including pool tables), electronic vending machines, telephones, sale of flowers, and shoe shines. The primary sales data is audited internally. In 2000, the tenant recorded a loss of \$295 after paying \$63,800 in management fees. In 2001, the tenant earned \$21,182 with no management fees being paid.

Section 2

A

Additional Percentage Rent Due

	Lease Year Ended 12/31/01	Lease Year Ended 12/31/00
Reported Sales	\$ 1,852,446	\$ 2,068,436
Findings:		
1. <u>Sales Tax Included in Sales</u>	(108,968)	(121,673)
2. <u>Employee Tips</u>	174,348	194,676
3. <u>Cigarettes</u>	8,915	10,017
4. <u>Mechanical vending</u>	6,875	7,725
5. <u>Arithmetic difference</u>	34,709	38,999
Total Findings	115,879	129,744
Subject Sales	1,968,325	2,198,180
Break Point	2,030,000	2,030,000
Percentage Rent Application	0	168,180
	%	%
	8	8
Amount of Percentage Rent	0	13,454
Paid Previously	0	0
Percentage Rent Balance Due	0	13,454

Summary

Additional Percentage Rent Due	13,454
Examination Fee Due	750
Total Due Landlord	<u>\$ 14,204</u>

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

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