

Case Study – New Apartment Complex

PROJECT OVERVIEW

An **engineering-based cost segregation study** was conducted for a new apartment complex located on southern East Coast. The study's objective was to identify property components that could be reclassified to shorter recovery periods in order to accelerate building depreciation and increase cash flow by deferring income taxes.

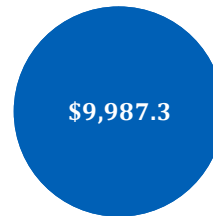
PROJECT RESULTS

As a result of this Engineering based Cost Segregation Study the client was able to reallocate \$2,653,008 or 26.6% of the assets to shorter recovery periods. The client's tax savings on a present value basis were projected to be a total of \$456,942, with the first-year tax savings alone totaling \$116,636.

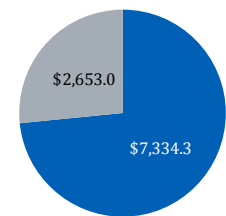
PROPERTY PROFILE

The Building	The property is a two- and three- story apartment complex and clubhouse containing 247,430 square feet
Cost Basis	The property has a cost basis of \$9,987,284 and was acquired and placed in service in 2005

Initial Cost Basis



Post-Cost Segregation



In 000's ■ Base Costs ■ Reallocated Costs

ENGINEERING PROCESS

Our construction engineers performed:

- a complete analysis of all available
 - construction drawings
 - specifications
 - contractor payment applications
 - invoices
 - other supporting documentation
- a detailed analysis of all accumulated data on a property unit basis for cost allocation purposes under the provisions of the Internal Revenue Code
- an on-site inspection to verify, photograph, and document the property
- a quality check where our internal audit team of senior construction engineers and tax specialists reviewed and certified its completeness and accuracy

Tax Savings

