

## Case Study – Dental Clinic

### PROJECT OVERVIEW

An **engineering-based cost segregation study** was conducted for a recently constructed single story dental clinic office facility. 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 \$543,057 or 45.6% of the assets to shorter recovery periods. The client's tax savings on a present value basis were projected to be a total of \$107,193, with the first-year tax savings alone totaling \$32,064.

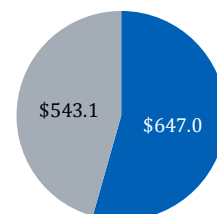
### PROPERTY PROFILE

<b>The Building:</b>	The property is a single story dedicated dental clinic office containing approximately 6,300 square feet including a 1,500 square foot partially finished basement.
<b>Cost Basis:</b>	The property has a cost basis of \$1,190,095 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

