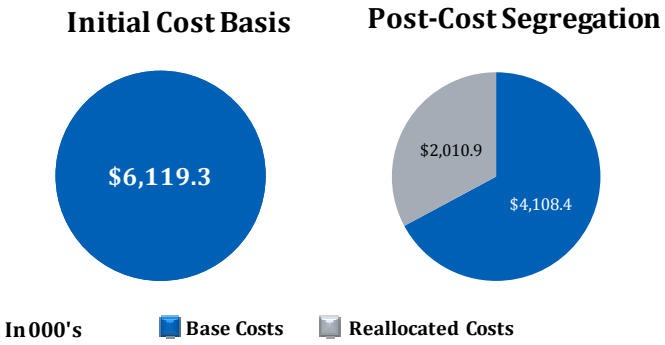
Case Study – Manufacturing / Office

PROJECT OVERVIEW

An **engineering-based cost segregation study** was conducted for a recently constructed manufacturing and office building located in the southern United States. The study's objective was to identity 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 $2,010,902 or 32.9% of the assets to shorter recovery periods. The client's tax savings on a present value basis were projected to be a total of $317,250, with the first-year tax savings alone totaling $71,732.



PROPERTY PROFILE

The Building	The property consists of a single story manufacturing facility and a connected two-story office building, totaling about 502,500 square feet
Cost Basis	The property has a cost basis of $6,119,256 and was acquired and placed in service in 2005

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