

## CSSI PROJECT EXAMPLE – WHAT COST SEGREGATION ACCOMPLISHES!

This process accelerated \$392,321 of depreciation deductions for the client which deferred approximately \$155,358 in income tax. The fee for the service was \$10,340 (deductible). Bottom line it cost them \$10,340 to defer \$155,358 or a benefit to cost ratio of 15.02x. That is a tremendous ROI and the time value of that money is very beneficial. Clients retains cash flow that would have been paid to the IRS.

Benefit Analysis at End of Ownership	
Cumulative Net Present Value of Benefit	\$ 104,535

Estimated after tax fee of \$6,245

### BEFORE:

Asset	Date In Service	Property Description	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
1	1/01/12	Building #202	2,250,000.00	0.00c	0.00	0.00	55,288.00	55,288.00	2,194,712.00	S/L	39.0
<b>Grand Total</b>			<b>2,250,000.00</b>	<b>0.00c</b>	<b>0.00</b>	<b>0.00</b>	<b>55,288.00</b>	<b>55,288.00</b>	<b>2,194,712.00</b>		

### AFTER:

Property Category	Cost	5 Year	15 Year	39 Year
<b>Building Components</b>				
Cabinets / Millwork	\$ 10,739.89	\$ 10,739.89		
Moldings	\$ 29,657.19	\$ 29,657.19		
Flooring - Carpet	\$ 54,414.98	\$ 54,414.98		
Decorative Flooring	\$ 1,972.53	\$ 1,972.53		
Seamless Vinyl Flooring	\$ 6,842.42	\$ 6,842.42		
Wall Coverings	\$ 10,626.21	\$ 10,626.21		
Accent Lighting	\$ 9,563.38	\$ 9,563.38		
Exterior Shutters	\$ 12,676.49	\$ 12,676.49		
Window Treatments	\$ 878.02	\$ 878.02		
PTAC Units	\$ 4,016.12	\$ 4,016.12		
Specialty Electrical - Crematory Equip.	\$ 13,890.97	\$ 13,890.97		
Communication / Data	\$ 38,874.18	\$ 38,874.18		
Specialty Plumbing - Prep. Room	\$ 14,253.30	\$ 14,253.30		
Security / Exterior Lighting	\$ 12,834.91	\$ 12,834.91		
FRP Wall Panels	\$ 2,798.70	\$ 2,798.70		
Ceiling Fans	\$ 983.54	\$ 983.54		
Drive-Thru Canopy	\$ 24,377.18	\$ 24,377.18		
Folding Partition - Privacy	\$ 20,681.60	\$ 20,681.60		
Ceiling Speakers	\$ 2,716.39	\$ 2,716.39		
<b>Site Work / Improvements</b>				
Parking Lot	\$ 277,678.40		\$ 277,678.40	
Exterior Signage Structure	\$ 6,054.25		\$ 6,054.25	
Parking Lot Striping / Barriers	\$ 2,324.58		\$ 2,324.58	
Sidewalks / Curbs	\$ 20,875.67		\$ 20,875.67	
Landscaping	\$ 61,736.12		\$ 61,736.12	
Security Lighting Poles	\$ 7,531.80		\$ 7,531.80	
Flagpole	\$ 2,915.31		\$ 2,915.31	
Equipment Enclosure	\$ 1,592.11		\$ 1,592.11	
Entry Columns	\$ 3,084.06		\$ 3,084.06	
<b>Building Structure</b>				
Structural Components	\$ 918,779.92			\$ 918,779.92
Roofing Systems	\$ 65,669.00			\$ 65,669.00
Foundations	\$ 82,018.99			\$ 82,018.99
HVAC	\$ 198,005.45			\$ 198,005.45
Electrical	\$ 160,763.65			\$ 160,763.65
Plumbing	\$ 99,446.68			\$ 99,446.68
Exterior Façade / Building Skin	\$ 58,360.10			\$ 58,360.10
Suspended Ceiling Systems	\$ 10,365.91			\$ 10,365.91
<b>Total Building Cost</b>	<b>\$ 2,250,000.00</b>	<b>\$ 272,798.00</b>	<b>\$ 383,792.30</b>	<b>\$ 1,593,409.70</b>
<b>% of Building Cost</b>		<b>12.1%</b>	<b>17.1%</b>	<b>70.8%</b>

Additionally, identification and quantification of units of property, building systems, and major structural components are crucial for future expense-capitalization decisions under the "significance ratio calculation" if the tax professional can't pigeon hole the expenditure into one of the safe harbors available