



Segregation Holding

Cost Segregation Specialists
www.SegregationHolding.com

CASE NO.
115

CASE STUDIES OF PROVEN PERFORMANCE

Taxes Saved: \$350,000* Health Care Facility

ENGAGEMENT OVERVIEW

Segregation Holding was engaged by the owners of a very large nursing home to conduct a cost segregation study on one of their properties. The objective of the study was to identify assets that could be moved to shorter recovery periods in order to accelerate depreciation and defer taxes.

PROPERTY OVERVIEW

This 2-story health care facility was acquired in 2001 for a total purchase cost of \$2,811,130. The building has total interior space of approximately 57,084 square feet. The facility was constructed in three distinct phases, and features forty oxygen-equipped patient rooms.



ENGINEERING PROCESS

Our engineers examined all design and construction documents, depreciation schedules, and other related data to determine the cost basis for every component in the building. Next, our engineer conducted an on-site study to identify and photograph all assets that may qualify for accelerated depreciation. Further, our team (site engineer, costing engineer, and tax specialist) identified assets that qualify as "Specialized Use", i.e. outside normal use of that property type.

ESTIMATE OF BENEFITS AND SAVINGS

Our pre-engagement estimate showed a potential of \$640,000 in assets that should be scheduled with shorter depreciable lives.

RESULTS

Our study resulted in a total of \$1,101,435, or 39.2%, that qualified as 5- and 15-year property. Furthermore, we reallocated the entire base building asset from 39 year property to 27.5 year property. As a result, the property owner saved over \$350,000 in taxes for the current tax year.

** Represents the 10-yr. net present value savings using an 8% discount rate if amount indicates NPV.*

We guarantee any commercial property owner who pays income taxes and owns or leases their office condo, building, or tenant improvements a minimum \$10,000 Federal income tax refund or credit or our services are free!

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