

## Cost Segregation

Accelerated Depreciation of Commercial Property to Maximize Cash Flow.  
 This is Your Money!

*As a commercial property owner, how would you like to receive cash flow from tax savings of 7%-10% of your building cost within the first five years of ownership? That's \$70K-\$100K for each \$1M in building costs! Cost Segregation is the answer.*

### Cost Segregation

Cost Segregation is an IRS-approved application by which commercial property owners can accelerate depreciation and reduce the amount of taxes owed. This savings generates cash flow that owners often use to reinvest in the business, purchase more property, apply to their principle payment or spend on themselves.

It's simple, legal and recommended in the August, 2004 issue of the Journal of Accountancy for CPA's. The article stated, "A taxpayer can substantially increase cash flow by segregating property costs."\*

**Actual Cost Savings Generated By Cost Segregation Engineering Studies**

| Facility Type          | Total Property Cost | First Year Cash Flow Tax Savings | Five Year Cash Flow Tax Savings |
|------------------------|---------------------|----------------------------------|---------------------------------|
| Office Condo           | \$0.48 Million      | \$12,783                         | \$31,229                        |
| Leasehold Improvements | \$1.40 Million      | \$53,751                         | \$131,569                       |
| Restaurant             | \$2.68 Million      | \$71,374                         | \$173,503                       |
| Warehouse              | \$6.37 Million      | \$108,488                        | \$248,559                       |
| Medical Facility       | \$8.90 Million      | \$151,576                        | \$347,281                       |
| Apartments             | \$15.1 Million      | \$236,763                        | \$570,288                       |
| Retail Strip Center    | \$22.3 Million      | \$379,793                        | \$848,160                       |

*\* The August 2004 issue of the Journal of Accountancy published by the AICPA included cost segregation studies in the section entitled "Tax Strategies CPAs Can Use to Help Client Save Money." The article states that cost segregation is becoming an increasingly popular tax-planning technique and that owners of commercial real estate should obtain engineering report that segregates assets into proper categories.*

### How Does Cost Segregation Work?

Cost Segregation Services, Inc. (CSSI), an experienced and qualified engineering company, performs the cost segregation study on your property. The study accelerates the depreciation of your building/renovation components into faster depreciation categories such as 5-, 7- and 15-year rather than conventional 27.5- and 39-year schedules. Five- and 7-year items might include decorative building elements, electrical for dedicated computer equipment, and carpet. Fifteen-year items might include site utilities, landscaping and paving.

This engineered cost segregation study results in a much higher depreciation expense and significantly reduced taxable income for the property owner. Best of all, the IRS ruling states cost segregation can be applied to all categories of buildings purchased or built since 1986, including renovations, and there is no need to amend your tax returns. This provides for the results to be easily applied to your tax return.

See the other side of this document for more information about why CSSI is the nation's leader in engineered cost segregation studies.

For years, CSSI has been delivering quality, affordable, engineer-based cost segregation studies to a wide range of individuals and businesses. Our team of experts can help easily apply the results to your current financials with your CPA or financial professional to assure successful results. In addition, our national coverage and expertise allows us to work with customers and properties across the United States.

## **The CSSI Difference**

### **Focused**

*We are engineers singularly focused on cost segregation. Our goal is to support your CPA or tax advisor with the most accurate cost segregation study results so you can realize maximum savings and increased cash flow.*

### **Affordable**

*We provide a method that is affordable for your commercial property application.*

### **Compliant**

*Our engineering background allows us to provide not only the best possible results, but also strictly adheres to all IRS guidelines and recommendations. In addition, we constantly monitor changes to stay up to date on the most current IRS cost segregation rules and regulations.*

### **Independent**

*CSSI is classified as an independent engineering specialist meeting the exact specifications stated by the IRS in regard to commercial property owners performing cost segregation applications.*

### **How to Get Started**

**Follow the IRS recommendation for application: Get an Engineered Cost Segregation Study.**

**It's easy:**

1. Call your CSSI representative to request a no-cost preliminary property analysis to illustrate your potential savings.
2. Engage CSSI to begin your cost segregation study. The process is usually completed in four to six weeks, after which we provide the CSSI Study to you and your CPA.
3. The CPA will apply the results to your tax return and you will realize your tax savings dollars. This is your money!

