# the Results

## // Cost Segregation & Fixed Assets

## Offices

### Client Profile

McGuire Sponsel professionals were contacted to perform a cost segregation study for a real estate entity that held office buildings in Arizona, Florida, Tennessee, Texas, and Washington D.C. Over a 20 year period, the client had developed a real estate portfolio of over $195 million exclusive of land value. Rather than capitalizing all $195 million as 39-year real property, they engaged McGuire Sponsel to properly classify all assets in the scope of the purchases, thereby optimizing depreciation deductions.

### The Challenge

McGuire Sponsel employees completed a detailed, engineering-based cost segregation analysis for the tax year in which the properties were placed in service. Our specialists physically inspected the properties and reviewed significant property documentation including all available blueprints. Our specialists also inspected tenant listings, fixed asset schedules, and general ledgers in an effort to identify assets that had been repaired or partially disposed. The deliverable report included detailed documentation and calculations for each type of asset capitalized and cited tax law to support all asset classifications.

### Study Results

Based on our study, the client was able to capitalize nearly 20 percent of the investment as personal property and land improvements with shorter recovery periods resulting in a recapture of past depreciation that resulted in an increased cash flow of over $5,800,000 in the first year. Furthermore, the client was able to see an additional increase of cash flow of over $3,600,000 in the first year as a result of assets identified in our study as being partially disposed or repaired.

**McGuire Sponsel increased cash flows of over $3,600,000 in the first year as a result of assets identified as being partially disposed or repaired.**

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