

Orthopedic Surgeon's Office

Client Profile

McGuire Sponsel was engaged to perform a cost segregation study for a new orthopedic surgeon's office building. The client had invested more than \$2 million in the new facility exclusive of land value. Rather than capitalizing all \$2 million as 39-year real property, they engaged McGuire Sponsel to properly classify all assets in the scope of the construction project, thereby optimizing depreciation deductions.

Our Process

McGuire Sponsel's team completed a detailed, engineering-based cost segregation analysis of the property. Our specialists physically inspected the property and reviewed the general contractor's proposal, change orders and invoices, and all architectural and engineering drawings. Our deliverable report included detailed documentation and calculations for each item of property and cited tax laws to support reclassification of approximately 41 percent of the investment to personal property and land improvements.

Study Results

Based on our study, the client was able to capitalize on the investment as personal property and land improvements with shorter recovery periods. This generated increased cash flows of \$185,000 over the first five years and a net present value of cash flows of nearly \$117,000.

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