

## Cost Segregation Update December 2006

The holidays are almost behind us and the busy season is staring us in the face. As you visit your clients to gather the information needed for their returns keep in mind the opportunities cost segregation can provide those clients that have constructed or acquired a property.

Below I have summarized a number of projects we recently completed. I hope this information helps you identify opportunities in order to generate significant benefits for your clients and prospects and additional fees for your firm.

1. 2003 Acquisition of a **limited service motel** in Missouri  
Acquisition depreciable basis \$2,533,000  
Identified 20.4% as short lived property  
After-tax present value of tax deferment \$90,000  
First three years additional depreciation with catch-up \$369,000  
Ratio of benefits/fees 19 times
2. Acquisition of a leased **Circuit City** retail facility in Texas  
Acquisition depreciable basis \$1,596,000  
Identified 41% as short lived property  
After-tax present value of tax deferment \$101,000  
First three years additional depreciation \$263,000  
Ratio of benefits/fees 31 times
3. Construction of a **glass distributor** and processing facility in 1999  
Construction cost \$3,917,000  
Identified 20.5% as short lived property  
After-tax present value of tax deferment \$260,000  
First three years additional depreciation \$577,000  
Ratio of benefits/fees 23 times
4. 2005 addition to above facility  
Construction cost \$6,836,000  
Identified 27.2% as short lived property  
After-tax present value of tax deferment \$120,000  
First three years additional depreciation \$489,000  
Ratio of benefits/fees 50 times
5. Construction of a **pharmaceutical wholesaler** office/distribution facility in Alabama  
Construction cost \$3,867,000  
Identified 37%- short lived property  
After-tax present value of tax deferment \$231,000  
First three years additional depreciation \$755,000  
Ratio of benefits/fees 73 times
6. Construction of two foreign **car dealerships** in Tennessee  
Construction Cost \$9,426,971  
Identified 39.5% as short lived property

After-tax present value of tax deferment \$648,000  
First three years additional depreciation \$1,431,000  
Ratio of benefits/fees 66 times

7. Acquisition of a 500+ room **golf resort** in the Western US

Acquisition depreciable basis \$71,577,000  
Identified 35.8% as short lived property  
After-tax present value of tax deferment \$3,024,000  
First three years additional depreciation \$6,815,000  
Ratio of benefits/fees 68 times

8. Construction of an **office/assembly** facility in Oklahoma

Construction Cost \$2,366,000  
Identified 26.4% as short lived property  
After-tax present value of tax deferment \$85,000  
First three years additional depreciation \$218,000  
Ratio of benefits/fees 21 times

9. Acquisition of a **Mitsubishi dealership** in Texas

Depreciable basis \$2,174,000  
Identified 40.1% as short lived property  
After-tax present value of tax deferment \$110,000  
First three years additional depreciation \$282,000  
Ratio of benefits/fees 24 times

**We also have other projects in progress relating to data centers, retail shopping centers, a country club clubhouse and maintenance facility, manufacturing, medical office buildings, R&D facility, corporate headquarters, aircraft hanger, speculative office tower, beauty school and spa, health club facility, hotels, and automotive dealerships. I will update you on these projects in the near future.**

**To receive an estimate of potential benefits and a fee estimate, please send or call us the following property information:**

**Property size in square feet Property use (hotel, office, manufacturing, distribution, apartments, retail, etc)**

**If multi-tenant, how many tenants**

**Depreciable basis**

**Is the property new construction, an acquisition, or subject to an estate tax step-up?**

**We can also provide sample proposals and references on studies of similar projects for your use.**

**Please call if we might be of assistance to you with one of your clients or prospects.**

**John**

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