

# PROJECT PROFILE

## TAXES SAVED: \$23,091,426\*

### ASSISTED CARE FACILITIES

#### **Engagement Overview:**

RSH was engaged by a restaurant chain to conduct a Cost Segregation Study of Assisted Care facilities in the South Central region of the United States. The objective was to identify assets that could be moved to shorter recovery periods in order to accelerate depreciation and defer taxes.

#### **Property Overview:**

The 38 Assisted Care facilities were built over a period of years starting in 2003 through 2007. Each Assisted Care facility was comprised of 55,000 sq ft. of two-story, high-end finished Assisted Living space. The average site size was 1.8 acres.



#### **Engineering Process:**

Our engineers examined all design and construction documents, contractor payment applications and other related data to determine the cost basis for every component in the building. Next, our engineer conducted an on-site inspection to identify and photograph all assets eligible for accelerated depreciation. Our team (on-site engineer, senior engineer, and tax specialist) reviewed the cost segregation study and certified its completeness and accuracy.

#### **Estimate of Benefits & Savings:**

The pre-engagement estimate we provided to the Assisted Living operator showed a potential reallocation of \$1.5 million per facility or 18 % to shorter recovery periods. The total projected tax benefit was \$706,911 in first year savings with \$12,417,058 in Net Present Value cash flow savings over the next 10 years.

#### **Results:**

Our study resulted in a total of \$3.6 million per facility or 43 % being rescheduled to 5 and 15-year property. In total, the Assisted Care operator will save \$1,383,088 in first year tax payments and realize over \$23 million in 10-year Net Present Value tax savings.

\* represents the 10-yr. net present value savings – using an 8% discount rate.