

PROJECT PROFILE

TAXES SAVED: \$667,272*

MOBILE HOME MANUFACTURING

Engagement Overview:

RSH was engaged by a Mobile Home manufacturer to conduct a Cost Segregation Study of a Mobile Home manufacturer. in the Pacific 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 50,000 square foot manufacturing facility was built in 2003 and was built for a cost of \$6.2 million. The project sits on a 12 acre site with approximate 300,000 square feet of paved surface.



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 Mobile Home manufacturer showed a potential reallocation of \$1.1 million or 19 % to shorter recovery periods. The total projected tax benefit was \$234,000 in first year savings with \$360,000 in Net Present Value cash flow savings over the next 10 years.

Results:

Our study resulted in a total of \$2.1 million per facility or 35 % being rescheduled to 5 and 15-year property. In total, the Mobile Home manufacturer will save \$446,727 in first year tax payments and realize over \$667,272 million in 10-year Net Present Value tax savings.

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