Cost Segregation Report

Completed For:

[redacted]

CSA Partners

Cost Segregation | Energy Incentives

TABLE OF CONTENTS

April 9, 2025

[redacted]

Dear [redacted]

We have completed our engagement to perform a cost segregation study and accompanying report. The purpose of the study is to identify Internal Revenue Code ("IRC") §1245 and §1250 property and to establish appropriate cost recovery periods for the property acquired by [redacted] (hereinafter, "Owners"), located at [redacted] ("Property").

By determining whether specific components of the facility are §1245 property or §1250 property with a recovery period of less than 27.5 years, Owners may depreciate those items over the 5-, 7-, and 15- Modified Accelerated Cost Recovery System ("MACRS") recovery periods.

Description	Date Placed In Service	Method	Life		Total Costs
Building	8/29/2023	SL	27.5	$	25,019,095
15 Year Property	8/29/2023	150DB	15	$	4,266,531
7 Year Property	8/29/2023	200DB	7	$	21,022
5 Year Property	8/29/2023	200DB	5	$	6,668,003
Total Cost Basis				$	35,974,651

The accompanying Cost Segregation Report and Study set forth the results and support the work completed. CSA Partners has prepared the Cost Segregation Report. Please note that the regulations require taxpayers' records to show each item's cost basis and depreciation allowance. Accordingly, we recommend maintaining sufficient records and documentation to meet this requirement. Our conclusions are based on the completeness and accuracy of the information made available to us as outlined in the Cost Segregation Report and the Cost Segregation Study.

We have not audited this information. Please review the named reports to ensure no misstatements or omissions of material facts. Suppose any of the details are not entirely complete or accurate. In that case, we must be informed immediately, as the inaccuracy or incompleteness could have a material effect on our conclusions. We have relied on the relevant provisions of the Internal Revenue Code of 1986, as amended, the regulations thereunder, and judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes could also influence the validity of our conclusions. Unless you specifically request, we will not update our advice for subsequent changes or modifications to the law and regulations or the judicial and administrative interpretations thereof.

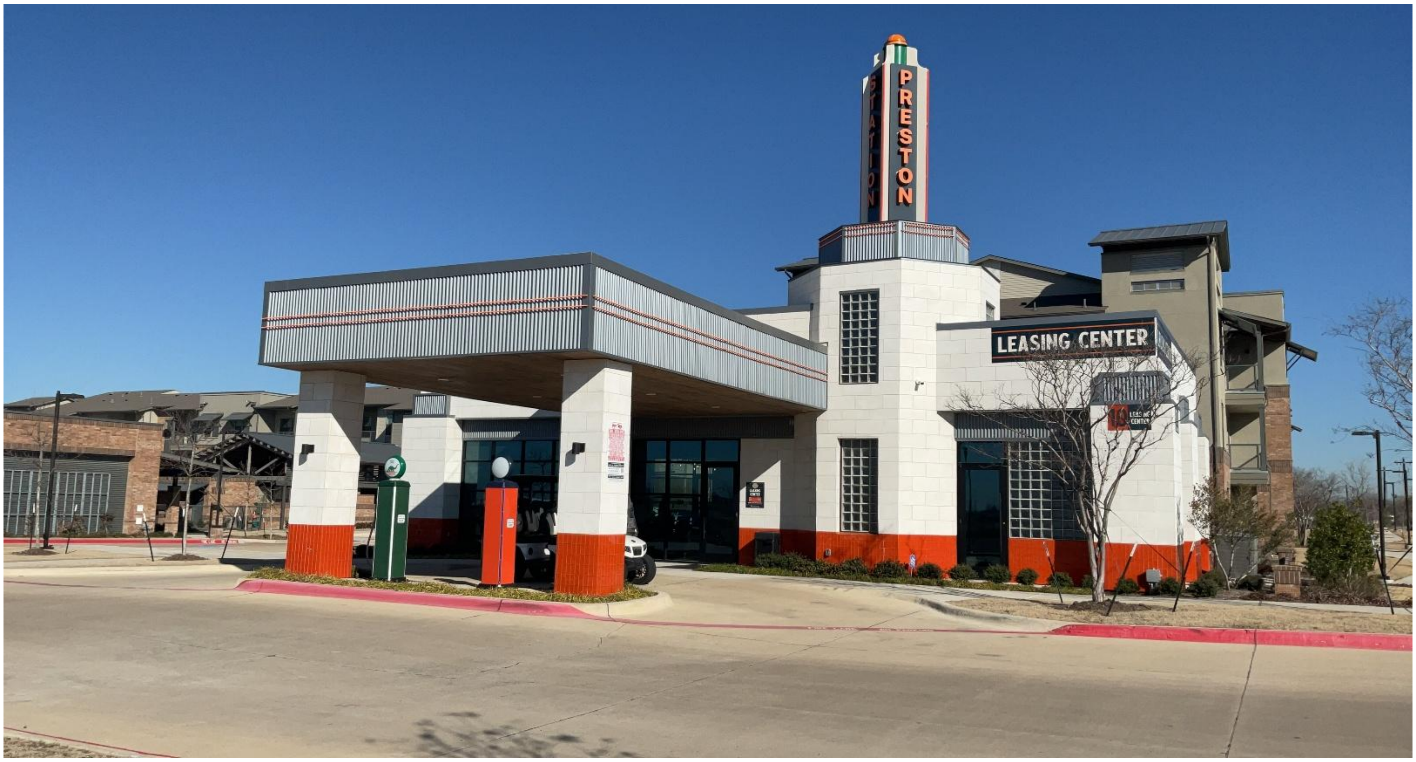
It has been a pleasure working with you on this project.

Sincerely,

[redacted]

Tyson Anae
CSA Partners

COST SEGREGATION REPORT AND STUDY



Property Information	
Owner Entity	[redacted]
Property Address	[redacted]
Property City, State and Zip	[redacted]
Square Footage of Improvements	277,074 SF
Property Size	11.74 Acres

The subject property is an apartment complex with 240 units. amenities include a clubhouse, veranda, mail room, leasing office, work rooms, fitness center, and detached garages. Site improvements include light pole, 14'; light pole arm; light pole base; led light luminaires; light pole foundations; landscaping; land improvements; storm drainage; fencing; concrete swimming pool; carport. Personal property improvements include carpeting; resilient flooring; wall coverings & blinds; shelving, wood; ceiling fan, residential standard; data outlets; switch boxes; unshielded twisted pair (utp) cable; coaxial / tv connections; coaxial cable; glass wall, double glazed; appliances; stainless steel sink, double; faucets/fittings; sink; washer / dryer box; washer / dryer rough-ins; electrical for personal property; pendent light fixtures; chandeliers; counters & cabinets.

The purpose of this report and accompanying study is to identify properties described in IRC §1245 and §1250 and to establish proper cost recovery periods. The classification of these assets into proper recovery classes allows for the accurate calculation of depreciation expense. The methodologies used in cost-segregating asset classifications can vary. The following is an excerpt from the IRS Cost Segregation Audit Techniques Guide regarding these methodologies:

Neither the Service nor any group or association of practitioners has established any requirements or standards for preparing cost segregation studies. The courts have addressed component depreciation but have not explicitly addressed the methodologies of cost segregation studies.

The Service has addressed this issue but only briefly, i.e., Revenue Ruling 73-410, 1973-2 C.B. 53, Private Letter Ruling (PLR) 7941002 (June 25, 1979), Chief Counsel Advice Memorandum 199921045 (April 1, 1999). These documents all emphasize that the determination of § 1245 property is factually intensive and must be supported by corroborating evidence. In addition, an underlying assumption is that the study is performed by "qualified" individuals or firms, such as those employing "...personnel competent in design, construction, auditing, and estimating procedures relating to building construction" (PLR 7941002).

Despite the lack of specific requirements for preparing cost segregation studies, taxpayers still must substantiate their depreciation deductions and property classifications. Substantiation using actual costs is generally preferable to estimates. However, in situations where estimation is the only option, the methodology and the source of any cost data should be clearly documented. In addition, estimated costs should be reconciled to the actual cost or purchase price.

This Report is based on the Study, which allocates the total cost of the Property into various cost components and divisions based on class lives and/or business use. The numbering system used to delineate the components and divisions is detailed by the Construction Specification Institute Master Format, which is also recognized and used widely by the Architectural Institute of America (AIA) and the Association of General Contractors (AGC).

Accountants at CSA Partners specializing in cost segregation reviewed each asset and classified it as real property, land improvements, or personal property. CSA Partners assigned each asset to the proper class life pursuant to Revenue Procedure 87-56 and determined the associated depreciation.

The current law governing assets qualifying as §1245 property focuses primarily on the "permanency test." Costs for those items that are not inherent parts of a permanent non-movable structure may qualify as §1245 property under this test. Factors considered in determining permanency include whether an item is movable and the demonstrated likelihood that it will be moved. Numerous rulings and cases govern the treatment of many specific items. Absent a specific ruling or case, the "permanency test" is applied to a particular asset type according to the reasoning reflected in analogous rulings and cases.

A second test is whether an asset is necessary for, or has more than an incidental relationship to, the operation or maintenance of the building in which it is located. Under this test, an asset may qualify as §1245 property if it functions as an accessory to the taxpayer's or tenant's business.

Recent rulings have given guidance that even though several assets may have been purchased in one transaction (i.e., building), the nature and character of the individual assets remain for depreciation purposes. Further, the Tax Court has ruled that elements of a building that are treated as personal property under the former investment tax credit rules (Reg. § 1.48-1(c)) may be separately depreciated under MACRS and ACRS as personal property (Hospital Corporation of America v. Commissioner, 109 T.C. 21, Dec. 52,163). The IRS has acquiesced to the court's holding that the former investment tax credit rules apply in determining whether an item is a structural component (i.e., real property) or personal property (AOD CC-1999-008).

The discussion above establishes the grounds for this report and study are based on.

PRINCIPAL ELEMENTS OF A QUALITY STUDY

As previously discussed, neither the IRS nor any group of practitioners has established any requirements or standards for the preparation of cost segregation studies. However, the IRS, in its Cost Segregation Audit Techniques Guide (ATG), defines a "quality" cost segregation study report. The ATG says: Regardless of the length of a study or the methodology used, a cost segregation study and report should always:

- Classify assets into property classes (e.g., land, land improvements, building, equipment, furniture, and fixtures);
- Explain the rationale (including legal citations) for classifying assets as either § 1245 or § 1250 property: and
- Substantiate the cost basis of each asset and reconcile total allocated costs to the total actual costs.

This Study and Report have been prepared to qualify as "quality" by meeting and addressing the 13 principal elements of a quality study listed in the ATG.

1. Preparation by An Individual with Expertise and Experience
2. Detailed Description of The Methodology
3. Use of Appropriate Documentation
4. Interviews Conducted With Appropriate Parties
5. Use of A Common Nomenclature
6. Use of A Standard Numbering System
7. Explanation of The Legal Analysis
8. Determination of Unit Costs and Engineering "Take-Offs"
9. Organization of Assets into Lists or Groups
10. Reconciliation of Total Allocated Costs to Total Actual Costs
11. Explanation of The Treatment of Indirect Costs
12. Identification and Listing of § 1245 Property
13. Consideration of Related Aspects (e.g. I.R.C. § 263A, Change in Accounting Method and Sampling Techniques)

ENGINEERING PROCEDURES AND WORK PERFORMED

In the process of conducting our report and study, CSA Partners performed the following work:

1. *Reviewed available architectural drawings.* We examined the available blueprints to determine various components qualifying for shorter cost recovery periods.

2. *Reviewed owner and contractor cost documents.* We reviewed owner cost documents such as closing statements and appraisals to the extent available.

3. *Inspected the property.* Tyson Anae with CSA Partners inspected the facility on February 25, 2025, to gather general information regarding the basic structure and to identify specific items qualifying as §1245 property or §1250 property with recovery periods of less than 27.5 years.

4. *Determined electrical, mechanical, plumbing, and other costs qualifying for short depreciable lives.* CSA Partners identified electrical, mechanical, plumbing, and other support costs relating to property qualifying for shorter cost recovery period depreciation. Where possible, we used actual cost information for the identified property. If detailed actual costs were unavailable, the installed costs for these items were estimated utilizing current labor and material prices in the regional area. This information was used to isolate the costs attributable to §1245 property and §1250 property eligible for shorter cost recovery periods.

5. *Reconciled the actual project costs to the capitalized costs.*

6. *Compiled documentation for assets qualifying as §1245 property or as §1250 property eligible for less than a 27.5-year recovery period, such as land improvements.* We compiled pertinent information, organized it, and developed schedules that isolated qualifying items, total direct costs for each item, and allocable fees and overhead items.

7. *Assigned appropriate cost recovery periods.* For this report, we examined existing tax authorities, including laws, regulations, Internal Revenue Service rulings, and court opinions to determine that cost recovery benefits on the subject property are maximized.

8. *Prepared asset descriptions.* We prepared a description of each qualifying asset to identify it for costing and to justify its classification with appropriate precedents.

9. *Reviewed with management.* We reviewed our findings with the Owners prior to preparing our final report.

10. *Prepared this final report.* We formalized the Cost Segregation Report, complete with a detailed schedule of segregated assets, their costs, the methodology employed in the study, and a final reconciliation against capitalized costs.

REPORT AND STUDY CERTIFICATION

CSA Partners certifies to the best of our knowledge:

1. We complete the costing according to the professional procedures outlined herein.

2. We did complete the tax classification of the assets identified in the costing and assigned depreciable lives to the assets identified relative to their recovery class as described in Revenue Ruling 87-56.

3. We completed a site inspection to confirm, as of the date of this study, that the subject property and assets existed as described.

4. Our compensation for completing this work is not contingent upon any pre-determined result or value that favors the cause of the client.

5. We have no interest or bias with respect to the property or the parties involved with this study.

6. The statements and facts in this report are true and correct.

Tyson Anae
GENERAL CONTRACTOR
ID: RCE-71189
ASCSP #A020-13

April 9, 2025

COST SEGREGATION METHODOLOGY

Engineering

The cost segregation study required the use of a combination of the Actual Costs Approach and the Detailed Engineering Cost Estimate Approach. The report uses actual construction invoices when available and the construction estimate approach when the invoices were not available. This combined approach utilizes the site plan and site inspection with photographic documentation. Assets segregated in the building and site improvements have been identified, quantified, and documented.

Asset costs are based on actual construction costs and allocated to individual assets using R.S. Means Construction Cost Data, a nationally accepted cost estimating service. Appropriate unit price factors and/or multipliers were utilized to refine the unit pricing including location, fees, deflation, and depreciation caused by wear and tear. Cost Segregation Authority, a qualified and experienced estimate and cost expert, made a site visit, prepared the worksheets, established the quantities, and completed the costing.

Asset costs were established by CSA Partners using the nationally accepted cost estimating manual *R.S. Means Construction Cost Data*. Appropriate unit price factors and/or multipliers were utilized to refine the unit pricing, including location, fees, deflation, and wear and tear depreciation. Qualified and experienced estimators and cost experts prepared the worksheets, established the quantities, and completed the costing.

Documentation

Photographs identifying specific assets such as physical details of the building, electrical panels, breakrooms, flooring, land improvements, and landscaping contained within the property are available upon request. The documentation received and used in the Study include building plans, documents prepared by client, county property tax records, RS Means©, Google™ Earth Pro, Vu360™, site visit, and interview were used for costing and take-offs.

Interview

The purpose of the interview with the appropriate parties was to receive information concerning the property so that a quality Cost Segregation Report could be proposed and completed. We formally requested all detailed construction invoices, closing statements, and other cost source documents. The detailed walk-through review of the property's components and systems revealed the facility's fundamental uses and set the basis for the cost segregation study.

Tax Analysis

An accountant with extensive experience in cost segregation and capital assets reviewed each asset to assign each to the proper asset class and proper depreciable life for federal tax purposes. The asset class and associated lives for all personal property and land improvements are in accordance with Rev. Proc. 87-56, the current controlling Internal Revenue Service Pronouncement.

Land Cost

The study has considered the cost of land. If the land was purchased as part of a construction project or a separate purchase, the actual land purchase cost was used in the study. If the improvements and land were purchased as one transaction, the basis of the property was apportioned between land and improvements. This allocation is determined at the time of acquisition.

FEDERAL TAX CLASSIFICATION

Internal Revenue Code §168 determines the depreciation method for property placed in service after December 31, 1986. Property described in §168 is referred to as recovery property and is depreciated under the Modified Accelerated Cost Recovery System (MACRS). Classes of MACRS property are determined by reference to the class lives prescribed in Rev. Proc. 87-56, 1987-2 C.B. 674 (as clarified and modified by Rev. Proc. 88-22, 1988-1 C.B. 785). The deduction for depreciation of MACRS property is determined by using the applicable:

- Method of depreciation
- The recovery period
- Convention

This study has identified assets belonging to three recovery classes pursuant to Revenue Procedure 87-56 as follows:

1. Asset Class # 57.0 (Distributive Trades and Services). Assets in this class have a depreciable life of five years and are depreciated using the 200% declining-balance method of depreciation with a switch to the straight-line method in the first year in which the use of such method results in a larger deduction.
2. Asset Class # 00.11 (Office Furniture, Fixtures, and Equipment). Assets in this class have a depreciable life of seven years and are depreciated using the 200% declining-balance method of depreciation with a switch to the straight-line method in the first year in which the use of such method results in a larger deduction.
3. Asset Class # 00.3 (Land Improvements). Assets in this class have a depreciable life of fifteen years and are depreciated using the 150% declining-balance method of depreciation with a switch to the straight-line method in the first year in which the use of such method results in a larger deduction.

Residential real property associated with the subject property is depreciated over a 27.5-year life using the straight-line method.

MACRS provides conventions for determining the period of time in which depreciation may be claimed in the year the property is placed in service. The half-year convention applies to all property except residential rental and nonresidential real property, which are depreciated using the mid-month convention. However, the mid-quarter convention must be used for all personal property if the aggregate basis of personal property placed in service during the last three months of the taxable year is more than 40% of the personal property placed in service during the entire year.

The relevant tax citations, revenue rulings, and tax court cases that further support the property classifications used for tax depreciation purposes are included elsewhere in this report.

BONUS DEPRECIATION

The applicability of bonus depreciation was considered during the cost segregation study. Bonus depreciation was established by Congress through Internal Revenue Code §168(k) for qualifying property placed in service after September 10, 2001, and before January 1, 2005. An applicable rate of 30% was put in place for property acquired after September 10, 2001, and placed in service before May 6, 2003. Qualifying property acquired after May 5, 2003, to before January 1, 2005, qualifies for 50% bonus depreciation. The bonus depreciation rules were reinstated at the 50% rate by the Economic Stimulus Act of 2008 for qualifying property acquired after December 31, 2007, and placed in service before January 1, 2009. The Economic Recovery and Stabilization Act of 2009 extended the provision one additional year through 2009, and the Creating Small Business Jobs Act further extended the provision through 2010.

Following these statutes, the 2010 Tax Relief Act provided the 50% bonus provision to be extended to qualifying property placed in service before January 1, 2013. As part of the 2010 Tax Relief Act, an additional provision was included, allowing for 100% bonus depreciation for qualifying property placed in service after September 8, 2010, and before January 1, 2012. The 2012 Taxpayer Relief Act extended the 50% bonus depreciation rate to qualifying property placed in service prior to January 1, 2014. The Tax Increase Prevention Act of 2014 extended the 50% bonus depreciation rate to qualifying property placed in service prior to January 1, 2015. The Protecting Americans from Tax Hikes (PATH) Act of 2015 extended the 50% bonus depreciation rate to qualifying property placed in service prior to January 1, 2018, after which bonus depreciation will phase down to 40% for qualifying property placed in service prior to January 1, 2019, and to 30% for qualifying property placed in service prior to January 1, 2020.

H.R. 1, the "Tax Cuts and Jobs Act," includes 100% first-year deduction for the adjusted basis allowed for qualified property acquired and placed in service after Sept. 27, 2017, and before Jan. 1, 2023. Thus, the phase-down of the 50% allowance for property placed in service after Dec. 31, 2017, is repealed. The additional first-year depreciation deduction is allowed for new and used property. (The Pre-Act law phase-down of bonus depreciation applies to property acquired before Sept. 28, 2017, and placed in service after Sept. 27, 2017.) The first-year bonus depreciation deduction phases down as follows:
80% for property placed in service after Dec. 31, 2022, and before Jan. 1, 2024.
60% for property placed in service after Dec. 31, 2023, and before Jan. 1, 2025.
40% for property placed in service after Dec. 31, 2024, and before Jan. 1, 2026.
20% for property placed in service after Dec. 31, 2025, and before Jan. 1, 2027.

First-year bonus depreciation sunsets after 2026. For the first tax year ending after Sept. 27, 2017, a taxpayer can elect to claim 50% bonus first-year depreciation (instead of claiming a 100% first-year depreciation allowance). (Code Sec. 168(k), as amended by Act Sec. 13201) The election to accelerate AMT credits in lieu of bonus depreciation is repealed. (Code Sec. 168(k)(4), as amended by Act Sec. 12001)

The requirements to be considered qualifying property for bonus depreciation are set forth in Internal Revenue Code §168(k)(2). The law outlines that property qualifying for bonus depreciation must either have a recovery period of 20 years or less. For self-constructed property, the property may qualify for bonus depreciation if the property that is manufactured, constructed, or produced by a taxpayer for the taxpayer's own use begins within the bonus depreciation dates and the property is placed in service within those dates. Manufacture, production, or construction of the property is considered to begin when physical work of a significant nature begins.

Regulation §1.168(k)-1(b)(4)(iii)(B)(2) establishes a safe harbor for determining what constitutes physical work of a significant nature. The Regulation determines that physical work of a significant nature will not be considered to have begun before the taxpayer incurs more than 10% of the total cost of the property (excluding the cost of any land and preliminary activities).

In the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Sec. 2207. Technical amendments regarding qualified improvement property provision classify "qualified improvement property" as 15-year MACRS property from 2018 onward, and thus is eligible for any bonus depreciation in effect at the time placed in service.

The current study of the subject property determined that the short-life property segregated during the cost segregation study qualifies for bonus depreciation. The property was placed into service by the owner on August 29, 2023; therefore, bonus depreciation has been applied at the 80% rate.

JUSTIFICATIONS § 1250 REAL PROPERTY LAND IMPROVEMENTS AND §1245 PROPERTY

Cabinets, Counters, & Shelving

Cabinets, counters, and shelving are easily removable and, therefore, qualify as tangible personal property. Cabinets, counters, and shelving items used directly in the primary course of business or as a point of sale qualify as 5-year property. Cabinets, counters, and shelving installed for manufacturing or general office and administrative use qualify as 7-year property. These items qualify as tangible personal property because they meet the definition in Reg. Sec. 1.48-1(c). The Senate Finance Committee Report on the Revenue Act of 1978 identified similar items, such as booths for seating and beverage bars, as tangible personal property. In *Metro National Corp. v. Commissioner*, No. 33279-84, TCM 1987-38, cabinets were found to be tangible personal property. The cabinets were easily movable and there was no damage to the cabinets or to the building structure.

In *Morrison Inc. v. Commissioner*, No. 34300-83, TCM 1986-129, March 31, 1986, the court disallowed vanity cabinets and counters in public restrooms. However, these items were disallowed because they were considered a necessary part of the public restrooms and, thus, essential in the operation and maintenance of the building. Also, the record noted that the vanity cabinets and counters were attached in such a manner that removal would damage the underlying walls. The subject cabinets, counters, and shelving are not permanently attached to the walls and are not necessary for the operation and maintenance of the building. Rev. Rul. 75-178, 1975-1 C.B. 9 concludes tangible personal property based on (1) the manner of attachment and (2) the degree of permanence.

As discussed in *Hospital Corporation of America v. Commissioner*, 109 T.C. No. 2 (1997) and Rev. Rul. 67-349, 1967-2 C.B. 48, floor and wall coverings installed in a manner so as not to be a permanent covering of the floor or wall qualify as tangible personal property. These rulings held that if the floor or wall coverings are not an integral part of the floor or wall, they could not be considered a structural component of the building. Similarly, the cabinets, counters, and shelving items reflected in this report are not integral parts, nor permanent coverings, of the structural components of the building. Rather, all of these items can be easily removed without sustaining damage and without affecting the structural integrity of the building.

Electrical Service to Personal Property

Electrical equipment for the personal property includes the connections, wiring, and breakers associated with panels used strictly to run equipment that is classed as personal property. The electrical costs associated with tangible personal property qualify as tangible personal property because they are essential to the operation of tangible personal property. Reg. Sec. 1.48-1(c) provides that property, which is in the nature of machinery, shall be considered tangible personal property. In *Hospital Corporation of America v. Commissioner*, 109 T.C. No. 2 (1997) it was determined that the percentage of the electrical load carried by primary and secondary electrical distribution systems and branch electrical components directly serving equipment qualify as tangible personal property. Specifically, the tangible personal property in _Hospital Corporation of America_ included percentages of the main electrical switchgear, motor control centers, transformers, secondary panelboards, and associated feeder conduit and wiring and branch electrical components including conduit and wire, duplex outlets, junction boxes, floor boxes, and outlet jacks. These tangible personal property electrical items served hospital equipment as well as special electrical systems equipment for the clock system, television system, telephone system, nurses' call system, intercommunication system, dictation system, music system, and paging system. See also Rev. Rul. 66-299, 1966-2 C.B. 14; Rev. Rul. 69-558, 1969-2 C.B. 4; _Central Citrus Co. v. Commissioner_, 58 TC 365 (1972); _Morrison Inc. v. Commissioner_, No. 34300-83, TCM 1986-129, March 31, 1986; court of appeals, CA 11: Hatchett 3.; _Morrison, Inc. v. Commissioner_, No. 88-8665, January 9, 1990; _Scott Paper Co. v. Commissioner_, 74 TC 137 (1980); _Illinois Cereal Mills. Inc. v. Commissioner_, 46 TCM 1001 (1983).

Primary and Secondary Electrical Distribution Systems

In Hospital Corp. of America et al. v. Commissioner, 109 TC 21 Code Sec(s) 168, the court allowed allocating percentages of Primary and Secondary Electrical Distribution Systems. The court permitted similar allocations as done by Scott Paper Company (See Scott Paper Co. v. Commissioner, 74 TC 137, Code Sec(s) 38). The court says, "We conclude that the portion of the cost of the primary and secondary electrical distribution systems in petitioners' hospitals which is equal to the percentage of the electrical load carried to those systems allocable to the hospital's equipment."

Scott Paper Company allocated primary and secondary electrical distribution systems based on total electrical loads on feeders and the percentage of kVAs (1,000 Volt-Ampere). The Court says, "From a purely theoretical standpoint, electrical power (kVA) is a more comprehensive measurement than is electrical potential (kV or V)." Scott Paper Co. allocated the number of kVAs due to equipment and the remainder to ventilation, air conditioning, lighting, elevators, man lifts, and power receptacles. The court says the following procedure is proper:

> "Calculate the percentage of the electrical power carried by that substation which is due to general building services; the same percentage of the substation is used to provide general building services, is a structural component of a building, and is not tangible personal property. For switchgear and cables, calculate the percentage of electrical power carried by the related feeder which is due to general building services; the same percentage of the switchgear and cables is used to provide general building services, is a structural component of a building, and is not tangible personal property. The remainder of the primary electric improvements qualify as tangible personal property under section 48(a)(1)(A) and the regulations enacted thereunder."

Primary electrical distribution systems consist of (1) the electrical wire and conduit extending from outside power sources to the main electrical distribution panels and (2) the main electrical distribution panels themselves, also known as main switchgears, and in some instance motor control centers or transformers also may be included. The secondary electrical distribution systems receive electricity from the primary electrical distribution systems and deliver it to the various electrical end-users. Items consist of electrical wire and a conduit extending from the primary distribution panels to the secondary distribution panels, as well as any transformers included in between. Electrical wire constitutes the conductor used to carry electrical power from the primary electrical distribution systems to the secondary electrical distribution panels to circuit breakers and fuses. The electrical wire carries electrical power to panels and branch circuits for individual loads. Electrical wire is installed in the electrical conduit. Electrical conduit is typically aluminum, plastic, or galvanized tubing or piping, which is custom fit for the particular application.

To utilize the same methods as Hospital Corp. of America and Scott Paper Company, we have done the following: Determined Loads on Panelboards to compute Loads related to Equipment, Personal Property, and other non-structural building components. kVA is then computed, and loads related to the operation and maintenance of the building are figured out. The total kVAs pertaining to 5-, 7-, and 15-year properties are figured. If actual electrical costs were available, they would be spread according to total kVA loads. If actual costs are not available, *RS Means* is used to estimate total electrical costs. The estimated electrical costs are then spread according to kVA loads.

Exterior Site Lighting & Electrical

Exterior lighting may include light posts, wall packs, floodlights, bollard lights, exterior lanterns, and landscape lighting. These assets qualify as 15-year tangible personal property in accordance with Reg. Sec. 1.1245-3(b), as defined by Reg. Sec. 1.48-1(c). In the Senate Finance Committee Report, Revenue Act of 1978, (S. Rep. 95-1263, 1978-3 C.B. 315, 410-423), Congress recognized that "special lighting" which has no more than an incidental relationship to the operation or maintenance of a building constitutes personal property. Congress cited lighting, which illuminates the exterior of a building or store, as an example. Although Congress excluded lighting to illuminate a parking area in S. Rep. 95-1263, the court held that exterior parking lighting constituted tangible personal property in *Standard Oil Co. v. Commissioner*, 77 TC 28 (1981). The court determined that a pole and lighting fixture attached to a concrete base by four anchor bolts could be easily removed and moved and should not be considered inherently permanent. They applied the criteria in the *Whiteco Industries, Inc. v. Commissioner*, 65 TC 664 (1975, acq., 1980-24 I.R.B. p. 5) and found that the pole and lighting fixtures met the six-point test.

Tangible personal property includes all tangible property except buildings, structural components, and other inherently permanent items. Rev. Rul. 75-178, 1975-1 C.B. 9 states:

> "that the classification of property as personal or inherently permanent is to be made on the basis of the manner of attachment to the building and how permanently the property is designed to remain in place."
>
> All site lighting fixtures are easily removable and movable, interchangeable, and not permanently attached. Reg. Sec. 1.48-1(e)(2) includes "electric wiring and lighting fixtures" as an example of a structural component. Nonetheless, the courts have generally recognized that the list of structural components in Reg. Sec. 1.48-1(e)(2) is neither all-inclusive nor intended to represent assets which are structural

components under all circumstances. The defining factor in the definition of structural components is the last item listed; "and other components relating to the operation and maintenance of the building." None of the lighting included in this category relates to the normal operation of general lighting in the building.

Accordingly, the site lighting qualifies as Asset Class #00.3 (Land Improvements) for tax depreciation purposes.

Furniture, Fixtures, & Equipment

Furniture, fixtures, and equipment necessary to the primary business operations qualifies as tangible personal property. Commonly identified furniture, fixtures, and equipment items include but are not limited to: appliances, data/TV and telephone wiring, ceiling fans, PA systems, overhead speakers, loading dock equipment, interior bollards, and Eliason doors. These items qualify as 5-year equipment under the class lives set forth in Rev. Proc. 87-56 due to their integral part in the distributive trade or business process. Telephone wiring, connections, and equipment qualifies as 7-year property. These items qualify as tangible personal property based on (1) the manner of attachment and (2) the degree of permanence as outlined in Rev. Rul. 75-178, 1975-1 C.B. 9. These items have no relationship to the operation or maintenance of the building. See also Reg. Sec. 1.48-1(c); Rev. Rul. 65-079, 1965-1 C.B. 26; and Rev. Rul. 80-151, 1980-1 C.B.7.

Floor Coverings

Floor coverings that qualify as tangible personal property include vinyl, laminate, linoleum sheet flooring, carpet, and floating wood flooring. These floor coverings are not permanently attached and can be removed without damaging the floor or the floor coverings. Floor coverings qualify as 5-year property. In *Hospital Corporation of America v. Commissioner*, 109 T.C. No. 2 (1997), vinyl floor coverings were found to be personal property installed in a manner so as not to be a permanent covering of the floor itself. As discussed in Rev. Rul. 67-349, 1967-2 CR. 48, wall-to-wall carpeting installed in a manner so as not to become an integral part of the floor itself, and therefore, not a permanent covering of the floor, qualified as tangible personal property. This is the same conclusion reached with Hospital Corporation of America and the Senate Finance Committee Report on the Revenue Act of 1978. In *Egizii v. Commissioner*, 86 T.C. No. 29 (1986), the Commissioner conceded that carpeting is tangible personal property. The floor coverings are not an integral part, nor a permanent covering, of the floor itself. Rather, the floor covers can be removed without sustaining damage and without affecting the structural integrity of the building. See also Rev. Rul. 75-178, 1975-1 C.R. 9, which discusses permanency.

Floor coverings could also be considered decorative in nature. They also qualify based on the Senate Finance Committee Report on the Revenue Act of 1978, which supports ornamental and decorative items as qualifying property. See also *Morrison Inc. v. Commissioner*, No. 34300-83, TCM 1986-129, March 31, 1986, where decorative window panels and lattice millwork were found to be tangible personal property.

Land Improvements

Code §168(e) classifies land improvements as 15-year property. The 15-year land improvements shall be depreciated in accordance with Rev. Proc. 87-56, Asset Class 00.3, Land Improvements. Land improvements include paved areas, sidewalks, concrete stairs, curbing, storm drainage, fencing, retaining walls, dumpster enclosures, bollards, carports, site utilities, and landscaping. Landscaping includes trees, plants, shrubs, mulch, rock, and sod.

Miscellaneous Justification

All of these items qualify as tangible personal property based on (1) the manner of attachment and (2) the degree of permanence as outlined in Rev. Rul. 75-178, 1975-1 CM. 9. See also the Senate Finance Committee Report on the Revenue Act of 1978.

In *Whiteco Industries, Inc. v. Commissioner*, 65 TC 664 (1975, acq., 1980-24 LR.B.- p.5), a stringent six-point test was set forth to determine whether an item is inherently permanent. The following six inquiries are used for classifying tangible personal property: (1) Is the property capable of being moved, and has it, in fact, been moved? (2) Is the property designed or constructed to remain permanently in place? (3) Are there circumstances that tend to show the expected or intended length of affixation (i.e., are there circumstances that show that the property may or will have to be removed)? (4) How substantial a job is the removal of the property, and how time-consuming is it? Is it readily removable? (5) How much damage will the property sustain upon its removal? (6) What is the manner of attachment?

The items listed above are easily movable and removable and can be moved with little damage to the building. They satisfy the *Whiteco Industries. Inc*. tests and should qualify as tangible personal property.

Ornamental Items

Ornamental items are decorative in nature and should qualify as tangible personal property based on the Senate Finance Committee Report on the Revenue Act of 1978, which supports ornamental and decorative items as qualifying property. See also *Morrison Inc. v. Commissioner*. No. 34300-83, TCM 1986-129, March 31, 1986, in which decorative window panels and lattice millwork were found to be tangible personal property.

Partitions and Walls

Movable and collapsible walls qualify as tangible personal property. Removable walls may be glass or foldable. These removable walls are non-structural in nature and qualify as 5-year property. In determining whether a partition is a structural component, the courts generally focus on the issue of movability. The controlling Senate Finance Committee Report to the 1978 Revenue Act states that "movable and removable" partitions are personal property (S. Rep. No. 95-1263 (1978), 1978-3 CB 315, 415).

Moveable partitions installed in an office building were personal property (Minot Federal Savings & Loan Assn., CA-8, 71-1 USTC ¶ 9131, 435 F2d 1368). The partitions did not bear any structural load. They were installed by fastening a channel to the floor and ceiling, putting the partitions in, and fastening them. They could be moved from floor to floor or from building to building and stored when not in use.

Plumbing Service for Personal Property

Certain plumbing items are necessary for the course of business and/or for the use of equipment. Floor drains, washer/dryer rough-ins, and grease interceptors qualify as tangible personal property. These special plumbing items qualify as 5-year property. These items are not to be considered structural components, as they do not relate to the operations of the building. Rather, the subject piping and plumbing equipment serve qualified § 1245 property and, therefore, qualify as tangible personal property. This conclusion is supported by Rev. Rul. 66-299, 1966-2 C.B. 14, which states that "special plumbing connections which are necessary to and are used directly with a specific item of machinery or equipment, or between specific items of individual machinery or equipment, are not deemed structural components of the building, but are essential items of machinery or equipment, and qualify as § 1245 property." In *Morrison Inc. v. Commissioner,* No. 34300-83, TCM 1986-129, March 31, 1986, kitchen water piping was considered necessary to and used directly with specific pieces of cafeteria equipment, not part of the general plumbing system; thus, it qualified as § 1245 property. In *Hospital Corporations of America v. Commissioner,* 109 T.C. No. 2 (1997), plumbing connections to personal property were eligible as § 1245 property. In *Duaine v. Commissioner,* No. 12330-82, TCM 1985-39, January 24, 1985, plumbing and gas fixtures that connected equipment to incoming utility company "stubouts" qualified for the investment tax credit because they were necessary to and used directly with specific pieces of equipment. In *Texas Instruments, Inc. v. Commissioner,* No. 32707-88, TCM 1992-306, May 27, 1992, plumbing lines that served personal property and that were not used in the operation or maintenance of the building within the meaning of § 1.48-1 (e) (2) qualified as § 38 property.

Sinks (Include piping)

Sinks qualify as tangible personal property. Sinks are not permanently attached, are easily removable, or are part of easily removable countertops. Sinks used in the regular course of business qualify as 5-year property. Sinks installed for general use, such as a break room sink, qualify as 7-year property. Bathroom sinks do not qualify as tangible personal property. In *Morrison Inc. v. Commissioner*, No. 34300-83, 1986-129, March 31, 1986, kitchen hand sinks mounted directly to a wall were designed to stay permanently in place and thus constituted structural components.

In addition, related plumbing service should also qualify as tangible personal property because it is essential to the operation of this item. For support of related plumbing service see Rev. Rul. 66-299, 1966-2 C.B. 14; *Morrison Inc. v. Commissioner*, No. 34300-83, TCM 1986-129, March 31, 1986; *Hospital Corporation of America v. Commissioner*, 109 T.C. No. 2 (1997; *Duaine v. Commissioner*, No. 12330-82, TCM 1985-39, January 24, 1985; and *Texas Instruments, Inc. v. Commissioner*, No. 32707-88, TCM 1992-306, May 27, 1992.

Special Lighting (Including wiring)

Special lights, including but not limited to: can lights, pendent lighting, track lights, and chandeliers, qualify as tangible personal property. These light fixtures may qualify as tangible personal property if they are not the primary source of light. These light fixtures are commonly decorative in nature, are used to highlight inventory, or are used for a purpose specific to the business. Reg. Sec. 1.48-1(e)(2) provides that lighting fixtures are structural components of a building. As cited below, items included as special lighting have nevertheless been characterized as tangible personal property if they were not inherently permanent. See *Minot Federal Savings & Loan Association v. U.S.*, 313 F. Supp. 294 (D.N.D., 1970), affd, 435 F.2d 1368 (CA-S. 1971); *King Radio Corporation. Inc. v. U.S.*, 486 F.2d 1091 (CA-9, 1973); and *Estate of Shirley Morgan v. Commissioner*, 448 F.2d 1397 (CA-9, 1971). Rev. Rul. 75-178, 1975-1, C.S. 9 states that the classification of property as personal or inherently permanent is to be made on the basis of the manner of attachment to the building and how permanently the property is designed to remain in place. The special light fixtures are easily removable and movable, interchangeable, and not permanently attached to the building. As such, the special light fixtures would meet the stringent six-point test developed by the Tax Court in *Whiteco Industries, Inc. v. Commissioner*, 65 TC 664 (1975, acq., 1980-24 I.R.B. p.5) under which much more permanently affixed items have been characterized as tangible personal property; see also *Standard Oil Co. (Indiana) v. Commissioner*, 77 TC 28 (1981), in which gasoline station light and sign poles, bolted to concrete foundations were tangible personal property. The Court of Appeals for the Ninth Circuit has held less permanently affixed light fixtures to be structural components in *Consolidated Freightways v. Commissioner*, 83-1 USTC 9420 (1983), reasoning that they were both integral parts of a building and designed to be permanent features. This reasoning departs from the predominant line of judicial analysis. The Tax Court decision in this case (74 T.C. 59 (1980)), which the Ninth Circuit overruled, relied on the *Minot* inherent permanence analysis and found the light fixtures to be tangible personal property. Relying on this more accepted analysis supports these lighting fixtures as tangible personal property.

The Senate Finance Committee Report on the Revenue Act of 1978 provides that special lighting is included within the definition of tangible personal property. Similarly, these decorative lights can be moved and should qualify as tangible personal property as defined in Reg. Sec. 1.48-1(c) based on means of attachment.

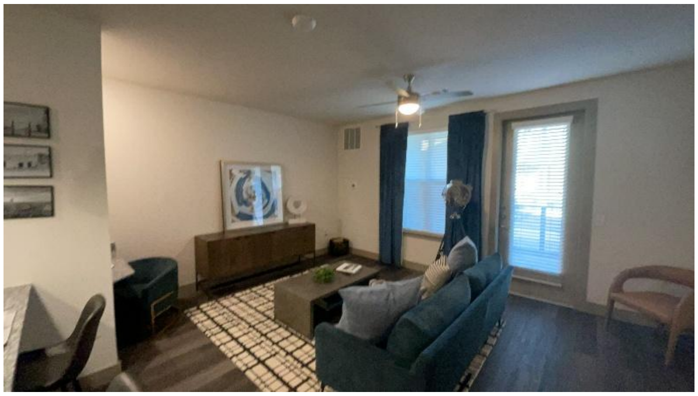
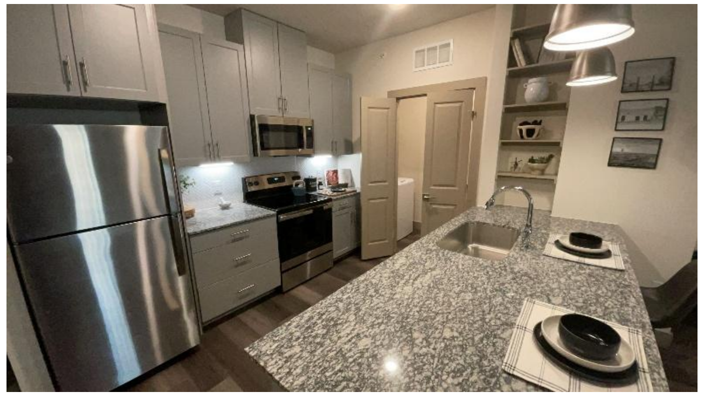
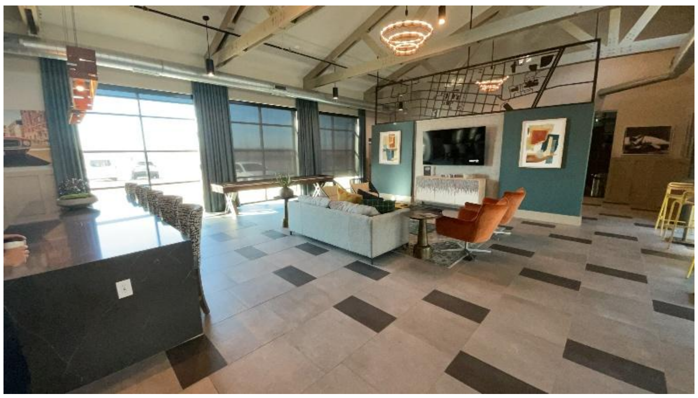
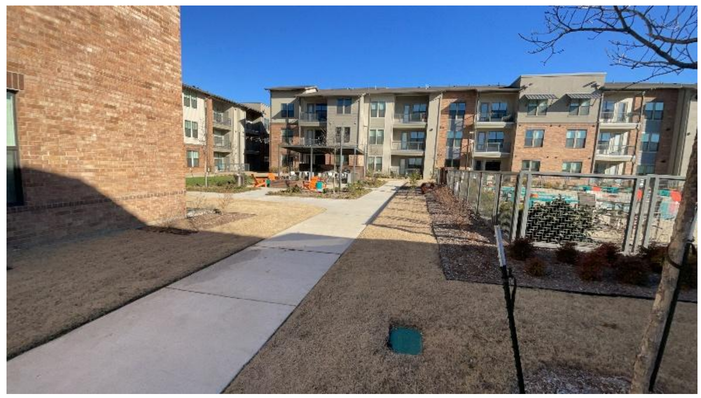
Furthermore, in *Shoney's South Inc. v. Commissioner*, TCM 1984-413, the Tax Court held that where lighting fixtures were accessories to the taxpayer's business rather than components relating to the building's operation or maintenance, the fixtures qualify as personal property. Similarly, in *Morrison Inc. v. Commissioner*, No. 34300-83, TCM 1986-129, March 31, 1986, emergency lighting, chandeliers, decor wall lights, and dimmers qualified as tangible personal property because they were "assets accessory" to the taxpayer's business, constituted "special lighting," were readily removable, and did not relate to the operation or maintenance of the building.

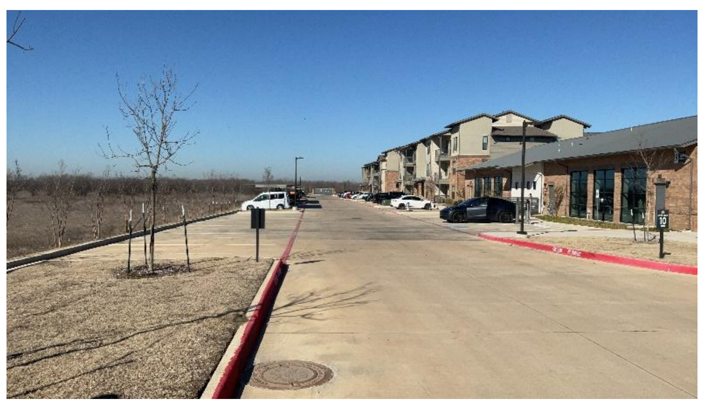
In addition, related electrical service should also qualify as tangible personal property because it is essential to the operation of this item. For support of related electrical service see Rev. Rul. 66-299, 1966-2 C.B. 14; Rev. Rul. 69-558, 1969-2 C.B. 4; *Hospital Corporation of America v. Commissioner*, 109 T.C. No. 2 (1997) *Central Citrus Co. v. Commissioner*, 58 TC 365 (1972); *Morrison Inc. v. Commissioner*, No. 34300-83, TCM 1986-129, March 31, 1986; court of appeals, CA 11: Hatchett J.; *Morrison. Inc. v. Commissioner*, No. 88-8665, January 9, 1990; *Scott Paper Co. v. Commissioner*, 74 TC 137 (1980); and *Illinois Cereal Mills, Inc. v. Commissioner*, 46 TCM 1001 (1983).

General Description	Tax Reference
Vinyl tile & Vinyl Wall Coverings, Personal Property Electrical Requirements, Personal Property Plumbing Requirements, Process Area HVAC	IRC Sec. 48(a)(1)(A); Reg. Sec. 1.48-1(c); Senate Financial Reports 87-1881 (1962) and 95-1263 (1978); Metro National Corp. v. Commissioner; TC Memo 1986-129; Morrison Inc. v. Commissioner; TC Memo 1988-582; King Radio Corp v. U.S. 73-2 USTC; Hospital Corporation of America v. Commissioner, 109 TC 2; Illinois Cereal Mills, Inc. v Commissioner, 57 AFTR 2d 86-1342; Scott Paper Corp. v. Commissioner, 74 TC 137; Shoney's South Inc. v. Commissioner, TC Memo 1984-412; Southland Corp. v. US 80-1 USTC; Whiteco Industries, Inc. v. Commissioner, 65 TC 664; Central Citrus Co. v. Commissioner, 58 TC 365; Piggly Wiggly Southern v. Commissioner, 84 TC 739 Texas Instruments v. Commissioner, TC Memo 192-306; Standard Oil Co. v. Commissioner, 77 TC 349; Rev. Rul. 67-349; Rev. Rul. 69-588; Rev. Rul. 66-299; Rev. Rul. 69-588; Rev. Rul. 75-78; Rev. Rul. 75-178; Rev. Rul. 69-530; Rev. Rul. 68-405.
Paving, Concrete, Curbs, Gutters, Walkways, Steel Railings, Site Utilities, Concrete Retaining Walls, Site Lighting, Landscaping and Site Preparation	Algernon Blair, Inc. v. Commissioner, 29 TC 1205; Herbert Shainberg v. Commissioner, 33 TC 241; Aurora Village Shopping Center Inc. v. Commissioner, TC Memo 70-147; Trailmont Park, Inc. v. Commissioner, TC Memo 1971-212; Rev. Rul. 65-265; Rev. Rul. 68-193; Rev. Rul. 72-96; Rev. Rul. 74-265; Rev. Rul. 75-137.
Solar Property	Section 48(l)(4), section 1.48-9(d)(1)

STATEMENTS OF LIMITING CONDITIONS

1. Neither CSA Partners nor its employees or consultants shall be liable for any claims arising from this report, except in cases of gross error that materially affects the segregation of assets as of the date of this report. Under no circumstances shall CSA Partners' liability exceeds the professional fee collected for this report.
2. This report has been prepared and issued solely to determine [redacted] (Owner) cost recovery periods for U.S. federal income tax purposes and shall not be used for any other purpose.
3. The opinions expressed herein are derived from, and subject to, the data and conditions described in this report.
4. This report must be considered and used in its entirety; it may not be disassembled or otherwise segmented for viewing.
5. The descriptions of the subject assets' physical conditions are based on visual inspections, where permitted and necessary.
6. The information provided by others to produce this report was presumed to be accurate but has not been verified or audited in all cases. No warranty is given as to the accuracy of such information.
7. The capitalized basis was provided by the Owner and is the responsibility of the Owner.
8. CSA Partners, its employees, and consultants do not warrant the accuracy of the information on which this report is based.
9. Certain information contained in this report was derived from representations made by the client's employees. CSA Partners assumes no responsibility for detecting errors in such representations.
10. Neither this report nor its contents shall be disclosed to anyone outside the client without prior written consent from CSA Partners.
11. No investigation was conducted regarding the legal description of the subject property or other legal matters (including title or encumbrances). Unless otherwise stated, it is assumed that the title is good and marketable and that the property is free and clear of liens, easements, or encumbrances.
12. The services provided in connection with this report are limited to a cost segregation analysis. No other services or responsibilities are assumed by CSA Partners or its consultants.
13. No investigation was made of the soil or structural conditions of the facility. CSA Partners and its consultants provide no warranty as to these conditions. The conclusions in this report do not consider whether the client is in compliance with the Americans with Disabilities Act of 1990 or any impact of non-compliance on these conclusions.
14. Any and all electronic models or proprietary software used in conducting this study are the sole property of CSA Partners and will be retained in company files.



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SCHEDULE OF RECONCILED COSTS

Description	Costs	Date Placed In Service	Asset Class	Method	Life	Federal Depreciation	Federal AMT Depreciation	Total Costs
Cost Detail								
Depreciable Costs								
Cost-Plus Construction Contract Cost as per Certificate of Actual Costs	$ 29,092,747	8/29/2023		SL	27.5	$ 332,802	$ 332,802	
Architect's Fee - Design Cost as per Certificate of Actual Costs	600,695	8/29/2023		SL	27.5	6,872	6,872	
Architect's Fee - Supervision Cost as per Certificate of Actual Costs	133,300	8/29/2023		SL	27.5	1,525	1,525	
Interest During Construction Cost as per Certificate of Actual Costs	940,450	8/29/2023		SL	27.5	10,758	10,758	
Taxes During Construction Cost as per Certificate of Actual Costs	553,290	8/29/2023		SL	27.5	6,329	6,329	
Property Insurance Cost as per Certificate of Actual Costs	44,558	8/29/2023		SL	27.5	510	510	
Mortgagor Other Fees Cost as per Certificate of Actual Costs	1,186,965	8/29/2023		SL	27.5	13,578	13,578	
Profit and Risk Cost as per Documents Prepared by Client	3,422,646	8/29/2023		SL	27.5	39,153	39,153	
Totals						$ 411,527	$ 411,527	$ 35,974,651
TOTAL DEVELOPMENT COST								**$ 35,974,651**

[redacted]

INDIRECT COSTS ALLOCATION

Description		Costs	Percentage
TOTAL COSTS	$	35,974,651	
COSTS EXCLUDED		-	
TOTAL COSTS IN ANALYSIS	$	35,974,651	
INDIRECT COSTS		6,761,620	
TOTAL COSTS LESS INDIRECT COSTS		29,213,031	100.00%
SEGREGATED COSTS	$	8,896,402	30.45%
NON SEGREGATED COSTS		20,316,629	69.55%
SEGREGATED INDIRECT COSTS	$	2,059,154	30.45%
NON SEGREGATED INDIRECT COSTS		4,702,466	69.55%
TOTAL	$	35,974,651	
TOTAL SEGREGATED COSTS	$	10,955,556	30.45%

[redacted]

INDIRECT COSTS

Description	Costs	Totals
Owner Indirect Costs		
Architect's Fee - Design	$ 600,695	
Architect's Fee - Supervision	133,300	
Interest During Construction	940,450	
Taxes During Construction	553,290	
City of [redacted]	757,492	
Bohler Engineering	150,646	
Fource Communications LTD	48,257	
Fox Energy Specialists	45,046	
Henderson Design Services	45,250	
Ryan	25,000	
Seigga Group	18,750	
NGBS Green	9,600	
Alpha Testing, Inc	8,900	
KA Development Group LLC	2,298	
TOTALS		**$ 3,338,974**
Contractor Indirect Costs		
Profit and Risk	$ 3,422,646	
TOTALS		**$ 3,422,646**
Total Indirect Costs		**$ 6,761,620**

DETERMINATION OF UNIT COSTS AND ENGINEERING "TAKE-OFFS"

Quantity	CSI Number	Description	Unit	Unit Cost Total	Historical Adjust	Depr. Adjust	City Cost Index	Sub Total	Allocation of Indirect Costs	Total Cost	Note
5 Year Property											
Flooring											
1.000	Actual	Carpeting	LS	75,385.74	1.000	1.000	1.000	75,386.00	17,449.00	92,835.00	Carpeting
1.000	Actual	Resilient Flooring	LS	280,325.95	1.000	1.000	1.000	280,326.00	64,884.00	345,210.00	Resilient Flooring
									TOTAL	**438,045.00**	
Wall Coverings & Blinds											
1.000	Actual	Wall Coverings & Blinds	LS	74,058.08	1.000	1.000	1.000	74,058.00	17,141.00	91,199.00	Wall Coverings & Blinds
									TOTAL	**91,199.00**	
Shelving / Paneling											
12,318.156	10572 319 0200	Wood shelving, pine, clear grade, no edge band, 1" x 12"	L.F.	111,479.31	0.999	1.060	0.800	94,438.00	21,859.00	116,297.00	Shelving, Wood
									TOTAL	**116,297.00**	
Ceiling Fans											
631.000	23341 410 2520	Fans, ceiling fan, right angle, extra quiet, 0.10" S.P., 95 CFM	Ea.	236,625.00	0.999	1.060	0.800	200,453.00	46,397.00	246,850.00	Ceiling Fan, Residential Standard
									TOTAL	**246,850.00**	
Data / TV Equipment											
2,918.000	27154 313 0320	Data outlets, one 25-pin subminiature opening, excl voice/data devices	Ea.	70,032.00	0.999	1.060	0.800	59,327.00	13,732.00	73,059.00	Data Outlets
2,918.000	26053 316 0650	Switch boxes, pressed steel	Ea.	91,917.00	0.999	1.060	0.800	77,866.00	18,023.00	95,889.00	Switch boxes
3,501.600	27151 313 7214	Unshielded twisted pair (UTP) cable, stranded, PVC jacket, #24, 4 pair, category 5e	C.L.F.	472,716.00	0.999	1.060	0.800	400,454.00	92,689.00	493,143.00	Unshielded twisted pair (UTP) cable
1,308.000	27153 310 3540	Coaxial connectors, BNC plug for, RG A/U #58 cable	Ea.	25,244.40	0.999	1.060	0.800	21,385.00	4,950.00	26,335.00	Coaxial / TV Connections
1,569.600	27153 310 3960	Coaxial cable, fire rated, 75 ohm, RG A/U #59 cable	C.L.F.	517,968.00	0.999	1.060	0.800	438,789.00	101,562.00	540,351.00	Coaxial cable
									TOTAL	**1,228,777.00**	
Removable Walls											
520.332	08441 310 0150	Curtain wall, aluminum, stock, double glazed, including glazing, average	S.F.	44,228.22	0.999	1.060	0.800	37,467.00	8,672.00	46,139.00	Glass Wall, Double Glazed
									TOTAL	**46,139.00**	
Appliances											
1.000	Actual	Appliances	LS	747,752.74	1.000	1.000	1.000	747,753.00	173,074.00	920,827.00	Appliances
									TOTAL	**920,827.00**	
Special Plumbing & Sinks											
240.000	22411 616 3200	Sink, kitchen, counter top style, stainless steel, self rimming, double bowl, 33" x 22", includes faucet and d	Ea.	366,000.00	0.999	1.060	0.800	310,051.00	71,764.00	381,815.00	Stainless Steel Sink, Double
240.000	22413 910 1000	Faucets/fittings, kitchen sink faucets, top mount, cast spout	Ea.	43,440.00	0.999	1.060	0.800	36,800.00	8,518.00	45,318.00	Faucets/fittings
240.000	22411 616 4980	Sink, kitchen, counter top style, rough-in, supply, waste and vent	Ea.	237,600.00	0.999	1.060	0.800	201,279.00	46,588.00	247,867.00	Sink
240.000	22413 970 1310	Washer dryer accessories, recessed box, two hose valves and drain (economy type), 20 gauge, 1/2" size, 1-	Ea.	36,720.00	0.999	1.060	0.800	31,107.00	7,200.00	38,307.00	Washer / Dryer Box
480.000	22413 970 1980	Washer dryer accessories, rough-in, supply, waste and vent for washer boxes	Ea.	302,400.00	0.999	1.060	0.800	256,174.00	59,294.00	315,468.00	Washer / Dryer Rough-Ins
									TOTAL	**1,028,775.00**	
Electrical for Personal Property											
0.583	Actual	Electrical for Personal Property	LS	1,096,708.42	1.000	1.000	1.000	1,096,708.00	253,843.00	1,350,551.00	Electrical for Personal Property
									TOTAL	**1,350,551.00**	
Special Lighting											
522.000	26511 350 5530	Incandescent fixture, interior, pendent, round, 300 W, incl lamps, mounting hardware and connections	Ea.	159,210.00	0.999	1.060	0.800	134,872.00	31,217.00	166,089.00	Pendent Light Fixtures
4.000	26511 350 8280	Chandeliers, interior 8 light w/glass panels, incandescent, 17" diameter x 12" high	Ea.	1,620.00	0.999	1.060	0.800	1,372.00	318.00	1,690.00	Chandeliers
									TOTAL	**167,779.00**	
Counters & Cabinets											
1.000	Actual	Counters & Cabinets	LS	838,650.84	1.000	1.000	1.000	838,651.00	194,113.00	1,032,764.00	Counters & Cabinets
									TOTAL	**1,032,764.00**	

CSA Partners
Cost Segregation | Energy Incentives

[redacted]

DETERMINATION OF UNIT COSTS AND ENGINEERING "TAKE-OFFS"

Quantity	CSI Number	Description	Unit	Unit Cost Total	Historical Adjust	Depr. Adjust	City Cost Index	Sub Total	Allocation of Indirect Costs	Total Cost	Note
7 Year Property											
Counters & Cabinets											
1.000	Actual	Counters & Cabinets	LS	12,502.72	1.000	1.000	1.000	12,503.00	2,894.00	15,397.00	Counters & Cabinets
									TOTAL	**15,397.00**	
Sinks											
2.000	22411 616 3200	Sink, kitchen, counter top style, stainless steel, self rimming, double bowl, 33" x 22", includes faucet and d	Ea.	3,050.00	0.999	1.060	0.800	2,584.00	598.00	3,182.00	Stainless Steel Sink, Double
2.000	22413 910 1000	Faucets/fittings, kitchen sink faucets, top mount, cast spout	Ea.	362.00	0.999	1.060	0.800	307.00	71.00	378.00	Faucets/fittings
2.000	22411 616 4980	Sink, kitchen, counter top style, rough-in, supply, waste and vent	Ea.	1,980.00	0.999	1.060	0.800	1,677.00	388.00	2,065.00	Sink
									TOTAL	**5,625.00**	
15 Year Property											
Exterior Lighting											
27.000	26561 310 2870	Light poles, anchor base, aluminum, 14' high, excl concrete bases	Ea.	33,075.00	0.999	1.060	0.800	28,019.00	6,485.00	34,504.00	Light Pole, 14'
27.000	26561 310 3800	Light poles, aluminum, bracket arms, 1 arm, excl concrete bases	Ea.	22,545.00	0.999	1.060	0.800	19,099.00	4,421.00	23,520.00	Light Pole Arm
27.000	26561 310 6470	Light poles, concrete base, max 6' buried, 2' exposed, 18" dia, average cost	Ea.	20,925.00	0.999	1.060	0.800	17,726.00	4,103.00	21,829.00	Light Pole Base
27.000	26561 960 0100	Parking LED Luminaire, round pole mounting, 88 lamp watts, excl pole	Ea.	54,000.00	0.999	1.060	0.800	45,745.00	10,588.00	56,333.00	LED Light Luminaires
27.000	10751 610 7400	Flagpoles, foundations for flagpoles, to 35' h, includes excavation & concrete	Ea.	14,175.00	0.999	1.060	0.800	12,008.00	2,779.00	14,787.00	Lightpole Foundations
									TOTAL	**150,973.00**	
Landscaping											
1.000	Actual	Landscaping	LS	701,327.36	1.000	1.000	1.000	701,327.00	162,328.00	863,655.00	Landscaping
									TOTAL	**863,655.00**	
Land Improvements											
1.000	Actual	Land Improvements	LS	1,152,365.00	1.000	1.000	1.000	1,152,365.00	266,725.00	1,419,090.00	Land Improvements
327,135.600	33423 350 0030	Stormwater management, allowance, add per S.F. of impervious surface	S.F.	951,964.60	0.999	1.060	0.800	806,442.00	186,658.00	993,100.00	Storm Drainage
									TOTAL	**2,412,190.00**	
Fencing											
1.000	Actual	Fencing	LS	5,772.60	1.000	1.000	1.000	5,773.00	1,336.00	7,109.00	Fencing
									TOTAL	**7,109.00**	
Electrical for Exterior											
0.003	Actual	Electrical for Personal Property	LS	5,631.96	1.000	1.000	1.000	5,632.00	1,304.00	6,936.00	Electrical for Personal Property
									TOTAL	**6,936.00**	
Concrete Swimming Pool											
1.000	Actual	Concrete Swimming Pool	LS	243,545.00	1.000	1.000	1.000	243,545.00	56,371.00	299,916.00	Concrete Swimming Pool
									TOTAL	**299,916.00**	
Carports											
70.000	10731 620 7000	Carport, baked vinyl finish, flat panel, 20' x 10', .032", excl. foundations	Ea.	383,250.00	0.999	1.060	0.800	324,664.00	75,146.00	399,810.00	Carport
									TOTAL	**399,810.00**	

DETERMINATION OF UNIT COSTS AND ENGINEERING "TAKE-OFFS"

Quantity	CSI Number	Description	Unit	Unit Cost Total	Historical Adjust	Depr. Adjust	City Cost Index	Sub Total	Allocation of Indirect Costs	Total Cost	Note
Signage											
1.000	Actual	Fraser Signs - Exterior monument signage	LS	69,716.79	1.000	1.000	1.000	69,717.00	16,137.00	85,854.00	Description
1.000	Actual	WW Advertising - Exterior Signage	LS	32,552.64	1.000	1.000	1.000	32,553.00	7,535.00	40,088.00	Description
									TOTAL	**125,942.00**	
		TOTAL		9,538,822.67				8,896,402.00	2,059,154.00		
					TOTAL SEGREGATED COSTS					**10,955,556.00**	
										-	
NON-SEGREGATED BUILDING ITEMS											
27.5 Year Property											
Plumbing											
1.000	Actual	Plumbing	LS	655,261.33	1.000	1.000	1.000	655,261.00	151,666.00	806,927.00	Plumbing
									TOTAL	**806,927.00**	
Heating, Ventilating, Air Conditioning											
1.000	Actual	Heating, ventilation, air conditioning	LS	1,099,298.00	1.000	1.000	1.000	1,099,298.00	254,442.00	1,353,740.00	Heating, ventilation, air conditioning
									TOTAL	**1,353,740.00**	
Fire Sprinkler System											
1.000	Actual	Fire Sprinkler System	LS	679,305.00	1.000	1.000	1.000	679,305.00	157,231.00	836,536.00	Fire Sprinkler System
									TOTAL	**836,536.00**	
Site Utilities											
1.000	Actual	Site Utilities	LS	603,406.97	1.000	1.000	1.000	603,407.00	139,664.00	743,071.00	Site Utilities
									TOTAL	**743,071.00**	
Roof											
1.000	Actual	Roof Coverings	LS	951,582.25	1.000	1.000	1.000	951,582.00	220,252.00	1,171,834.00	Roof Coverings
									TOTAL	**1,171,834.00**	
Interior Finishes											
1.000	Actual	Doors	LS	1,111,026.78	1.000	1.000	1.000	1,111,027.00	257,157.00	1,368,184.00	Doors
1.000	Actual	Lath and Plaster	LS	450,000.00	1.000	1.000	1.000	450,000.00	104,157.00	554,157.00	Lath and Plaster
1.000	Actual	Drywall	LS	1,377,194.00	1.000	1.000	1.000	1,377,194.00	318,764.00	1,695,958.00	Drywall
1.000	Actual	Tile Work	LS	357,088.55	1.000	1.000	1.000	357,089.00	82,651.00	439,740.00	Tile Work
1.000	Actual	Paiting and Decorating	LS	476,062.47	1.000	1.000	1.000	476,062.00	110,189.00	586,251.00	Paiting and Decorating
1.000	Actual	Specialities	LS	132,838.51	1.000	1.000	1.000	132,839.00	30,747.00	163,586.00	Specialities
1.000	Actual	Finish Carpentry	LS	642,297.42	1.000	1.000	1.000	642,297.00	148,665.00	790,962.00	Finish Carpentry
1.000	Actual	Restroom Cabinetry and Countertops	LS	243,833.96	1.000	1.000	1.000	243,834.00	56,438.00	300,272.00	Restroom Cabinetry and Countertops
									TOTAL	**5,899,110.00**	

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FIXED ASSET AND TANGIBLE PERSONAL PROPERTY SUMMARY AND DEPRECIATION SCHEDULE

Description	Date Placed in Service	Amount	Asset Class	GDS Life	ADS Life	Method	IRC Section	Convention	Depreciation Allowed Thru Calendar Year 2023	Depreciation Taken Thru Calendar Year 2023	IRC Section 481(a) Adjustment	Current Year Depreciation Calendar Year 2024	Accumulated Depreciation Calendar Year 2024
5 Year Property													
Flooring	8/29/2023	$ 438,045	57.0	5	9	200DB	1245	HY	$ 367,958	$ 2,810	$ 365,148	$ 28,035	$ 395,993
Wall Coverings & Blinds	8/29/2023	91,199	57.0	5	9	200DB	1245	HY	76,607	585	76,022	5,837	82,444
Shelving / Paneling	8/29/2023	116,297	57.0	5	9	200DB	1245	HY	97,689	746	96,944	7,443	105,132
Ceiling Fans	8/29/2023	246,850	57.0	5	9	200DB	1245	HY	207,354	1,583	205,771	15,798	223,152
Data / TV Equipment	8/29/2023	1,228,777	57.0	5	9	200DB	1245	HY	1,032,173	7,881	1,024,292	78,642	1,110,815
Removable Walls	8/29/2023	46,139	57.0	5	9	200DB	1245	HY	38,757	296	38,461	2,953	41,710
Appliances	8/29/2023	920,827	57.0	5	9	200DB	1245	HY	773,495	5,906	767,589	58,933	832,428
Special Plumbing & Sinks	8/29/2023	1,028,775	57.0	5	9	200DB	1245	HY	864,171	6,598	857,573	65,842	930,013
Electrical for Personal Property	8/29/2023	1,350,551	57.0	5	9	200DB	1245	HY	1,134,463	8,662	1,125,801	86,435	1,220,898
Special Lighting	8/29/2023	167,779	57.0	5	9	200DB	1245	HY	140,934	1,076	139,858	10,738	151,672
Counters & Cabinets	8/29/2023	1,032,764	57.0	5	9	200DB	1245	HY	867,522	6,624	860,898	66,097	933,619
		$ 6,668,003							$ 5,601,123	$ 42,767	$ 5,558,355	$ 426,753	$ 6,027,876
7 Year Property													
Counters & Cabinets	8/29/2023	15,397	0.11	7	10	200DB	1245	HY	12,758	99	12,659	754	13,512
Sinks	8/29/2023	5,625	0.11	7	10	200DB	1245	HY	4,661	36	4,625	276	4,937
		$ 21,022							$ 17,418	$ 135	$ 17,284	$ 1,030	$ 18,448
15 Year Property													
Exterior Lighting	8/29/2023	150,973	00.3	15	20	150DB	1250	HY	122,288	968	121,320	2,868	125,156
Landscaping	8/29/2023	863,655	00.3	15	20	150DB	1250	HY	699,561	5,539	694,021	16,409	715,970
Land Improvements	8/29/2023	2,412,190	00.3	15	20	150DB	1250	HY	1,953,874	15,471	1,938,403	45,832	1,999,706
Fencing	8/29/2023	7,109	00.3	15	20	150DB	1250	HY	5,758	46	5,713	135	5,893
Electrical for Exterior	8/29/2023	6,936	00.3	15	20	150DB	1250	HY	5,618	44	5,574	132	5,750
Concrete Swimming Pool	8/29/2023	299,916	00.3	15	20	150DB	1250	HY	242,932	1,924	241,008	5,698	248,630
Carports	8/29/2023	399,810	00.3	15	20	150DB	1250	HY	323,846	2,564	321,282	7,596	331,442
Signage	8/29/2023	125,942	00.3	15	20	150DB	1250	HY	102,013	808	101,205	2,393	104,406
		$ 4,266,531							$ 3,455,890	$ 27,365	$ 3,428,526	$ 81,063	$ 3,536,953
27.5 Year Property													
Building	8/29/2023	14,207,877		27.5	30	SL	1250	MM	193,795	193,795	-	516,598	710,393
Plumbing	8/29/2023	806,927		27.5	30	SL	1250	MM	11,006	11,006	-	29,340	40,346
Heating, Ventilating, Air Conditioning	8/29/2023	1,353,740		27.5	30	SL	1250	MM	18,465	18,465	-	49,222	67,687
Fire Sprinkler System	8/29/2023	836,536		27.5	30	SL	1250	MM	11,410	11,410	-	30,416	41,826
Site Utilities	8/29/2023	743,071		27.5	30	SL	1250	MM	10,135	10,135	-	27,018	37,153
Roof	8/29/2023	1,171,834		27.5	30	SL	1250	MM	15,984	15,984	-	42,608	58,592
Interior Finishes	8/29/2023	5,899,110		27.5	30	SL	1250	MM	80,464	80,464	-	214,492	294,956
		$ 25,019,095							$ 341,260	$ 341,260	$ -	$ 909,694	$ 1,250,954
Tie to Cost Seg		$ 35,974,651							$ 9,415,691	$ 411,527	$ 9,004,164	$ 1,418,540	$ 10,834,231

-

Total Excluded Costs	-
Total Amount	$ 35,974,651

FIXED ASSET AND TANGIBLE PERSONAL PROPERTY SUMMARY AND DEPRECIATION SCHEDULE

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		$ 25,019,095							$ 341,260	$ 341,260	$ -	$ 909,694	$ 1,250,954
Tie to Cost Seg		$ 35,974,651							$ 9,415,691	$ 411,527	$ 9,004,164	$ 1,418,540	$ 10,834,231

Total Excluded Costs	-
Total Amount	$ 35,974,651

CSA Partners
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