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Case Study: Manufacturing Client Unlocks $650k in Financial Benefits

A Midwest-based industrial equipment and component manufacturer operates out of a 100,000 sq foot facility and has an annual revenue of $25M. Despite steady growth, leadership noticed that increasing operational costs were hindering innovation.

Approach

Through a thorough discovery process, including a detailed site visit, Align determined that the company qualified for 2 specialty tax incentives: **Cost Segregation and Utility Sales Tax Exemption**.

The discovery process through completion spanned 3 months.

Findings

Cost Segregation

Building acquired for $8M in 2015 with substantial assets eligible for accelerated depreciation. *$2M in assets reclassified to 5-,7-, and 15-year categories.*

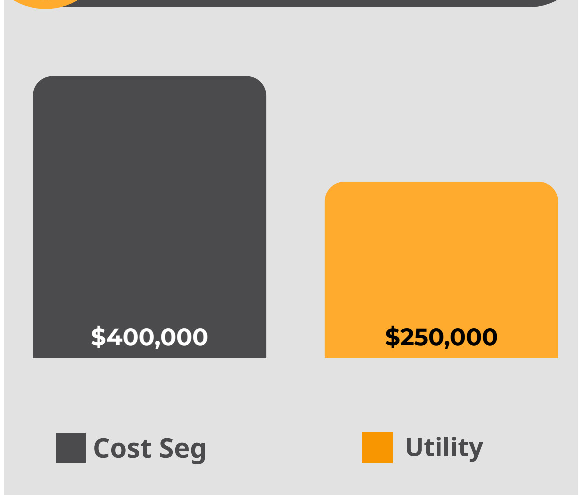
Utility Sales Tax Incentives

Electric & gas utility meters qualified for exemption. The *4-year retrospective refund was $200k;* utility sales tax savings were *$50k per year (permanently).*

Financial Impact

- $400k first-year tax savings from Cost Segregation (including bonus depreciation)
- $50k permanent annual tax savings from Utility Sales Tax Exemption. One-time refund of $200k for previous 4 years.

$650k Year-1 Financial Benefit



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Case Study: Real Estate Investor Uncovers $3.78M in Accelerated Depreciation Through Cost Seg

A growing real estate investment firm has a portfolio of mid-sized apartment complexes totaling over 600 units. The firm sought to improve after-tax cash flow to support reinvestment and attract new capital.

Approach

Align partnered with the investor's CPA firm to implement a cost segregation study - a powerful tax deferral tool that reclassifies components of real estate into shorter-lived assets eligible for accelerated depreciation.

Financial Impact

Accelerated Depreciation Yr.1

$3.78M in accelerated depreciation deductions across the portfolio

Federal Tax Deferral Yr.1

$1.13M in tax savings

100% Bonus Depreciation

Investor was able to take advantage of 100% bonus depreciation

Findings

Cost Segregation

Align identified three recently acquired apartment complexes with a combined basis of $14 million eligible for cost seg studies.

We reallocated portions of the building cost - roughly 27% of the total property depreciable basis - into 5, 7, and 15-year property categories. Previously, these assets were being depreciated over 27.5 years.

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