



CASE STUDY

Cost segregation study opens door for San Francisco CPA firm with growing manufacturing company

BACKGROUND

For more than a decade, a San Francisco-based specialty manufacturer had been using a local CPA firm for tax and accounting services. After 25 years in business, the owner sold the \$20 million company to his son-in-law, who decided to bring in a large regional CPA firm. The father-in-law, who retained ownership of the building and property, continued to use the local CPA firm for tax services related to his commercial real estate holdings.

CHALLENGE

Because the relationship with the local CPA firm had been primarily with the former owner, the new owner and his CFO knew little about the firm and believed that the company would be better served by the regional firm.

To win back the manufacturer's business, the local CPAs needed a way to demonstrate to the new owner and CFO that they had the tax expertise and resources to deliver greater tax savings than their competitor.

SOLUTION

Fortunately, just such an opportunity arose in the form of a new construction project. The expanding manufacturing operation had outgrown their existing facility. When the local CPA firm learned from the father-in-law that the company was embarking on a construction project, they brought the opportunity to their strategic partner FULLERCSS to conduct a feasibility analysis of the potential tax savings from a cost segregation study, as well as a 179D energy study and an abandonment study on the disposition of the old building.



RESULTS

With an eye toward winning back the operating company as a client, the CPA firm asked the property owner to invite the owner and CFO of the manufacturing company to the presentation of the results by the FULLERCSS representative.

The strategy worked. FULLERCSS had uncovered a total of \$200,000 in tax savings through the cost segregation, energy and abandonment studies—making the cost of the build-out significantly more manageable. The CPA firm and FULLERCSS also informed the business owner and CFO that a cost segregation study performed on any leasehold improvements performed by the company would generate additional tax savings to the tune of \$120,000.

These tax savings impressed the manufacturing company leaders, and they began to see the firm in a new light. They hired the local firm to take over the annual research and development study because they realized they had been overpaying their large regional CPA firm for the identification of those R&D credits.

Most important, presenting these significant tax savings has put this local CPA firm much further down the road to regaining the growing manufacturing company as an audit and tax client. It would have taken many years to open that door without the attention-grabbing tax savings of these engineering-based tax solutions.

LESSONS LEARNED

This firm learned some valuable lessons about using cost segregation studies to grow their tax practice:

- **Because successful entrepreneurs are constantly acquiring, building and improving commercial buildings, cost segregation is a service that can benefit every growing, thriving business that owns commercial real estate.**
- **The tremendous tax-saving potential of cost segregation makes it the ideal way to open doors with business owners and CFOs who otherwise would have little reason to consider switching providers.**
- **Partnering with a cost segregation specialist such as FULLERCSS allows firms that wouldn't otherwise have the resources to provide these engineering-based studies to deliver significant tax savings to the firms' clients.**
- **Partnering with FULLERCSS is a stepping-stone to opening the door for additional accounting, audit and tax work.**

Are you ready to find out how FULLERCSS can make you a tax-slashing hero?

Contact us at (901) 205-9043 to schedule a confidential consultation.