

CCR Services

Cost Segregation Studies

Construction Cost Auditing

Real Property Deficiency Studies

Energy Efficient Commercial Property Certifications

Abandonment Studies

Tax Certiorari Reproduction Cost Studies

Davis Bacon Compliance Services

Insurable Value Studies

CCR's Cost Segregation can increase cash flow through accelerated depreciation on real and personal property. It can be used retroactively on any assets placed in service since 1987. CCR follows technical guidance issued by the IRS.

Find extra cash in your real estate assets with CCR.

EMAIL US AT:

info@ccrtaxaudit.com

Construction Cost Recovery, Inc.

55 West Red Oak Lane
White Plains, NY 10604
914-694-3800
www.ccrtaxaudit.com

CCR has an alliance with:



IVI International Inc.
www.ivi-intl.com

CONSTRUCTION COST AUDIT

Construction Audit Uncovers Over \$350,000 in Billing Errors.

CCR completed a construction audit on a 1.3 MM square foot distribution center in Southern California that had a completed cost of \$50MM. The Owner entered a standard form Construction Management Agreement with a Guaranteed Maximum Price (GMP). The contract stipulated that any savings between the GMP and the actual cost would be split between the Owner and the CM.

The forensic construction audit included a review of the CM agreement, subcontracts, applications for payment, change orders, payrolls, insurance, general conditions and the final calculation of the GMP.

The comprehensive review uncovered discrepancies in the time sheets to hours billed, insurance charged versus the actual cost, open accounts payable that was not settled post applications for payments, non-reimbursable costs, and un-posted credits due on change orders. Once all exceptions were agreed, the corresponding adjustment to the CM fee was calculated.

CCR issued a final certification for payment and the parties were able to close out their differences. The engagement was completed in 50 business days under a contract not to exceed cost provision.

CPE Seminar

CCR will be conducting a One (1) Credit CPE Seminar on Construction Cost Auditing for the Chinese American Society for CPAs. The Seminar will address the following topics:

- How to Audit a Completed Construction Project
- Review of the Various Types of Construction Contracts
- Where Contractors Pad the Costs
- How to Audit Change Orders, Fee, Cost Savings, Bonding, Defects and Deficiencies, Substantial Completions, Insurance, etc.

CCR Provides CPE courses in:

- Cost Segregation
- Construction Cost Auditing
- Commercial Building Energy Efficiency Deductions (§179D)
- Real Property Deficiency Studies

Repairs vs. Capital?

The IRS issued an Audit Techniques Guide to assist examiners in the determination of whether an expenditure should be capitalized or deducted. Whether an expenditure qualifies as a currently deductible repair, or is required to be capitalized is based upon all relevant facts and circumstances. The taxpayer has the burden of proof and facts should be based upon contemporaneous records. In some cases, taxpayers erroneously characterized repairs as capitalized expenditures. To correct this misclassification, a cost segregation is recommended in support of the Change in Accounting Method (CAM) request.

Can You Elect 50% Bonus Instead of 100%

According to Congressional intent, the answer is yes. However, technical guidance issued before the Blue Book contradicts that position.

Based upon a Taxpayers position, it may be of greater benefit to elect 50% versus 100% bonus. A technical correction is in order. Call Mark de Stefanis, SCSP at (914) 740-1995 for further clarification.