TITAN COST SEG

Cost Segregation Report



Sample Client, LLC
Sample Property,
Scottsdale, AZ

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January 31, 2024

Sample Client, LLC

Sample Property,

Scottsdale, AZ

We have completed our engagement to perform a cost segregation study and accompanying report for the property located at Sample Property, Scottsdale, AZ. The property is owned by Sample Client, LLC (herein after, "Owners").

The purpose of this study is to identify, classify and recommend the appropriate federal income tax class recovery lives for federal and state income tax purposes. The report assigns cost components of the building to the Modified Accelerated Cost Recovery System (MACRS) classifications pursuant to the Internal Revenue Service ("IRS") or U.S. Tax Court rules and regulations. By determining that certain components of the facility are §1245 property or §1250 property with a recovery period of less than 39-years, the Owner(s) of the property may depreciate those items over the 15-year, 7-year, and/or 5-year Modified Accelerated Cost Recovery System ("MACRS") recovery period.

Unless otherwise indicated in this report, we have not determined the appropriate classifications of the subject property for any purpose other than federal and state income taxes.

Our conclusions are based on the completeness and accuracy of the information made available to us as outlined throughout the Cost Segregation Report. We have not independently verified this information, and accordingly, any facts recited herein that are believed to be incorrect or incomplete should be brought to our immediate attention. The completed study is based solely upon existing federal income tax law as applied to the information that you furnished to us and contains our recommendations, as well as all supporting documentation upon which our report was based. Please note that regulations require that a taxpayer's records show the cost basis and depreciation allowance for each item. Accordingly, we recommend that you maintain sufficient records (i.e., this report) and other relevant documentation to meet this requirement.

It has been a pleasure to serve you on this project.

Sincerely,

Titan Cost Seg

Summary of Recommended Federal and State Income Tax Allocations

This report is intended solely for federal and state income tax information and should not be used by anyone else or for any other purpose. This report is a recommendation by Titan Cost Seg and the decision to reclassify assets will be made by the Owners of Sample Property, Scottsdale, AZ.

The Owners purchased Sample Property, Scottsdale, AZ on August 5, 2022. The subject property is a non-residential property.

Based upon the results of our study, we have identified the component costs of the property to be as follows:

ELIGIBLE FOR 1-YEAR DEPRECIATION	
Demo Asset Class	
Year-1 disposal depreciation	$14,063
ELIGIBLE FOR 5-YEAR DEPRECIATION	
Asset Class #57.0 (Distributive Trades and Services)	
MACRS 200% declining balance	$36,452
ELIGIBLE FOR 15-YEAR DEPRECIATION	
Asset Class #00.3 (Land Improvements)	
MACRS 150% declining balance	$90,532
ELIGIBLE FOR 39-YEAR DEPRECIATION	
Non-Residential Real Property	
Straight Line	$198,953
NON-DEPRECIABLE LAND	
Land	$375,000
TOTAL PROJECT COSTS	**$715,000**

Below is a summary of additional improvements and the associated cost that occurred after the purchase of the property:

ADDITIONAL IMPROVEMENT ITEMS	
ELIGIBLE FOR 5-YEAR DEPRECIATION	
• New Decorative Lighting	$2,402
• New Flooring – Carpet	$3,320
• New Furniture	$24,767

ELIGIBLE FOR 7-YEAR DEPRECIATION	
• New Hot Tub	$8,700
• New Heated Pool Equipment	$12,600
ELIGIBLE FOR 15-YEAR DEPRECIATION	
• New Artificial Turf	$8,918
• Landscape Improvements	$11,813
ELIGIBLE FOR 39-YEAR DEPRECIATION	
• Miscellaneous Structure Improvements	$2,039
• New House Paint	$7,440
TOTAL IMPROVEMENT COSTS	**$81,999**

Study and Report Certification

January 31, 2024

Titan Cost Seg certifies to the best of our knowledge and belief that:

1. The information and facts contained within this report are true and accurate.
2. The engagement of Titan Cost Seg and the compensation earned for completing this work is not contingent upon any pre-determined result, value, or amount that favors the client.
3. The study and reported results are based on impartial and unbiased analyses, opinions, and conclusions.
4. Titan Cost Seg has no interest or bias as it relates to the property that is the subject of the report, or the parties involved with the subject property.
5. The study was completed in accordance with the professional procedures outlined herein.

Sincerely,

Titan Cost Seg

Methodology and Procedures Performed

There are various methodologies that can be used in a cost segregation study. Below is an excerpt from the Internal Revenue Service Cost Segregation Audit Techniques Guide regarding these methodologies:

> *"Neither the Internal Revenue Service (Service) nor any group or association of practitioners has established any requirements or standards for the preparation of cost segregation studies. The courts have addressed component depreciation but have not specifically 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" and "professional firms" that are competent in design, construction, auditing, and estimating procedures relating to building construction (See PLR 7941002).*
>
> *Despite the lack of specific requirements for preparing cost segregation studies, taxpayers still must substantiate their depreciation deductions and classifications of property. Substantiation using actual costs is more accurate that using 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 back to actual costs or purchase price."*

Our cost segregation study required the use of the Detailed Engineering Cost Estimate Approach. Assets segregated in the building and site improvements have been identified, quantified, and documented accordingly. Asset costs were established through a combination of using RSMeans Construction Cost Data, a nationally accepted cost estimating source, and where appropriate, any actual cost data available for best statistical result. Each asset is estimated by developing a detailed element quantity review composed of standard costing of the labor and material of the constructed assets. If necessary, a premium/discount is calculated to balance estimated costs with the actual basis (i.e., the purchase price less the value of land) and is allocated on a pro-rata basis to each asset. After allocating cost values to each asset, the asset is then assigned a proper recovery period as defined under the Modified Accelerated Cost Recovery System (MACRS) based upon its intended use.

During the process of conducting our study and report, Titan Cost Seg performed the following:

- To the extent available, obtained and reviewed Owners' cost documentation such as closing statements and appraisals.
- Interviewed the Owners of the property and obtained information about the property's intended use.
- Virtually inspected the property using photographs and/or videos provided by the Owners.
- Performed a quantitative analysis of all cost elements identified utilizing RSMeans and/or other supporting cost information and allocated indirect costs when appropriate.
- To the extent available, obtained actual cost records related to the property and any improvements made from the Owners.
- Assigned appropriate cost recovery periods based on our examination of existing tax laws, regulations, Internal Revenue Service rulings, and court opinions.
- Using the photographs and other supporting documentation provided, prepared exhibits in the report to demonstrate the applicability of certain asset classifications to the existence of the asset(s).
- Compiled supporting documentation for assets qualifying as §1245 property or §1250 property that are eligible for less than a 27.5-year or 39-year recovery period.
- Reconciled the determined cost of the property to the actual cost information provided.
- Reviewed the final report with the Owners.

Scope and Limitations of the Report

This report is intended solely for federal and state income tax information and should not be used by anyone else or for any other purpose. The Owners of the property have provided Titan Cost Seg with all information deemed necessary for our engagement. The information required for this engagement was obtained primarily from review of documents, virtual inspection of the property itself, and assets within the property.

Report limitations and conditions include, but are not limited to, the following:

1. This report must be considered and used only in its entirety and may not be disassembled or in any manner segmented for viewing.

2. Titan Cost Seg does not guarantee the accuracy of the information upon which this report is based.

3. Titan Cost Seg does not assume responsibility for the verification of, or discovery of any errors in, representations or facts upon which the conclusions reached in this report are based. The Owners are responsible for evaluating the adequacy and accuracy of the report.

4. The Owners are responsible for any decisions that involve management functions related to the cost segregation analysis service and accept full responsibility for such decisions.

5. Neither this report nor any portion of its contents (including conclusions, the identity of the issuer, and references to professional designations) shall be disseminated to anyone other than the Owner(s) without prior written consent.

6. No investigation was made of, and no responsibility is assumed for, the legal description of the property, which is the subject of this report, or for any other legal matters, including title or encumbrances. Unless otherwise stated, title to the property is assumed to be good and marketable. The property is further assumed to be free and clear of any and all liens, easements or encumbrances, unless otherwise stated.

7. The services provided hereunder are limited to cost segregation analyses and do not include audit, consulting, valuation, or other tax-related services.

8. No investigation was made of the soil, structural, or operating conditions of the property, which is the subject of this report, and makes no warranty as to their conditions. Further, the services provided in connection with this report did not include inspecting for or reporting the existence of hazardous, toxic, or contaminating material or substances.

9. Our cost segregation study and report will not be amended for any changes in the tax law or regulations following its issuance.

Review of Federal Tax Law, Regulations, and Federal Tax Court Cases Relating to Cost Segregation Studies

Internal Revenue Code (IRC) Section 167 allows depreciation deduction for property used in a trade or business and IRC Section 168 determines the method of calculating a depreciation and deduction. Revenue Procedure 87-56, 1987-2 C.B. 674 provides asset classes and recovery periods under the Modified Accelerated Cost Recovery System (MARCS). MACRS became effective in 1986 and provides cost recovery tables for realty (real property which is generally land and buildings permanently affixed to the land) and personalty (personal property such as furniture, machinery, and equipment).

In addition to depreciation methods, asset classes and recovery periods, conventions are used to determine the period of time for which depreciation may be claimed in the year the property is placed in service. MACRS views property as placed in service in the middle of the first year and allows a half-year cost recovery in the year of acquisition and in the final year of cost recovery (the half year convention). If more than 40 percent of the value of property is placed in service during the last quarter of the year, a mid-quarter convention must be used. Under the convention, property acquisitions are grouped by the quarter they were acquired for cost recovery purposes. All eligible real estate is depreciated using the mid-month convention. Regardless of when during the month the property is placed in service, it is deemed to have been placed in the middle of the month.

A ruling in the 1997 Tax Court Case, Hospital Corp of America (109 TC No. 21), held that certain building components previously considered structural and depreciated over 27.5 or 39 years, can be classified as personal property or land improvements and depreciated over 5 to 15 years. Specifically, the elements of a building that are treated as personal property under the former investment tax credit rules (Reg. Section 1.48-1(c)) may be separately depreciated as personal property.

Two years later, the IRS issued a memorandum in which it acquiesced to the Tax Court ruling, stating that the tests developed under the investment tax credit before the 1981 adoption of the cost recovery system "are applicable in determining a structural component" for purposes of MARCS. The IRS stated that it disagreed with the Tax Court's classification of some of the items as personal property, but they did not identify those items.

Federal Income Tax Classifications

The relevant asset classifications for this project are as follows:



Non-residential Real Property

Building construction costs include items inherently permanent and related to the overall operation and maintenance of the building. Regulation Section 1.48-1(e) defined “building” as any structure or edifice enclosing a space within walls, and usually covered by a roof, the purpose of which is, for example, to provide shelter or housing, or to provide working, office, parking, display, or sales space. Further examples of real property are the masonry work, general building electrical, plumbing, heating, ventilation, and air conditioning, roofing, windows, excavation work, building foundations, structural steel, interior concrete floor, hardware costs and interior building finishes.



Land Improvements

This asset class includes improvements directly to or added to land, provided such improvements are depreciable. Examples of such assets might include sidewalks, roads, canals, waterways, drainage facilities, sewers (not including municipal sewers in Class 51), bridges, fences, landscaping, shrubbery or radio and television transmitting towers. This asset class does not include land improvements that are explicitly included in any other class or buildings and structural components. This asset class excludes public utility initial cleaning and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102 and Rev. Proc. 87-56, 1987-2 C.B.674.

Although many land improvements are considered part of the land therefore not depreciable, several types of improvements do qualify for 15-year depreciation under MACRS Revenue Ruling 74-256 states in part, “Accordingly, the landscaping consisting of their perennial shrubbery and ornamental trees immediately adjacent to the apartment buildings is depreciable property under Section 167 of the Code since the replacement of the buildings will destroy this landscaping.” In Trailmont Park, Inc, TC Memo 1971-212, the Court found that the cost of cleaning, grading, terracing, and landscaping a slope for a mobile home park was to be depreciated as land improvements.

Additional items that are identified as land improvements and recoverable over 15 years are the following: foundations or footings for signs, light poles for parking areas, outdoor kitchens, canopies, patio stonework and site work not directly related to the building such as site drainage, sewers, paving, and curbing.



Decorative and Emergency Lighting

Several cases have identified certain types of lighting as personal property for MACRS asset classification. In Shoney's South, Inc., TC Memo 1984-413, the Court ruled that decorative lanterns and chandeliers were personal property since they were easily disassembled and moved and were not the primary source of illumination. In Metro National Corporation, TC Memo 1987-38, both decorative accent lighting and emergency lighting were ruled to be personal property since both were "incidental to the operation of the building." In the Metro National Corporation ruling, the Court referred to the Senate Report NO. 95-1263 (1987), which specifies personal property to include "special lighting (including lighting to illuminate the exterior of a building or store, but not lighting to illuminate parking areas), false balconies and other exterior ornamentation that have no more than an incidental relationship to the operation or maintenance of a building."

Interior light fixtures that are decorative in nature and not necessarily for the operation or maintenance of the building and exterior light fixtures such as plant grow lights as recoverable over 5 years.



Cabinetry, Counters, Shelving, and Architectural Millwork

Cabinets, counters, shelving, and architectural millwork (including crown and wall moldings) have been recognized as tangible personal property due to their compliance with the criteria outlined in Reg. Sec. 1.48-1(c). This classification is further supported by the Senate Finance Committee Report on the Revenue Act of 1978, which includes similar items like seating booths and beverage bars under the tangible personal property category. Legal precedents play a significant role in this classification. For instance, in Metro National Corp. v. Commissioner (TCM 1987-38), cabinets were deemed tangible personal property because they were easily movable without causing damage to either the cabinets or the building structure. However, in Morrison Inc. v. Commissioner (TCM 1986-129), vanity cabinets and counters in public restrooms were excluded from this category. The rationale for this exclusion was that these items were integral to the restrooms' function and their removal would result in damage to the building, thereby making them necessary components of the building's operation and maintenance.

The criteria for classifying items as tangible personal property revolve around two main factors: the manner of attachment and the degree of permanence. This is exemplified by rulings such as Rev. Rul. 75-178 and the case of Hospital Corporation of America v. Commissioner, where it was established that items not permanently covering or forming an integral part of the building's structure, such as certain floor and wall coverings, qualify as tangible personal property. Following this rationale, the cabinets, counters, shelving, and architectural molding in question are not considered integral or permanent parts of the building's structure. Their classification as tangible personal property is justified by the fact that they can be removed easily without sustaining damage or affecting the building's structural integrity.



Floor Coverings

Floor coverings such as vinyl, laminate, linoleum sheet flooring, carpet, and floating wood flooring are categorized as tangible personal property due to their non-permanent nature. These types of floor coverings are not fixed permanently and can be detached without harming either the floor or the coverings themselves. They are classified as 5-year property. The Tax Court case Hospital Corporation of America v. Commissioner, 109 T.C. No. 2 (1997), established that vinyl floor coverings, not being permanent parts of the floor, are considered personal property. Similarly, Rev. Rul. 67-349, 1967-2 C.R. 48, determined that wall-to-wall carpeting, when not forming an integral part of the floor, also qualifies as tangible personal property. This interpretation aligns with the findings in the Hospital Corporation of America case and the Senate Finance Committee Report on the Revenue Act of 1978. Furthermore, in the Egizii v. Commissioner case, 86 T.C. No. 29 (1986), it was acknowledged that carpeting falls under the category of tangible personal property. Therefore, such floor coverings are neither integral nor permanent elements of the floor. This is supported by Rev. Rul. 75-178, 1975-1 C.R. 9, which discusses permanency.



Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment that are essential for the core activities of a business are recognized as tangible personal property. This category broadly encompasses items such as appliances, furniture, and ceiling fans. According to Rev. Proc. 87-56, these items are classified as 5-year equipment due to their critical role in the activities of distributive trade or business. The Internal Revenue Service has held in Announcement 99-82 that certain personal property used in a rental real estate activity should be classified as 5-year property. In contrast, telephone wiring, connections, and related equipment are categorized as 7-year property. The classification of these items as tangible personal property is determined based on two key factors: the way they are attached and their permanency, as detailed in Rev. Rul. 75-178, 1975-1 C.B. 9. It's important to note that these items do not contribute to the operation or maintenance of the building itself. This classification is further supported by regulatory and ruling references such as 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.



Window Treatments

Blind, roller shades, and awnings are classified as tangible personal property. This classification stems from the fact that these window coverings are not permanently fixed; they can be removed without causing damage to either the window or the window treatments themselves. Consequently, they fall under the category of 5-year property. The determination of these items as tangible personal property is based on two principal criteria: the method of their attachment and their lack of permanence, in accordance with the guidelines set forth in Rev. Rul. 75-178, 1975-1 C.E. 9.

Electrical and Mechanical Requirements for Industry-Specific Equipment

Generally, electrical, plumbing, and sprinkler systems are considered a part of the building structure and therefore real property. However, additional electrical and mechanical requirements for machinery used in a business can be classified as personal property. Revenue Ruling 69-558 states in part, “However, the electrical wiring and special outlets, the secondary steam lines, the water lines, and pipe insulation, leading directly to, within, and interconnecting with special items of processing machinery or equipment are not parts of the electrical, steam and water service systems, but are parts of the particular items of processing machinery or equipment to which they directly lead, are within, or interconnect.”

Additional Information Sources:

- A.C. Monk & Co. v. United States, 686 F.2d 1058 (4th Cir. 1982), aff'g in part and rev'g in part, E.D.N.C. No. 78-126-CIV-4 (August 4, 1981), on remand to 577 F.Supp. 4 (E.D.N.C. 1983)
- Metro National Corp. v. Commissioner, T.C. Memo. 1987-38
- Morrison, Inc. v. Commissioner, 891 F.2d 857 (11th Cir. 1990), aff'g T.C. Memo. 1986-129
- Scott Paper Co. v. Commissioner, 74 T.C. 137 (1980)
- Whiteco Industries, Inc. v. Commissioner, 65 T.C. 664 (1975)

The following table is a list of items classified, given specific facts, as real property, land improvements and personal property by the courts. The list is not intended to be all-inclusive but is provided to offer examples:

Type of Assets	Recovery Period	Examples
Real Property	39 or 27.5 years	Structural and inherently permanent components, basic illumination, core, and shell.
Land Improvements	15 years	Sidewalks, driveways, curbs, roads, parking lots, certain landscaping.
Personal Property	5 or 7 years	Decorative lighting, wall moldings, specialized equipment, certain cabinetry, shelving, furniture, flooring.

Exhibit 1 – Before Improvements


















2022 ARMLS


2022 ARMLS




2022 ARMLS


2022 ARMLS


Basketball
2022 ARMLS




2022 ARMLS









After Improvements










































Exhibit 2

Property Information		
Property:		Sample Property, Scottsdale, AZ
Purchase Date:		August 5, 2022
Purchase Price:	$	715,000
Land Value:	$	375,000
Depreciable Basis:	**$**	**340,000**

Depreciation Table					
Demo Items - 1 year	**Asset Cost**	**Indirect Costs**	**Total Asset Costs**	**Discount**	**Total Costs**
Flooring - Demo	$ 3,607	$ 952	$ 4,559	$ (1,403)	$ **3,156**
Landscape - Demo	$ 3,365	$ 888	$ 4,253	$ (1,309)	$ **2,944**
Decorative Lighting - Demo	$ 4,400	$ 1,162	$ 5,562	$ (1,712)	$ **3,850**
Window Treatments - Demo	$ 200	$ 53	$ 253	$ (78)	$ **175**
Hot Tub - Demo	$ 4,500	$ 1,188	$ 5,688	$ (1,750)	$ **3,938**
	$ 16,072	**$ 4,243**	**$ 20,315**	**$ (6,252)**	$ **14,063**
5 Year Property					
Window Treatments	$ 2,350	$ 620	$ 2,970	$ (914)	$ **2,056**
Decorative Lighting	$ 450	$ 119	$ 569	$ (175)	$ **394**
Decorative Trim and Shelving	$ 4,290	$ 1,133	$ 5,423	$ (1,669)	$ **3,754**
Flooring - Laminate Flooring	$ 2,312	$ 610	$ 2,923	$ (900)	$ **2,023**
Cabinets and Countertops	$ 25,102	$ 6,627	$ 31,729	$ (9,765)	$ **21,964**
Appliances	$ 7,154	$ 1,889	$ 9,043	$ (2,783)	$ **6,260**
	$ 41,659	**$ 10,998**	**$ 52,657**	**$ (16,205)**	$ **36,452**
15 Year Property					
Outdoor Kitchen	$ 4,950	$ 1,307	$ 6,257	$ (1,926)	$ **4,331**
Swimming Pool	$ 66,581	$ 17,577	$ 84,159	$ (25,900)	$ **58,259**
Landscape	$ 8,197	$ 2,164	$ 10,361	$ (3,189)	$ **7,172**
Fencing	$ 8,625	$ 2,277	$ 10,902	$ (3,355)	$ **7,547**
Driveway/Walkway/Patio	$ 15,112	$ 3,990	$ 19,102	$ (5,879)	$ **13,223**
	$ 103,465	**$ 27,315**	**$ 130,780**	**$ (40,248)**	$ **90,532**
39 Year Property					
Site Work	$ 4,069	$ 1,074	$ 5,143	$ (1,583)	$ **3,560**
Foundation	$ 29,067	$ 7,674	$ 36,741	$ (11,307)	$ **25,434**
Framing	$ 40,840	$ 10,782	$ 51,622	$ (15,887)	$ **35,735**
Roofing	$ 26,731	$ 7,057	$ 33,789	$ (10,398)	$ **23,390**
Exterior Veneer	$ 18,713	$ 4,940	$ 23,653	$ (7,279)	$ **16,374**
Exterior Sheathing	$ 8,869	$ 2,341	$ 11,211	$ (3,450)	$ **7,760**
Exterior Doors and Windows	$ 14,882	$ 3,929	$ 18,811	$ (5,789)	$ **13,022**
Interior Walls/Ceilings (Drywall and Paint)	$ 19,730	$ 5,209	$ 24,939	$ (7,675)	$ **17,264**
Interior Doors	$ 12,887	$ 3,402	$ 16,290	$ (5,013)	$ **11,276**
Floors	$ 11,227	$ 2,964	$ 14,191	$ (4,367)	$ **9,824**
Plumbing	$ 14,501	$ 3,828	$ 18,329	$ (5,641)	$ **12,689**
HVAC	$ 18,473	$ 4,877	$ 23,350	$ (7,186)	$ **16,164**
Electrical	$ 7,384	$ 1,949	$ 9,333	$ (2,872)	$ **6,461**
	$ 227,374	**$ 60,027**	**$ 287,401**	**$ (88,448)**	$ **198,953**
	$ 388,570	$ 102,583	$ 491,153	$ (151,153)	$ 340,000
check					$ -

Discount Calculation		
Depreciable Basis	$	340,000
Discount		69%

Indirect Cost Allocation					
Amount	**CSI Number**	**Description**	**Unit**	**%**	**Total**
388,570	01113 110 0060	Architectural Fees, for new construction, minimum	Project	4.9%	19,040
388,570	01412 650 0020	Permits Rule of Thumb, most cities, minimum	Job	0.5%	1,943
388,570	01113 130 1200	Engineering Fees, structural, minimum	Project	1.0%	3,886
388,570	01113 120 0090	Overhead & Profit, typical by size of project	Project	20.0%	77,714
				26.4%	**102,583**

Breakdown of Improvement Cost						
Product Category	**Total Cost**	**1 Year**	**5 Year**	**7 Year**	**15 Year**	**39 Year**
5 Year						
New Decorative Lighting	$ 2,402		$ 2,402			
New Flooring - Carpet	$ 3,320		$ 3,320			
New Furniture	$ 24,767		$ 24,767			
7 Year						
New Pool Equipment	$ 12,600			$ 12,600		
New Hot Tub	$ 8,700			$ 8,700		
15 Year						
Landscape Improvements	$ 11,813				$ 11,813	
New Artificial Turf	$ 8,918				$ 8,918	
39 Year						
New House Paint	$ 7,440					$ 7,440
Miscellaneous Building Improvements	$ 2,039					$ 2,039
Total	**$ 81,999**	**$ -**	**$ 30,489**	**$ 21,300**	**$ 20,731**	**$ 9,478**

Exhibit 3

Supporting documents
(client-identifying information redacted)

Supporting documents, continued
(client-identifying information redacted)

Supporting documents, continued
(client-identifying information redacted)

Supporting documents, continued
(client-identifying information redacted)