



## Architectural Firm Supporting the Community

Enhancing Community, Cutting Tax Burden and  
Improving Cash Flow

Our clients' confidentiality is of utmost importance to us! Our case studies are examples of actual companies that utilized Capital Discovery® to improve their financial health.

### Case Study

A large architectural firm on the West Coast had a dilemma. They had secured and performed on several government contracts (primarily school buildings); acting as a designer for the building construction and/or the energy retrofit, varying by project. The great news was that the Company implemented positive efficiency systems for each and every building and made strong profits. The bad news was that the Company was facing having to deal with significant tax liabilities over the multiple years of the projects.

### Challenges

- Continuing to support the community and school systems through energy initiatives.
- Eliminating tax burden while keeping cash flows strong.
- Utilizing tax opportunities through strategic planning.
- Continuing to grow the company to secure further projects and maintain cash from contract profits.

### Community Impact

The architectural firm has a desire to help government properties build and implement lighting, HVAC and envelope energy solutions. These solutions not only have an immediate impact on the quality of the light, air and performance of the buildings, they also have long-term positive effects, promoting efficiency and sustainability.

### Solutions & Capital Discovery®

The Energy Policy Act of 2005 contained several tax measures, including deductions available under section 179D and became effective January 1, 2006. Section 179D allowed “designers” of energy efficiency measures in government owned buildings (non-taxpaying entities) to receive deductions of \$.60 per sq/ft for energy efficient lighting design. \$.60 per sq/ft for HVAC and \$.60 per sq/ft for building envelope, creating a potential deduction of \$1.80 per sq/ft that could be directly taken by the architectural firm. This is described in IRS Notice 2006-52 and amplified by IRS Notice 2008-40.

*Based on the square footage of the multiple government buildings worked on as well as the sustainable design implemented by the firm, they were ultimately entitled to deductions nearing \$3,000,000 over a 4 year span.*

Utilizing these deductions enabled the firm to continue to support the sustainability of the community and eliminate an enormous amount of tax liability.

