

Tax Credit Advisory Services

| TAX |



In-depth **knowledge.**
Real-world experience.

Tax credits promote investment and stimulate economic growth. As a recognized leader in the tax credits arena, Reznick Group can help you leverage the right tax credit opportunities to enhance the financial rewards of your project.

Our practice comprises a multidisciplinary team of accountants, energy authorities, engineers and policy analysts whose advice is sought by the government, energy developers and Fortune 50 tax credit investors.

Tax Credit Advisory Services from Reznick Group

Organizations have numerous tax credits—at the federal, state and local levels—at their disposal. These credits, which typically allow investors to reduce their tax liability, are designed to encourage capital investment, promote “green” initiatives and create new jobs. But identifying, applying for, implementing and ultimately benefiting from these tax credits requires astute guidance from experienced financial advisors.

At Reznick Group, we have extensive experience in the tax credits arena, and our practice leaders are nationally recognized authorities in a variety of tax credit areas. Our practice comprises a



multidisciplinary team of accountants, energy authorities, engineers and policy analysts whose advice is sought by the government, energy developers and Fortune 50 tax credit investors. We’ve been in business for more than 30 years, and our firm is ranked among the top 20 public accounting firms in the nation.

Our reputation as a leader in tax credit advisory services was built on Reznick Group’s early involvement in federal income tax credit programs—such as the Tax Reform Act of 1986 which created the low-income housing tax credit—that offer our clients numerous financial benefits.

Because we understand the program complexities, investor concerns, market forces, legislative issues and income tax regulations that apply to tax credits, our clients are able to leverage the myriad credits that can bolster the financial success of their projects.

Our firm has experienced practice teams throughout the country that focus on specific tax credits. Each of these teams has years of experience and in-depth knowledge of the tax credit program it is responsible for. Moreover,

the firm’s national reach helps clients across the country successfully leverage relevant tax credit opportunities to enhance the financial rewards of their projects. Our tax credit experience includes:

- New markets
- Historic rehabilitation
- Low-income housing
- Renewable energy
- Research and development

Where required, Reznick Group can help clients obtain and implement single tax credits such as a historic tax credit for a rehabilitation project on a commercial building. We can also help clients add other credits onto the project such as New Markets Tax Credits (NMTCs), renewable energy tax credits and state and/or local tax credits.



New Tax Credit Opportunities

Understanding and working with tax credits effectively can provide major financial benefits for companies recovering from the global recession. While credit markets are expected to remain tight, and investors cautious, the federal government has moved to alleviate damage done by the economic crisis of the last few years, including offering a variety of new tax credit opportunities for both individuals and businesses.



In February 2009, Congress enacted the American Recovery and Reinvestment Act (ARRA) of 2009, an economic stimulus package designed to create jobs and promote investment and consumer spending.

Stimulus programs in the ARRA amounted to nearly \$787 billion, which included a variety of federal agency-administered grants, modified tax credits in areas like housing and renewable energy, and some new credits. Reznick Group's tax credit advisors assisted the U.S. government in implementing these programs by advising federal agencies. We then helped our clients understand how these new or modified tax credits work and how they could be used to their advantage. We are now guiding our clients through the application and implementation processes on the most complex tax credit programs.

Reznick Group has a broad tax credit advisory practice throughout the United States that works with clients in a variety of industries and locales. Our practice leaders work closely with each other, within specific industries and across practice areas, to ensure that clients successfully find and leverage the right tax credits to their business and financial advantage.



Reznick Group Tax Credit Experience

New Markets

Designed to revitalize low-income and otherwise distressed communities, the credit provides investors with incentives to make capital investments in low-income communities.

Historic Rehabilitation

A 10 or 20 percent tax credit that can be applied to the preservation and rehabilitation of historic buildings. The revitalization program rewards private investment in rehabilitating historic properties such as offices, rental housing, retail stores and special-use facilities such as theaters and museums.

Low-Income Housing

Created under the Tax Reform Act of 1986 to incentivize the utilization of private equity in the construction or rehabilitation of affordable housing for low-income Americans.

In Focus: Reznick Group Tax Credit Advisory Services

Reznick Group has practice groups dedicated to specific tax credit advisory services.

New Markets Tax Credit Services

Reznick Group has been active in the NMTC industry since it was enacted by Congress as part of the Community Renewal Tax Relief Act of 2000.

Designed to revitalize low-income and otherwise distressed communities, the credit provides investors with incentives to make capital investments in low-income communities.

Because of our national reputation in tax credit industries and on tax policy matters, we are ahead of the curve in understanding the complexities and issues of the program. We continually keep our clients abreast of key industry pronouncements, trends and the overall pulse of the NMTC business. We assist our clients through the full NMTC process—application, execution and maintaining compliance. As a result, we have become recognized leaders in providing advisory services for the NMTC Program.



Historic Tax Credit Services

The Federal Historic Preservation Tax Incentives Program, begun in 1976, is a 10 or 20 percent tax credit that can be applied to the preservation and rehabilitation of historic buildings. The revitalization program rewards private investment in rehabilitating historic properties such as offices, rental housing and retail stores. Thousands of rehabilitation projects representing billions of dollars in private investment have been approved, according to the National Park Service, which, in partnership with the Internal Revenue Service and the state historic preservation office, administers the program.

For more than three decades, Reznick Group has been at the forefront of making historic tax credits a matter of national policy and guiding our clients in ways to take advantage of them.

We help ensure that clients meet the program's specific criteria and develop transaction structures to maximize tax credits and equity proceeds while complying with the Internal Revenue Code. We also have a breadth of

knowledge in state historic tax credits. And our practice leaders can help clients qualify for other tax credits that can be combined with the historic tax credit, such as the NMTC.

We understand the competing interests of all parties in historic rehabilitation projects and are experienced in structuring historic tax credit transactions in cities and towns throughout the nation. We also provide services in support of owners, lenders, investors and syndicators.





Low-Income Housing Tax Credit Services

Financing affordable multifamily housing projects is often a difficult and complex process involving numerous government agencies and financial institutions. Applying for a housing tax credit allocation, requesting an allocation of tax-exempt bond authority and determining the most advantageous financial structuring are complicated tasks which require attention to detail and an in-depth knowledge of the administration of housing tax credit and tax-exempt bond programs.

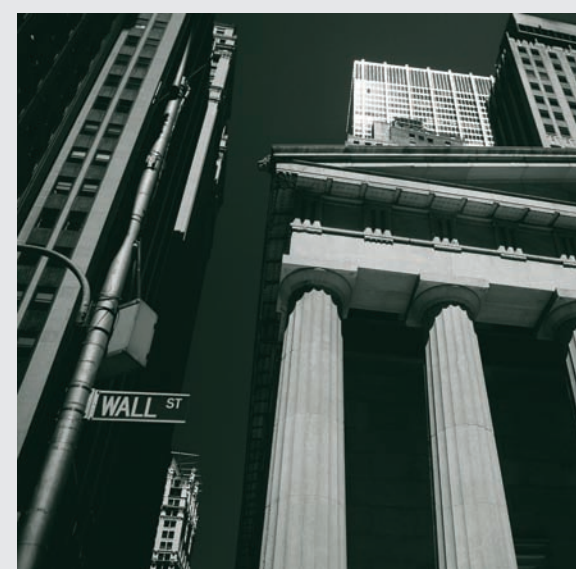
Reznick Group provides a comprehensive range of services to developers of multifamily properties that are financed by low-income housing tax credits and tax-exempt bonds.

We take a strategic approach to multifamily financing by analyzing our clients' objectives while assisting them in developing optimal financing methods, maximizing awards and anticipating issues.

Whether the client is looking to obtain a low-income housing tax credit allocation, receive

tax-exempt bond financing, invest in a tax credit fund or find investor equity, we provide application preparation and financial projection services designed to help maximize the financial return of the transaction. In doing so, we work closely with state housing credit agencies, public housing authorities and other public entities involved in policy development and implementation.

Reznick Group prepares applications on behalf of developers for project financing and tax credit allocations in accordance with states' procedures and Qualified Allocation Plans. We help structure the project to address each state's rating and ranking criteria and guide the application through the Housing Credit Agency's review process, loan closing and completion of construction.



Reznick Group Tax Credit Experience

Renewable Energy

Federal energy tax credits incentivize organizations and entities to finance renewable energy project development. The American Recovery and Reinvestment Act of 2009 includes more than \$70 billion in direct spending and tax credits for clean energy, energy efficiency and associated transportation programs.

Research and Development

Designed to incentivize companies that invest in research and development, the R&D tax credit provides for cash refunds and tax savings to create the jobs, enhance workforce skill sets and expand the R&D needed to remain competitive in today's global business economy.

Renewable Energy Tax Credit Services

Federal energy tax credits incentivize organizations and entities to finance renewable energy project development.

With the ever-increasing focus on the environment and reducing energy costs, we see many new financial opportunities for the renewable energy industry.

In fact, the American Recovery and Reinvestment Act of 2009 includes more than \$70 billion in direct spending and tax credits for clean energy, energy efficiency and associated transportation programs.

Reznick Group began formulating its renewable energy practice even before Congress passed, and President Bush signed into law, the Energy Policy Act of 2005. The Act, largely designed to combat the country's growing energy problems, changed U.S. energy policy by providing tax incentives and loan guarantees for energy production of various types. Reznick Group seized on that opportunity to cultivate its renewable energy practice and develop highly experienced practice leaders.

Our clients include investors, entrepreneurs, developers, public utilities and independent



power producers. We're also sought out by policy advocates and legislators for consulting and guidance.

For each engagement, we advise clients on the most efficient means of financing and capitalizing renewable energy projects using tax credits while providing a deep understanding of the renewable energy industry and its technology. In doing this, we perform assurance and tax consulting and compliance work related to a variety of corporations, partnerships and service arrangements that stand to benefit from federal renewable energy tax credits.

Reznick Group's experience in R&D tax credits can help you save money by uncovering tax credit opportunities from your company's R&D activities.



Research and Development Tax Credit Services

First introduced in 1981, the research and development (R&D) tax credit has been an incentive for companies to increase their annual investment in R&D by providing a credit against their income taxes—generally 20 percent of qualifying R&D over a certain base amount. This has enabled them to create the jobs, enhance workforce skill sets and expand the R&D needed to remain competitive in today's global business economy.

Although the R&D tax credit has had numerous expiration dates, Congress has managed to





extend it every year. The government is now looking to extend it permanently. Today, more than 30 states also offer R&D tax credits for qualifying activities conducted within their borders.

Your company may be eligible to claim federal and state R&D tax credits if it is involved in the development or improvement of products, processes, designs, or formulas or the development of new technology—biotechnology, renewable energy and manufacturing.

Reznick Group's experience in R&D tax credits can help save money by uncovering tax credit opportunities from your company's R&D activities. Our experience includes identifying qualified expenditures often missed by many companies; providing advice and implementation assistance to assure documentation meets IRS requirements; analyzing an open years' returns for unidentified credits, and amending them for refunds; as well as assisting with US GAAP – IFRS tax reserves issues surrounding R&D credits.

Learn More:

Reznick Group's deep knowledge of tax credits has helped businesses in many different industries improve the financial outcome of their projects.

For more information on how your company can benefit from our tax credit advisory services, visit:

www.reznickgroup.com/taxcreditadvisory

Case Study: Historic Tax Credits

Client

A nonprofit organization seeking to rehabilitate a building in a major city to use for its business activities.

Situation

The client had identified the ideal building but was unable to raise funds to pay for its last third of the rehabilitation costs.

Challenge

The client was hoping to take advantage of historic tax credits to help fund the project. However, it was aware that using these tax credits for a development sponsored by a nonprofit organization is often difficult, if not impossible, and turned to Reznick Group for help.

Reznick Group Solution

A team of Reznick Group advisors devised a solution by recommending key changes to the proposed transaction structure. To allow use of the credit, the transaction needed to be carefully re-engineered to take into account the so-called tax-exempt use property rules. The revised structure also enabled the nonprofit organization to leverage additional tax credits on grants and fundraising that had already been received. Reznick Group's creative use of these development subsidies, when combined with the previously identified tax credits, closed the funding shortfall entirely.

Results

The nonprofit organization was able to get a new building with approximately 35 percent of the costs paid for through historic and other tax credit programs identified by Reznick Group.

About Reznick Group

Reznick Group is a top 20 national CPA firm providing accounting, tax and business advisory services to clients nationwide. The firm's industry experience includes affordable housing, financial services, renewable energy, healthcare, nonprofits, professional services, commercial real estate and technology.

For more information, visit:

www.reznickgroup.com