

DEPRECIATION & BASIS ANALYSIS

Basis Report

Eric Sample

Five Single Family Houses Various Addresses California 9000000

Depreciation Method: Regular, No Cost Seg

FINAL

REPORT DATE
February 23, 2026

STATUS
Final

(424) 277-6011

epc1031@epc1031.com

Basis Report Overview

Prepared for Eric Sample

Dear Eric,

What This Report Is

This report provides the depreciation basis and schedules for each replacement property acquired in your 1031 exchange. Your tax professional will use these schedules to set up depreciation on your tax return for each property.

For each property, you will find: the allocation of basis between building and land, the federal depreciation schedule, the resident state depreciation schedule (if different from federal), and — for out-of-state properties — the non-resident state depreciation schedule.

Understanding Carryover and Excess Basis

Your basis in each replacement property has two components. **Carryover basis** is the adjusted basis that transfers from your relinquished property. **Excess basis** is the additional investment you made when you traded up in value. These two components have different depreciation lives, which is why you will see separate line items for “C/O Building” and “Excess Building” in each schedule.

Note: showing carryover and excess basis is the most common method to depreciate the basis of a replacement property. We often call this the “regular method.” Our software calculates depreciation 11 different ways so we can optimize the depreciation for your situation. Your depreciation report may not show two entries for building. This means we used what is often referred to as “simplified basis,” where we combine both the carryover and excess basis.

You may also see 5-year and 15-year property. This means we used cost segregation on your replacement properties to accelerate your depreciation deductions.



Carryover and Excess Basis Explained Simply

Understand how your relinquished property basis carries forward and how excess basis is created when you trade up in value.

[Read the full article at epc1031.com](#) →

Election to Not Apply Like-Kind Exchange Regulations

Pursuant to regulation section 1.168(i)-6, the taxpayer hereby elects not to apply the provisions of the regulations section 1.168(i)-6 for the following property or properties:

CS1031 ARTISTRY AT WINTERFIELD APARTMENTS, DST

Reading the Depreciation Tables

Each property includes a **Federal Depreciation** schedule, a **Resident State Depreciation** schedule (if different from federal), and a **Non-Resident State Depreciation** schedule (for out-of-state properties).

Key Terms

C/O (Carryover) — Basis transferred from your relinquished property.

Excess — Additional basis from trading up in value.

NDA (Non-Depreciable Asset) — Land and reserves are not depreciated.

Sec. 1250 Depreciation Recapture, reduced by boot — An informational tracking row showing the cumulative recapture amount; this is not a separate depreciable asset.



The Untapped Power of Reserves

Learn why reserves are classified as non-depreciable assets and how they affect your basis allocation.

[Read the full article at epc1031.com →](#)



Unraveling Depreciation Recapture

Understand the Sec. 1250 recapture tracking row and how depreciation recapture is handled in a 1031 exchange.

[Read the full guide at epc1031.com →](#)

Why Non-Resident State Basis Differs from Federal Basis

Non-Resident State Basis Determination

When you acquire replacement property in a state other than your state of residence, the depreciation basis for non-resident state income tax purposes will differ from your federal basis — often significantly.

For federal purposes, your basis carries over from the relinquished property. That is how the exchange defers your gain. But most states treat non-resident taxpayers differently. For non-resident state purposes, your basis is generally the **net purchase price** of the property (purchase price minus any reserves), which is typically much higher than the carryover basis and excess basis used for federal purposes.

The allocation of the non-resident state basis among the various asset classes follows the same percentages as the federal allocation, but applied to the net purchase price rather than the exchanged basis.

CS1031 ARTISTRY AT WINTERFIELD APARTMENTS, DST

CS1031 ARTISTRY AT WINTERFIELD APARTMENTS, DST - 1000 Artistry Drive Richmond, Virginia 23113

Method: Simplified, Cost Seg, No Bonus Type: Residential Dep. Years: 27.5

Basis Allocation

DESCRIPTION	PERCENTAGE	CARRYOVER BASIS	EXCESS BASIS	SIMPLIFIED BASIS	NR BASIS
Total Basis	100%	\$87,166.67	\$158,333.33	\$245,500.00	\$400,000.00
Building	70.91%	\$61,809.88	\$112,274.17	\$174,084.05	\$283,640.00
5 year property	17.4%	\$15,167.00	\$27,550.00	\$42,717.00	\$69,600.00
15 year property	5.1%	\$4,445.50	\$8,075.00	\$12,520.50	\$20,400.00
Land	6.59%	\$5,744.28	\$10,434.17	\$16,178.45	\$26,360.00

Federal Depreciation

DESCRIPTION	DATE	COST/BASIS	BONUS DEP.	LIFE	METHOD	PRIOR DEP.
Sec. 1250 Depreciation Recapture, reduced by boot	10/29/2025	\$28,400.00	\$0.00	27.5	MACRS	\$28,400.00
Building	10/29/2025	\$174,084.05	\$0.00	27.5	Straight Line	
15 year property	10/29/2025	\$12,520.50	\$0.00	15	MACRS	
7 year property	10/29/2025	\$0.00	\$0.00	7	MACRS	
5 year property	10/29/2025	\$42,717.00	\$0.00	5	MACRS	
Land	10/29/2025	\$16,178.45	\$0.00		NDA	
Reserves	10/29/2025	\$0.00	\$0.00		NDA	

CS1031 ARTISTRY AT WINTERFIELD APARTMENTS, DST

CS1031 ARTISTRY AT WINTERFIELD APARTMENTS, DST - 1000 Artistry Drive Richmond, Virginia 23113

Resident State Depreciation (if different)

DESCRIPTION	DATE	COST/BASIS	BONUS DEP.	LIFE	METHOD	PRIOR DEP.
Sec. 1250 Depreciation Recapture, reduced by boot	10/29/2025	\$28,400.00	\$0.00	27.5	MACRS	\$28,400.00
Building	10/29/2025	\$174,084.05	\$0.00	27.5	Straight Line	
15 year property	10/29/2025	\$12,520.50	\$0.00	15	MACRS	
7 year property	10/29/2025	\$0.00	\$0.00	7	MACRS	
5 year property	10/29/2025	\$42,717.00	\$0.00	5	MACRS	
Land	10/29/2025	\$16,178.45	\$0.00		NDA	
Reserves	10/29/2025	\$0.00	\$0.00		NDA	

Non-Resident State Depreciation

DESCRIPTION	DATE	COST/BASIS	BONUS DEP.	LIFE	METHOD	PRIOR DEP.
Building	10/29/2025	\$395,914.17	\$0.00	27.5	Straight Line	
15 year property	10/29/2025	\$28,475.00	\$0.00	15	MACRS	
7 year property	10/29/2025	\$0.00	\$0.00	7	MACRS	
5 year property	10/29/2025	\$97,150.00	\$0.00	5	MACRS	
Land	10/29/2025	\$36,794.17	\$0.00		NDA	
Reserves	10/29/2025	\$0.00	\$0.00		NDA	

IPC FLORIDA MULTIFAMILY PORTFOLIO II DST

Method: Regular, No Cost Seg Type: Residential Dep. Years: 27.5

Basis Allocation

DESCRIPTION	PERCENTAGE	CARRYOVER BASIS	EXCESS BASIS	SIMPLIFIED BASIS	NR BASIS
Total Basis	100%	\$87,166.67	\$158,333.33	\$245,500.00	\$400,000.00
Building without Cost Segregation	87%	\$75,835.00	\$137,750.00	\$213,585.00	\$348,000.00
Land	13%	\$11,331.67	\$20,583.33	\$31,915.00	\$52,000.00

Federal Depreciation

DESCRIPTION	DATE	COST/BASIS	BONUS DEP.	LIFE	METHOD	PRIOR DEP.
Sec. 1250 Depreciation Recapture, reduced by boot	10/29/2025	\$28,400.00	\$0.00	27.5	MACRS	\$28,400.00
C/O Building	10/29/2025	\$75,835.00	\$0.00	12.25	Straight Line	
Excess Building	10/29/2025	\$137,750.00	\$0.00	27.5	Straight Line	
C/O Land	10/29/2025	\$11,331.67	\$0.00		NDA	
Excess Land	10/29/2025	\$20,583.33	\$0.00		NDA	
Reserves	10/29/2025	\$0.00	\$0.00		NDA	

IPC FLORIDA MULTIFAMILY PORTFOLIO II DST

Resident State Depreciation (if different)

DESCRIPTION	DATE	COST/BASIS	BONUS DEP.	LIFE	METHOD	PRIOR DEP.
Sec. 1250 Depreciation Recapture, reduced by boot	10/29/2025	\$28,400.00	\$0.00	27.5	MACRS	\$28,400.00
C/O Building	10/29/2025	\$75,835.00	\$0.00	12.25	Straight Line	
Excess Building	10/29/2025	\$137,750.00	\$0.00	27.5	Straight Line	
C/O Land	10/29/2025	\$11,331.67	\$0.00		NDA	
Excess Land	10/29/2025	\$20,583.33	\$0.00		NDA	
Reserves	10/29/2025	\$0.00	\$0.00		NDA	

PASSCO MEADOWS AT HOMEPLACE

PASSCO MEADOWS AT HOMEPLACE - 790 Old Quarters Road Prattville, Alabama 36066

Method: Regular, No Cost Seg Type: Residential Dep. Years: 27.5

Basis Allocation

DESCRIPTION	PERCENTAGE	CARRYOVER BASIS	EXCESS BASIS	SIMPLIFIED BASIS	NR BASIS
Total Basis	100%	\$87,166.67	\$158,333.33	\$245,500.00	\$400,000.00
Building without Cost Segregation	92.02%	\$80,210.77	\$145,698.33	\$225,909.10	\$368,080.00
Land	7.98%	\$6,955.90	\$12,635.00	\$19,590.90	\$31,920.00

Federal Depreciation

DESCRIPTION	DATE	COST/BASIS	BONUS DEP.	LIFE	METHOD	PRIOR DEP.
Sec. 1250 Depreciation Recapture, reduced by boot	10/29/2025	\$28,400.00	\$0.00	27.5	MACRS	\$28,400.00
C/O Building	10/29/2025	\$80,210.77	\$0.00	12.25	Straight Line	
Excess Building	10/29/2025	\$145,698.33	\$0.00	27.5	Straight Line	
C/O Land	10/29/2025	\$6,955.90	\$0.00		NDA	
Excess Land	10/29/2025	\$12,635.00	\$0.00		NDA	
Reserves	10/29/2025	\$0.00	\$0.00		NDA	

PASSCO MEADOWS AT HOMEPLACE

PASSCO MEADOWS AT HOMEPLACE - 790 Old Quarters Road Prattville, Alabama 36066

Resident State Depreciation (if different)

DESCRIPTION	DATE	COST/BASIS	BONUS DEP.	LIFE	METHOD	PRIOR DEP.
Sec. 1250 Depreciation Recapture, reduced by boot	10/29/2025	\$28,400.00	\$0.00	27.5	MACRS	\$28,400.00
C/O Building	10/29/2025	\$80,210.77	\$0.00	12.25	Straight Line	
Excess Building	10/29/2025	\$145,698.33	\$0.00	27.5	Straight Line	
C/O Land	10/29/2025	\$6,955.90	\$0.00		NDA	
Excess Land	10/29/2025	\$12,635.00	\$0.00		NDA	
Reserves	10/29/2025	\$0.00	\$0.00		NDA	

Non-Resident State Depreciation

DESCRIPTION	DATE	COST/BASIS	BONUS DEP.	LIFE	METHOD	PRIOR DEP.
C/O Building	10/29/2025	\$368,080.00	\$0.00	27.5	Straight Line	
Excess Building	10/29/2025	\$145,698.33	\$0.00	27.5	Straight Line	
C/O Land	10/29/2025	\$31,920.00	\$0.00		NDA	
Excess Land	10/29/2025	\$12,635.00	\$0.00		NDA	
Reserves	10/29/2025	\$0.00	\$0.00		NDA	