



Warren & Selbert

Simple as ABC.

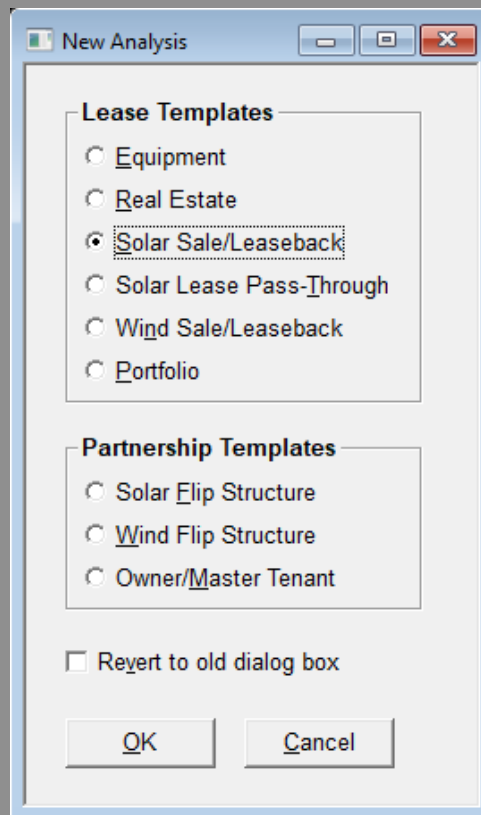
PSHIP in ABC

Warren & Selbert's Partnership Flip Model

What is ABC?



- Equipment finance **modeling** software
- Used for **optimizing** and **pricing**
 - **Leases**
 - **Sale/Leasebacks**
 - **Partnership flips**
- **PSHIP**
 - Partnership flip model built on ABC
 - Commonly used in renewable energy finance



PSHIP Uses



- **Structure** partnership flip transactions
- **Validate** Excel models
- **HLBV** reports
- Partnership **portfolios**
- **Track** partnerships over time

The screenshot shows the 'Partnership Assumptions' interface for client 'ABC'. The left sidebar contains a navigation menu with the following items: Partnership Assumptions (selected), Partners, Partnership Flags, General, Purchases, Federal Depreciation, Loans, Revenues, Fees, Tax Elections, Federal Tax, Evaluation, Formatting, Optimization, IRS, and Macros. The main area displays the 'Partnership Assumptions' table with various settings and controls.

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Partnership Assumptions

Show All Questions Section Operations Custom Questions ABC Commands Process Optimize

ID	Assumption Name	Value	Control
A700.1	Partnership Assumptions		
A700.101	Analysis Type	Tax Flip	▼
A700.201	Tax Flip IRR Approach	Solve for Tax Flip IRR	▼
A700.202	Tax Flip Date	1/1/2027	...
A700.301	Full-Term IRR Approach	Solve for Full-Term IRR	▼
A700.401	Buyout IRR Approach	No Buyout	▼
A700.601	Investor Equity Split	75%	...
A700.602	Investor Cash Split	75%	...
A700.603	Investor Taxable Income Split	99%	...
A700.621	Investor Cash Split after Tax Flip	5%	...
A700.622	Investor Taxable Income Split after Tax Flip	5%	...
A700.721	Sponsor Contributed Property?	No (Default)	▼
A700.741	Projected Revenue - pshprev_input	Display	
A700.742	Projected Expenses - pshipexp_input	Display	

Show All Sections

PSHIP Workflow



Input

assumptions

Partnership Assumptions				
Show All Questions	Section Operations	Custom Questions	ABC Commands	Process
A700.1	Partnership Assumptions			
A700.101	Analysis Type		Tax Flip	<input type="checkbox"/>
A700.201	Tax Flip IRR Approach		Solve for Tax Flip IRR	<input type="checkbox"/>
A700.202	Tax Flip Date		1/1/2027	<input type="checkbox"/>

Run

to evaluate inputs

Process

Optimize



Output

reports to show results

Reports

- PSHIP/SUMMARY Summary report
- PSHIP/ALLOC Allocations report
- PSHIP/CASH Cash Flow report
- PSHIP/TAX Taxable Income report
- PSHIP/CAPITAL Capital Account report
- PSHIP/BASIS Outside Basis report



- Input project flows

- Purchases
- Depreciation
- Loans
- Revenues
- Expenses
- Fees

- Paste amounts from **Excel**

Stream	Alias
1	Revenue
2	Expenses



- Input partnership information
 - Target IRR
 - Cash distribution splits
 - Tax allocation splits
 - Equity contribution splits
 - Project revenues and expenses

ABC	
Partnership Assumptions	
Show All Questions Section Operations Custom Questions	
A700.1	Partnership Assumptions
A700.101	Analysis Type Tax Flip
A700.201	Tax Flip IRR Approach Solve for Tax Flip IRR
A700.202	Tax Flip Date 1/1/2027
A700.301	Full-Term IRR Approach Solve for Full-Term IRR
A700.401	Buyout IRR Approach No Buyout
A700.601	Investor Equity Split 75%
A700.602	Investor Cash Split 75%
A700.603	Investor Taxable Income Split 99%
A700.621	Investor Cash Split after Tax Flip 5%
A700.622	Investor Taxable Income Split after Tax Flip 5%
A700.721	Sponsor Contributed Property? No (Default)
A700.741	Projected Revenue - pshiprev_input Display
A700.742	Projected Expenses - pshipexp_input Display



- Add and manage partners
- Set each partner's:
 - DRO
 - Federal and state tax assumptions
 - Back-leverage
 - Self-shelter

ABC

- Partnership Assumptions
- ▾ Partners
 - Investor
 - Sponsor
- Partnership Flags
- General
 - Purchases
 - Federal Depreciation
 - Loans
 - Revenues
 - Fees
- Tax Elections
- Federal Tax
- Evaluation
- Formatting
- Optimization
- IRS
- Macros

Show All Sections

Partner 1

Show All Questions ABC Commands ▾ Process

A701.120	Partner Label	Investor
A701.101	Partner Type	Investor
A701.140	Deficit Restoration Obligation	30% 0%;taxflipd
A701.401	Federal Tax Rate (or Rate+ for multiple rates)	35%

- **Flags** control details of partnership **mechanics**
- Commonly used flags:
 - **Flip IRR Calculation**
 - **734 Depreciation**
 - **HLBV Accounting**
 - **DRO Reallocation**
- More than 100 flags available

The screenshot displays the 'Partnership Flags' section of a software interface. On the left is a sidebar with a navigation menu for 'ABC' containing the following items: Partnership Assumptions, Partners, Partnership Flags (selected), General, Purchases, Federal Depreciation, Loans, Revenues, Fees, Tax Elections, Federal Tax, Evaluation, Formatting, Optimization, IRS, and Macros. The main content area is titled 'Partnership Flags' and includes three buttons: 'Show Fewer Questions', 'Section Operations', and 'Custom Questions'. Below these buttons is a table of flags:

Partnership Flags	
IRR	
A720.101	Use Excel XIRR Methodology for IRR Calculations? <input type="button" value="Yes (Default)"/>
A720.102	Compute IRR with Trailing Tax Payments <input type="button" value="No Trailing (Def"/>
A720.103	Restricted Equity Timing for XIRR <input type="button" value="Shift All Equity P"/>
A720.104	Timing of Credit Amounts Used in PTC w/ Credit IRR <input type="button" value="Use Credit on D"/>
A720.105	Tax Payment Timing for XIRR <input type="button" value="Shift Tax Payme"/>
A720.106	Pre-Tax Cash and Equity Timing for XIRR <input type="button" value="Shift All Pre-Tax"/>
A720.107	Don't Use Annual Weighted Average TI Splits For IRR Calculations <input type="button" value="No (Default)"/>
Flip Information	
A720.151	Proration to Resolve Sponsor Capital Account <input type="button" value="Cycle 1-50 to P"/>
A720.152	Tax Flip Proration Mode <input type="button" value="None (Default)"/>
A720.153	Make Hard Cash Flip Date Both a Min and Max <input type="button" value="No (Default)"/>
A720.154	Use Annual Weighted Average of Taxable Income Splits <input type="button" value="Don't Use Weig"/>

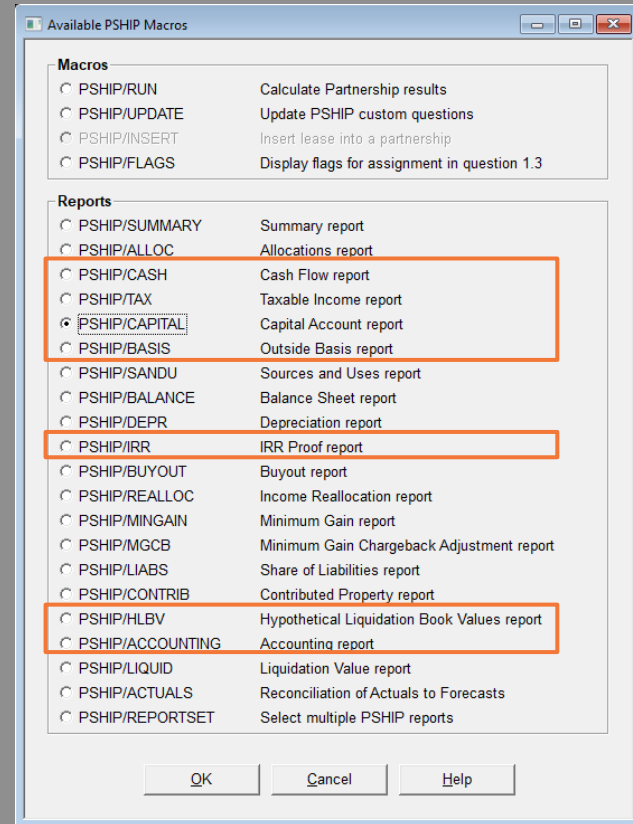


- Run PSHIP once inputs are set
- **Target IRR** while changing:
 - Flip Date
 - Equity Split
 - Cash Split
 - Taxable Income Split
- IRR Term
 - **Flip IRR**
 - **Full-Term IRR**
 - **Buyout IRR**

Solve for Tax Flip IRR (Default)
Solve for Tax Flip Date
Solve for Tax Flip IRR
Solve for Equity Split
Solve for Cash Split
Solve for Taxable Income Split
Solve for Total Investment Amount



- **Reports** display PSHIP output
- Run reports for the **project** or **partners**
- View reports within ABC
- **Save** reports as an **Excel** file or **PDF** file
- Commonly used reports are highlighted to the right





Investor Capital Account

[1]	[2]	[3]	[4]	[5]	[6]	[7] =Accum[2:6]	[8]	[9] =[7:8]
Date	Capital Contributions	Cash Distributions	Basis Reduction	Additional Capital Basis	Allocated Income/(Loss)	Capital Account Balance	Cumulative Share of Minimum Gain	Capital Account Balance Including Minimum Gain
Dec 30 2018	750,000.00	-60,000.00	-148,500.00	0.00	-89,100.00	452,400.00	0.00	452,400.00
Dec 30 2019	0.00	-66,750.00	0.00	0.00	-181,170.00	204,480.00	0.00	204,480.00
Dec 30 2020	0.00	-73,500.00	0.00	0.00	-64,548.00	66,432.00	0.00	66,432.00

Investor Outside Basis

Investor Share of Partnership Flows											
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12] =Accum[2:11]
Date	Capital Contributions	Cash Distributions	Basis Reduction	Change in Share of Total Liabilities	Allocated Income/(Loss)	704(c) Adjustments	743(b) Adjustments	Suspended Losses	Excess Distributions	Write-Off	Partner Outside Basis
Dec 30 2018	750,000.00	-60,000.00	-148,500.00	0.00	-89,100.00	0.00	0.00	0.00	0.00	0.00	452,400.00
Dec 30 2019	0.00	-66,750.00	0.00	0.00	-181,170.00	0.00	0.00	0.00	0.00	0.00	204,480.00
Dec 30 2020	0.00	-73,500.00	0.00	0.00	-64,548.00	0.00	0.00	0.00	0.00	0.00	66,432.00

Proof of Investor Return (Effective ATC XIRR: 12.1457061%)

[1]	[2]	[3]	[4] Taxes Saved/(Paid) Before Credit	[5]	[6]	[7]	[8]
Date	Pre-Tax Cash	Taxable Income		Credit	After-Tax Cash	Return	Investment Balance
Jan 31 2018	-750,000.00	-14,025.00	0.00	0.00	-750,000.00	0.00	750,000.00
Feb 28 2018	0.00	-14,025.00	0.00	0.00	0.00	6,624.16	756,624.16
Mar 31 2018	0.00	-14,025.00	0.00	0.00	0.00	7,402.16	764,026.32
Apr 30 2018	20,000.00	12,375.00	7,796.25	74,250.00	102,046.25	7,232.32	669,212.40

Investor Income Statement

[1]	[2]	[3]	[4]	[5] =[4-3]	[6] =[2+5]	[7]	[8]	[9]	[10] =[6:9]
Date	Pre-Tax Cash	Beginning HLBV	Ending HLBV	Change in HLBV	Pre-Tax Book Income	Provision for Taxes	Tax Effect of Basis Reduction	Allocated Tax Credit	After-Tax Book Income
Dec 30 2018	-690,000.00	0.00	732,400.00	732,400.00	42,400.00	-14,840.00	0.00	0.00	27,560.00
Dec 30 2019	66,750.00	732,400.00	716,480.00	-15,920.00	50,830.00	-17,790.50	-10,395.00	59,400.00	82,044.50
Dec 30 2020	73,500.00	716,480.00	674,714.78	-41,765.22	31,734.78	-11,107.17	-10,395.00	59,400.00	69,632.61

Advanced PSHIP Features



- **Multiple investors**
- **Secondary market buy-ins**
- **Track** actual revenues, expenses and depreciation
- Manage partnership **portfolio**

▸ Partners	
	Investor
	Sponsor
	Co-Investor

701.701	Buy-In Date
701.702	Buy-In Purchase
701.703	Buy-In Starting Capital Account

6.910	Actuals: Revenue Amounts
6.911	Actuals: Revenue Amounts Spread Mode
6.920	Actuals: Allocated Amounts
6.921	Actuals: Allocated Amounts Spread Mode
6.930	Actuals: Taxable Revenue

▾ Portfolios	
	Entire Portfolio
	Wind
	Solar

Technical Details and Support



- ABC runs on Warren & Selbert's **servers** in Santa Barbara
- **Connect** using LINK software
- **Secure** connection
- Comprehensive, swift, unmetered **support**
- Experienced and knowledgeable staff

LINK
Warren & Selbert

Version 3.03
Registered to:

Username:

Password:

Project:

Connection:

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Warren & Selbert

Simple as ABC.

Thank You

For any questions or comments, please do not hesitate to contact us

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