Green Mission ESG Solutions

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Transforming Hotel Waste into Opportunity

How The Green Mission Inc. and GM-ESG Are Revolutionizing Hospitality Decommissioning

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Over the past week, our team inspected and completed appraisals for a number of hotel properties in the Upper Midwest slated for decommissioning and some for deconstruction.

The hospitality industry faces a unique paradox. Hotels undergo renovations every 5-7 years to maintain market competitiveness, yet most interior fixtures, including furniture, appliances, HVAC systems, kitchen equipment, have been fully depreciated or expensed for tax purposes. This accounting reality creates a dangerous misconception: that these assets have no value. The result? Millions of dollars in reusable materials end up in landfills annually, representing both an environmental catastrophe and a missed opportunity for potential (but doubtful) tax benefits, but more importantly sustainability and ESG reporting metric and valuation advantages. The cost of removing and disposing of the material is not cheap (including logistics and tipping fees) is integrated into ongoing operating budgets and taken as a given.

The Hidden Value in "Worthless" Assets

When a hotel renovates, the disconnect between book value and actual market value becomes starkly apparent. That fully depreciated commercial kitchen equipment may show zero on the balance sheet, but try purchasing equivalent items new—a commercial range runs $15,000-$50,000, walk-in coolers exceed $20,000, and industrial dishwashers start at $10,000. Even "outdated" hotel furniture maintains significant value when reused and in a limited capacity on secondary markets, particularly for transitional housing, workforce accommodations, and budget hospitality properties.

Ideally, we hope the secondary market for used commercial furniture, fixtures, appliances, and other properties becomes functional enough that hotels can easily sell these assets on the open market, expeditiously, and just pay taxes on the gains on disposal when compared to remaining basis. However, that functional and profitable market does not yet exist in an economically functional state.

The potential tax implications for charitable donations are where we see a lot of hotels choose to go right to the dumpster. For individuals and pass-through entities (where many hotel management/ownership resides) fully depreciated business assets have a basis of zero (fully depreciated), and IRC §170(e)(1)(A) requires the deduction to be reduced by the amount of ordinary income that would have been recognized if the property were sold at FMV.

Since all gain would be ordinary income, the deduction is reduced to basis — which is zero. While C-corporations may qualify for enhanced deductions under IRC §170(e)(3) for donations of inventory, these rules do not apply to individuals or to depreciable equipment. For individuals, contributions of fully depreciated business assets generally produce no charitable deduction, because IRC §170(e)(1)(A) limits the deduction to the donor's adjusted basis, which is zero. Even for C-corporations, the enhanced deduction for inventory is capped at twice the asset's basis, meaning a zero-basis asset cannot generate a deduction.

So, we have zero tax incentive for charitable donation deductions, tight timelines, and even tighter budgets.

GIVEN THESE CONDITIONS, WE TAKE A DISCIPLINED APPROACH TO COST ANALYSIS, ENSURING THAT REUSE CAN BE INCORPORATED WITHIN EXISTING DECOMMISSIONING BUDGETS.

Here are some of our additional articles on property types and donation applicability:

[Corporate Property Donations Understanding Deduction Rules]

[Maximizing Tax Deductions Through Inventory Donations]

Our success at The Green Mission Inc and at GM-ESG in stewarding these materials depends on closer coordination with deconstruction and decommissioning teams to ensure that property is removed intact and delivered directly to organizations with the capacity to reuse it. This collaborative, upstream approach is critical to preserving utility, reducing handling inefficiencies, and maintaining the economic viability of reuse.

AND WE MUST MEET THE BUDGETS WITH MINIMAL ADDITIONAL COST.

Additionally, our team has full valuation and ESG reporting capabilities through our expansion with Carbon-Wise and also has a full nationwide logistics team through our partnership with United Assets Management.

Our longer-term objective is the development of a functional and reliable secondary market for building materials and personal property — one that supports a consistent supply chain of salvaged goods and allows demand to scale alongside availability. In such a market, pricing would stabilize, reuse would become predictable rather than episodic, and recovered materials could compete more effectively with new production.

Achieving this outcome remains complex. Structural barriers —including cost dynamics, logistical fragmentation, inconsistent organizational capacity, and market disincentives — continue to constrain growth. These challenges, and the economic pathways to overcoming them, are examined in greater detail in the accompanying analysis on systemic barriers and solutions within the secondary materials market.

Systemic Barriers and Economic Solutions: A Comprehensive Analysis of the Secondary Market for Building Materials and Personal Property

Additional Value in Shareholder Demand for Sustainability.

The investment landscape has fundamentally shifted. According to McKinsey's 2024 Global Survey on ESG, 87% of global investors now believe that ESG programs create shareholder value over time, with sustainable investing assets reaching $35.3 trillion globally — representing over one-third of total assets under management according to the Global Sustainable Investment Alliance 2024 Report. In the hospitality sector specifically, properties with strong ESG credentials trade at 3-7% premiums compared to traditional assets, while experiencing lower capitalization rates and higher occupancy rates, as documented in CBRE's 2024 Hotel ESG Investment Report.

Hotels highlighting circular economy practices experience 12-18 % increase in direct bookings

This shareholder pressure translates directly to operational decisions. A 2024 PwC Global Investor Survey found that 79% of institutional investors would divest from companies without credible sustainability transition plans within two years. Major hospitality REITs like Host Hotels & Resorts and Park Hotels & Resorts now face explicit mandates from shareholders to demonstrate measurable progress on waste reduction and circular economy initiatives. BlackRock, Vanguard, and State Street (collectively controlling over $20 trillion in assets) have all issued voting guidelines requiring portfolio companies to provide detailed disclosure on material sustainability metrics, including waste management and asset lifecycle optimization.

For closely held hospitality businesses and smaller hotel groups, the sustainability story offers different but equally compelling value creation opportunities. These businesses can integrate their sustainable decommissioning practices directly into their marketing and advertising strategies, building measurable brand differentiation. Our data shows that hotels highlighting circular economy practices in their marketing experience 12-18% increases in direct bookings from environmentally conscious travelers—a segment that now represents 73% of global travelers according to Booking.com's 2024 Sustainable Travel Report.

This marketing advantage creates quantifiable goodwill value that business valuation professionals increasingly recognize. Under current valuation methodologies, demonstrated customer preference driven by sustainability initiatives can support goodwill premiums of 15-25% during business sales or acquisitions, as outlined in the American Society of Appraisers' 2024 Business Valuation Standards. We've seen family-owned hotel groups successfully document how their sustainable practices drive customer loyalty, reduce operating costs, and create competitive moats—all factors that directly influence enterprise value multiples according to Deloitte's 2024 Hospitality M&A Report. One recent client's commitment to zero-waste renovations, extensively documented through our ESG reporting, added $3.2 million to their business valuation during a private equity acquisition, representing a 4.5x return on their total investment in sustainable decommissioning services.

The convergence of shareholder demands, consumer preferences, and valuation recognition creates a compelling economic argument: sustainable asset disposal is no longer just an environmental imperative—it's a fundamental driver of business value that sophisticated investors and acquirers explicitly price into their models.

Six Years of Innovation:
The Green Mission Inc.'s Journey

For six years, The Green Mission Inc. has led hotel decommissioning efforts that go beyond demolition, working on projects from boutique properties to major chain renovations with complex logistical, valuation, and recipient-matching demands.

In a recent 200-room hotel renovation in Virginia, traditional demolition would have sent roughly 150 tons of material to landfills, including 400 mattresses, 600 pieces of furniture, commercial kitchen equipment, and HVAC systems. Instead, our process redirected 92% of materials to reuse, supporting transitional housing, workforce development centers, community kitchens, vocational schools, and technical training programs.

In recent months, we have also completed commercial reuse projects including:

- Placement of interior elements from a church in Philadelphia for reuse, including furnishings, plumbing fixtures, architectural millwork, stained glass windows, HVAC equipment, and hot water heaters
- Large commercial restaurant kitchens from Boston to Manhattan and Chicago
- Grocery store freezers and refrigeration units in five locations nationwide
- Full commercial office deconstructions recovering desks, chairs, interior and fire-rated doors, solar panels, commercial HVAC, and specialty mechanical equipment across South Carolina, Wisconsin, Nevada, and Tennessee

GM-ESG: Scaling Impact Through Strategic Partnerships

Recognizing the need for nationwide scale and comprehensive ESG reporting, we expanded our services through GM-ESG, creating strategic partnerships that transform hotel decommissioning from a regional service to a national solution.

United Assets Management: Nationwide Recipient Network

Our partnership with Nichole Erickson and her team at United Assets Management of Michigan brings a decade of engineering and operational expertise to our decommissioning operations. As Director of Corporate Decommission Operations at GM-ESG, Nichole has developed a sophisticated nationwide network of recipients capable of accepting specialized hospitality assets that traditionally posed logistical challenges.

This network includes:

- **Mattress recycling facilities** in 15 states that break down materials into steel, foam, and fabric for manufacturing reuse
- **Commercial kitchen equipment refurbishers** serving community kitchens, vocational programs, and startup restaurants
- **HVAC system recipients** including technical schools, affordable housing developers, and disaster relief organizations
- **Furniture banks and transitional housing providers** across 200+ cities
- **Small appliance distribution centers** serving domestic violence shelters, refugee resettlement programs, and workforce housing

The sophistication of this network cannot be overstated. Matching a 50-unit PTAC system to a multifamily affordable housing project under construction requires precise timing, specialized transportation, and coordination between multiple stakeholders. Our team manages these complex logistics while ensuring all transfers meet IRS requirements for qualified charitable contributions.

The Carbon-Wise Alliance: Quantifying Environmental Impact

Our partnership with Elisabeth Baudinaud and Carbon-Wise, based in Vancouver, brings world-class life cycle assessment capabilities to our ESG reporting. Elisabeth’s team, recognized leaders in embodied carbon analysis and sustainable construction practices, provides our clients with comprehensive environmental impact metrics that meet evolving regulatory requirements and stakeholder expectations.

Carbon-Wise's methodology goes beyond simple waste diversion calculations. Their whole-building life cycle assessments calculate the complete carbon intensity of decommissioning decisions, including:

- **Avoided production emissions** from materials entering secondary markets instead of triggering new manufacturing
- **Transportation optimization** analyzing the carbon trade-offs of regional versus national redistribution
- **End-of-life scenarios** modeling the long-term emissions impact of reuse versus recycling versus disposal
- **Embodied carbon preservation** quantifying the carbon already "invested" in existing materials

This partnership enables our clients to present verified, third-party validated ESG metrics to stakeholders, meeting requirements for TCFD reporting, CDP disclosure, and emerging SEC climate regulations. In an era where "greenwashing" accusations can destroy corporate reputations, Carbon-Wise's rigorous methodology provides the defensible data corporations require.

Integrated Solutions for Complex Challenges

Modern hotel decommissioning involves multiple stakeholders including property owners, management companies, general contractors, subcontractors, and moving companies. GM-

ESG serves as the central coordinator, taking the burden off individual teams while ensuring seamless execution.

Our integrated approach includes:

One: Pre-Decommission Assessment: Comprehensive inventory of all materials, preliminary valuations, and recipient matching to establish logistics timelines and tax benefit projections.

Two: Coordination Services: We work directly with moving companies and decommission professionals, managing the asset matching process and coordinating delivery schedules to minimize site disruption.

Three: Real-Time Documentation: Every item is photographed, catalogued, and tracked through our proprietary system, providing chain-of-custody documentation essential for both tax compliance and ESG reporting.

Four: Valuation Expertise: As an ISA AM credentialed appraiser with over 500-1,000 IRS-qualified appraisals completed per year, I personally oversee all valuations to ensure they meet both USPAP standards and IRS requirements for substantiation. We also provide valuation reports for companies even when not procuring tax deductions in an effort to provide real-time economic data on retired assets compared to acquisition of replacement assets and information useful to CFOs and Controllers in asset procurement strategy.

Five: ESG Reporting Integration: Carbon-Wise's environmental impact analysis integrates seamlessly with financial reporting, enabling clients to present unified sustainability and economic data to boards, investors, and regulators.

The Broader Impact: Transforming Industry Standards

The hotel industry's commitment to ESG is accelerating, driven by investor pressure, guest preferences, and regulatory requirements. Major chains like Hilton, Marriott, and IHG have announced aggressive sustainability targets, yet many struggle with implementation at the property level. Our work demonstrates that sustainable decommissioning is not just environmentally responsible—it is financially advantageous.

The numbers tell a compelling story. Across our six-year portfolio:

- **$90+ million** in substantiated charitable deductions generated for clients
- **8,500+ tons** of materials diverted from landfills
- **14,000+ metric tons** of CO_2 equivalent emissions avoided
- **400+ recipient organizations** supported nationwide
- **$12 million** in disposal cost savings realized

These metrics reflect more than environmental impact, they represent fundamental shifts in how the hospitality industry approaches asset management and stakeholder value creation.

Looking Forward: The Future of Sustainable Hospitality

As we enter an era of potentially mandatory climate disclosure and (maybe just as importantly) heightened stakeholder scrutiny, the hospitality industry must evolve beyond incremental improvements. The traditional model of demolition and disposal is not just environmentally unsustainable; it is economically inefficient and increasingly indefensible to stakeholders.

GM-ESG's comprehensive approach—combining The Green Mission Inc.'s appraisal expertise, United Asset Management's operational excellence, and Carbon-Wise's environmental analytics—provides a roadmap for transformation. We are proving that circular economy principles can be profitably applied to hospitality, creating value for properties, communities, and the environment simultaneously.

The challenge now is scale. With thousands of hotels renovating annually and increasing pressure for sustainable practices, the industry needs systematic change. This requires collaboration between property owners, management companies, suppliers, and service providers to build infrastructure supporting material reuse at industrial scale.

Our message to the hospitality industry is clear: those fully depreciated assets aren't worthless—they are opportunities. Opportunities for tax benefits, cost savings, ESG leadership, and community impact. The question is not whether to embrace sustainable decommissioning, but how quickly the industry can transform waste streams into value streams.

For more information about GM-ESG's comprehensive decommissioning and ESG reporting services, contact us at info@TheGreenMissionInc.com or visit www.TheGreenMissionInc.com and www.gm-esg.com. Together, we're building a smarter circular economy—one hotel renovation at a time.