

CONFIDENTIAL TAX AUDIT

Client: Apex Innovations LLC

Fiscal Year: 2025

QUALIFIED RESEARCH ACTIVITIES (IRC 41):

1. Development of proprietary compression algorithm (Software).
2. Cloud architecture redesign for scalability.

EXPENSE BREAKDOWN:

- Senior Engineer Wages: \$150,000
- Junior Developer Wages: \$80,000
- Cloud Hosting (AWS) Allocable to Testing: \$12,000
- Contractor (Research): \$45,000

TOTAL QRE: \$287,000.

ESTIMATED CREDIT VALUE: \$28,000.