

# Research and Development Tax Credit Substantiation Document

## 1. PRELIMINARY STATEMENT

This Research and Development Tax Credit Substantiation Document ("Document") is executed by Nexus Intelligent Systems, Inc., a Delaware corporation (hereinafter "Company"), in connection with the substantiation and documentation of qualified research expenses for federal and state tax credit purposes.

## 2. DEFINITIONS

1 "Qualified Research Expenses" (QRE) shall mean all direct and indirect costs associated with systematic technological innovation, experimental development, and technological advancement specifically related to the Company's enterprise AI and predictive analytics platforms.

2 "Qualified Research Activities" shall include:

- a) Development of machine learning diagnostic algorithms
- b) Experimental prototype design for predictive maintenance technologies
- c) Technological process improvements in AI-driven enterprise solutions
- d) Systematic investigation and experimentation to advance technological capabilities

## 3. RESEARCH AND DEVELOPMENT DOCUMENTATION

### 1 Qualified Research Activities Overview

The Company conducted comprehensive research and development activities during the fiscal period from January 1, 2023 to December 31, 2023, focused on advancing enterprise AI technologies with specific emphasis on:

- Predictive maintenance platform enhancements
- Machine learning diagnostic tool refinement
- Intelligent automation algorithm development

### 2 Technological Uncertainty Documentation

Each research initiative undertaken by the Company addressed specific technological uncertainties, including:

- a) Algorithmic performance optimization

- b) Machine learning model accuracy improvements
- c) Scalable AI infrastructure development
- d) Advanced predictive analytics methodologies

#### **4. EXPENSE CATEGORIZATION**

##### **1 Direct Research Expenses**

- Wages for qualified research personnel: \$2,347,500
- Direct material costs: \$456,200
- Prototype development expenses: \$378,900
- Software and technology licensing: \$215,600

##### **2 Indirect Research Expenses**

- Research facility overhead: \$612,300
- Research equipment depreciation: \$287,500
- Supporting technological infrastructure: \$423,700

#### **5. COMPLIANCE ATTESTATION**

The undersigned hereby certifies that:

- a) All research activities meet Internal Revenue Code Section 41 requirements
- b) Expenses have been independently verified
- c) Documentation substantiating each claimed expense is maintained
- d) Research activities represent genuine technological advancement

#### **6. SUPPORTING DOCUMENTATION**

##### **1 The Company maintains comprehensive documentation including:**

- Detailed project logs
- Technological design specifications
- Personnel time allocation records
- Experimental process documentation
- Financial expense tracking

#### **7. LEGAL REPRESENTATIONS**

1 The Company represents that all research expenses:

- Represent legitimate technological innovation
- Satisfy Internal Revenue Service guidelines
- Are not routine or cosmetic improvements
- Involve technological uncertainty
- Constitute a systematic investigation

## **8. LIMITATIONS AND DISCLAIMERS**

1 This document represents management's best assessment of qualified research expenses. The Company acknowledges potential tax authority review and potential adjustments.

2 The Company retains full responsibility for tax credit substantiation and compliance.

## **9. EXECUTION**

Executed this 22nd day of January, 2024.

### **Authorized Signatures:**

Dr. Elena Rodriguez  
Chief Executive Officer  
Nexus Intelligent Systems, Inc.

Michael Chen  
Chief Technology Officer  
Nexus Intelligent Systems, Inc.

## **10. CONFIDENTIALITY STATEMENT**

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