

Fixed Asset Depreciation Schedule 2023

Confidential Document - Nexus Intelligent Systems, Inc.

1. PRELIMINARY STATEMENT

This Fixed Asset Depreciation Schedule ("Schedule") is prepared by Nexus Intelligent Systems, Inc., a Delaware corporation (the "Company"), for the fiscal year ending December 31, 2023, in accordance with Generally Accepted Accounting Principles (GAAP) and Internal Revenue Service (IRS) regulations.

2. DEPRECIATION METHODOLOGY

1 Accounting Standards

The Company employs the straight-line depreciation method for all fixed assets, consistent with prior fiscal reporting periods. Depreciation calculations are based on:

- Estimated useful life of each asset
- Original purchase cost
- Anticipated salvage value
- Technological obsolescence factors specific to enterprise AI and technology infrastructure

2 Depreciation Rates

The following standard depreciation rates are applied across asset categories:

Asset Category	Useful Life	Annual Depreciation Rate
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Computer Hardware	3-5 years	20-33%
Server Infrastructure	4-7 years	14-25%
Office Equipment	5-7 years	14-20%
Custom AI Development Equipment	3-4 years	25-33%
Leasehold Improvements	Lease Term	Prorated

3. FIXED ASSET INVENTORY

1 Total Fixed Asset Value

As of December 31, 2023, the Company's total fixed asset value is \$2,743,650, with a net book value

of \$1,876,225 after accumulated depreciation.

2 Asset Breakdown

- Computer & Network Infrastructure: \$1,245,000
- AI Research & Development Equipment: \$687,500
- Office Furniture & Fixtures: \$412,750
- Leasehold Improvements: \$398,400

4. DEPRECIATION SCHEDULE DETAILS

1 Significant Asset Acquisitions (2023)

- High-Performance GPU Cluster: \$425,000
- Machine Learning Research Workstations: \$312,500
- Network Security Infrastructure: \$218,750

2 Asset Disposals

The following assets were fully depreciated and removed from the balance sheet in 2023:

- Legacy Server Infrastructure (Retired)
- Obsolete Networking Equipment
- Replaced Workstation Hardware

5. TAX IMPLICATIONS

1 Section 179 Deductions

The Company has elected to utilize Section 179 expensing for qualifying equipment purchases, maximizing tax efficiency for capital investments in technology infrastructure.

2 Bonus Depreciation

Applicable bonus depreciation rates have been applied consistent with current tax regulations, providing additional tax optimization for qualifying asset acquisitions.

6. COMPLIANCE AND ATTESTATION

1 Management Representation

Management affirms that this Fixed Asset Depreciation Schedule:

- Accurately represents the Company's fixed asset portfolio

- Complies with applicable accounting standards
- Reflects true and fair financial reporting

2 Independent Verification

This schedule is subject to review and verification by the Company's independent auditors.

7. LIMITATIONS AND DISCLAIMERS

1 Confidentiality

This document contains confidential financial information and is intended solely for authorized review purposes.

2 Forward-Looking Statements

Certain statements regarding future asset values and depreciation projections are subject to change based on technological developments and business conditions.

8. EXECUTION

Executed this 22nd day of January, 2024.

Authorized Signatures:

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Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

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Michael Chen

Chief Technology Officer

Nexus Intelligent Systems, Inc.