

R&D Tax Credit Documentation - Platform Development Q1-Q4 2023

Summit Digital Solutions, Inc.

Documentation Period: January 1, 2023 - December 31, 2023

1. Project Overview and Qualification Statement

1. This documentation certifies that Summit Digital Solutions, Inc. ("Company") has undertaken qualified research and development activities related to the development and enhancement of its proprietary Peak Performance Platform ("Platform") during the 2023 tax year, pursuant to IRC 41 and applicable Treasury Regulations.
2. The Company affirms that all documented activities satisfy the four-part test for qualified research:
 - a) Permitted Purpose: Development of new or improved business components
 - b) Elimination of Uncertainty: Technical uncertainty regarding development methodology
 - c) Process of Experimentation: Systematic evaluation of alternatives
 - d) Technological in Nature: Reliance on physical, biological, engineering, or computer sciences

2. Qualified Research Activities

1. Core Platform Development Initiatives:

1.1. Machine Learning Algorithm Enhancement

- Development of advanced predictive maintenance algorithms
- Implementation of neural network architectures for pattern recognition
- Optimization of real-time data processing capabilities
- Testing and validation of model accuracy across diverse datasets

1.2. IoT Integration Framework

- Development of scalable sensor integration protocols
- Implementation of edge computing capabilities
- Creation of secure data transmission channels
- Testing of multi-device synchronization

1.3. Analytics Engine Advancement

- Development of real-time analytics processing

- Implementation of distributed computing architecture
- Enhancement of data visualization capabilities
- Performance optimization and scaling tests

3. Qualified Research Expenses (QRE)

1. Direct Labor Costs:

- Senior Software Engineers: \$2,875,000
- Data Scientists: \$1,950,000
- ML Engineers: \$2,125,000
- IoT Specialists: \$1,750,000

Total Direct Labor: \$8,700,000

2. Contract Research:

- Third-party AI/ML consulting: \$750,000
- Security audit services: \$325,000
- Performance testing services: \$275,000

Total Contract Research: \$1,350,000

3. Supplies and Materials:

- Development environment costs: \$425,000
- Testing hardware: \$275,000
- Cloud computing resources: \$850,000

Total Supplies: \$1,550,000

4. Technical Documentation

1. The Company maintains comprehensive documentation of all research activities, including:

- Detailed project plans and technical specifications
- Git repository commit histories
- Sprint planning and retrospective documents
- Technical design documents and architecture diagrams
- Test results and validation reports
- Research findings and implementation methodologies

2. All documentation is maintained in accordance with Treasury Regulation 1.41-4(d) and is available for examination upon request.

5. Certification of Qualified Activities

1. The undersigned officers certify that:

- All claimed activities constitute qualified research under IRC 41
- Expenses claimed are accurately recorded and properly allocated
- Documentation exists to substantiate all claimed amounts
- Activities were conducted within the United States
- No qualified research expenses were funded by any grant or contract

6. Risk Factors and Uncertainties

1. The Company acknowledges the following technical uncertainties addressed during development:

- Scalability of ML models across diverse enterprise environments
- Real-time processing capabilities for high-volume sensor data
- Integration compatibility with legacy systems
- Security protocol effectiveness in distributed architectures

7. Certification

The undersigned hereby certify that this documentation is true and accurate to the best of their knowledge:

Dr. Alexandra Reeves

Chief Executive Officer

Date: December 31, 2023

Michael Chang

Chief Technology Officer

Date: December 31, 2023

James Henderson

Chief Digital Officer

Date: December 31, 2023

8. Legal Disclaimer

This documentation has been prepared solely for the purpose of supporting R&D tax credit claims under IRC 41. While reasonable efforts have been made to ensure accuracy, Summit Digital Solutions, Inc. makes no warranties or representations regarding the completeness or accuracy of the information contained herein. This document should be reviewed by qualified tax professionals before being relied upon for tax filing purposes.

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