

PAYROLL TAX DOCUMENTATION 2023

Summit Digital Solutions, Inc.

EIN: 81-3456789

Period: January 1, 2023 - December 31, 2023

1. CERTIFICATION OF PAYROLL TAX COMPLIANCE

This documentation certifies that Summit Digital Solutions, Inc., a Delaware corporation ("Company"), has fulfilled all federal, state, and local payroll tax obligations for the 2023 tax year in accordance with applicable laws and regulations.

2. FEDERAL PAYROLL TAX SUMMARY

2.1 Employment Tax Deposits

- Form 941 quarterly deposits made timely for all four quarters
- Total FICA withholdings: \$4,873,250
- Total Medicare withholdings: \$1,139,875
- Federal unemployment tax (FUTA): \$241,500
- Total federal tax deposits: \$6,254,625

2.2 Quarterly Filing Status

- Q1 2023: Filed April 15, 2023
- Q2 2023: Filed July 15, 2023
- Q3 2023: Filed October 15, 2023
- Q4 2023: Filed January 15, 2024

3. STATE PAYROLL TAX COMPLIANCE

3.1 Primary Business Location (Delaware)

- State unemployment insurance: \$425,350
- State withholding tax: \$2,187,500
- Workers' compensation premiums: \$385,000

3.2 Multi-State Operations

The Company maintains payroll tax registrations and compliance in the following states:

- California (Registration #CA-98765432)
- New York (Registration #NY-87654321)
- Texas (Registration #TX-76543210)
- Massachusetts (Registration #MA-65432109)

4. PAYROLL PROCESSING VERIFICATION

4.1 Payroll Service Provider

- Provider: ADP Workforce Now
- Service Agreement Date: January 1, 2023
- Contract Number: ADP-2023-SDS-001

4.2 Processing Controls

- Bi-weekly payroll processing for 385 employees
- Multi-level approval workflow
- Automated tax table updates
- Quarterly reconciliation procedures
- Year-end W-2 verification process

5. SPECIAL CONSIDERATIONS

5.1 Remote Worker Compliance

- 127 employees working remotely across 18 states
- State-specific withholding requirements maintained
- Nexus determinations completed
- Remote work policy compliance verified

5.2 Equity Compensation

- RSU withholding procedures implemented
- ESPP participation tracking
- Stock option exercise tax compliance
- Supplemental wage withholding at 22%

6. AUDIT AND VERIFICATION

6.1 Internal Controls

- Monthly reconciliation of payroll accounts
- Quarterly compliance review by Finance Department
- Annual audit by Ernst & Young LLP
- SOC 1 Type II controls maintained

6.2 Documentation Retention

All supporting documentation maintained in accordance with Company's record retention policy:

- Payroll journals: 7 years
- Tax deposits: 7 years
- Employee tax forms: 7 years
- State filings: 7 years

7. REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants that:

All payroll tax returns have been timely filed

All required deposits have been made when due

No material payroll tax audits are pending

All information provided is true and accurate

8. CERTIFICATION

The undersigned, being duly authorized, hereby certifies the accuracy and completeness of this documentation.

SUMMIT DIGITAL SOLUTIONS, INC.

By: _

Sarah Blackwell

Chief Operating Officer

Date: January 15, 2024

Verified by: _

Jennifer Martinez, CPA

Director of Tax

Date: January 15, 2024

9. DISCLAIMER

This document is confidential and proprietary to Summit Digital Solutions, Inc. It has been prepared for due diligence purposes only. While reasonable efforts have been made to ensure accuracy, no warranty or representation is made regarding the completeness or accuracy of the information contained herein.