

Independent Contractor 1099 Compilation Report

Nexus Intelligent Systems, Inc.

Fiscal Year 2023 Tax Documentation

Confidential Document

Prepared: January 22, 2024

1. Executive Summary

This Independent Contractor 1099 Compilation Report ("Report") provides a comprehensive analysis of all independent contractor payments processed by Nexus Intelligent Systems, Inc. (hereinafter "Company") during the fiscal year ending December 31, 2023. The report has been meticulously compiled to ensure full compliance with Internal Revenue Service (IRS) reporting requirements and to facilitate accurate tax documentation and financial transparency.

2. Scope of Compilation

2.1 Reporting Parameters

- Reporting Period: January 1, 2023 - December 31, 2023
- Total Independent Contractors Documented: 42
- Total Compensation Reported: \$1,247,635.22
- Reporting Jurisdiction: Delaware Corporate Headquarters

2.2 Methodology

This compilation has been prepared utilizing the Company's internal financial records, verified payment systems, and comprehensive contractor engagement documentation. All reported compensation has been cross-referenced against individual contractor invoices, engagement agreements, and payment records.

3. Contractor Classification Analysis

3.1 Contractor Categorization

The Company has systematically classified independent contractors across multiple professional categories:

| Category | Number of Contractors | Total Compensation | Average Compensation |

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Technical Consulting 18 \$612,475.00 \$34,026.39
Design & Creative Services 7 \$215,340.00 \$30,762.86
Strategic Advisory 6 \$287,620.00 \$47,936.67
Specialized Engineering 11 \$132,200.22 \$12,018.20

3.2 Compliance Verification

Each contractor engagement has been individually assessed to confirm:

- Proper 1099 classification
- Absence of de facto employment relationship
- Compliance with IRS independent contractor guidelines
- Maintenance of appropriate documentation

4. Compensation Reporting Details

4.1 Compensation Thresholds

In accordance with IRS regulations, all contractors compensated \$600 or more during the fiscal year have been documented and will receive Form 1099-NEC.

4.2 Payment Distribution Analysis

- Minimum Individual Contractor Compensation: \$1,250.00
- Maximum Individual Contractor Compensation: \$187,500.00
- Median Contractor Compensation: \$22,750.50

5. Tax Reporting Compliance

5.1 Documentation Requirements

The Company has maintained the following documentation for each independent contractor:

- Signed W-9 Form
- Detailed Service Agreements
- Invoices and Payment Records
- Scope of Work Documentation

5.2 Reporting Mechanisms

- All 1099-NEC forms will be generated and distributed by January 31, 2024

- Electronic and physical copies will be provided to contractors
- IRS submission will occur via approved electronic filing methods

6. Risk Mitigation and Legal Considerations

6.1 Contractual Safeguards

Each independent contractor engagement includes:

- Clear delineation of independent contractor status
- Intellectual property assignment provisions
- Confidentiality and non-disclosure agreements
- Limitation of liability clauses

6.2 Potential Compliance Risks

No significant compliance risks were identified during the compilation process. Minor administrative recommendations have been noted for future contractor engagement protocols.

7. Limitations and Disclaimers

This compilation report is provided for informational purposes and does not constitute legal or tax advice. The Company recommends independent verification and consultation with qualified tax professionals.

8. Certification of Accuracy

I, Sarah Williamson, Chief Strategy Officer of Nexus Intelligent Systems, Inc., hereby certify that the information contained in this Independent Contractor 1099 Compilation Report is true, accurate, and complete to the best of my knowledge.

—

Sarah Williamson

Chief Strategy Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

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