

Research Expenditure Qualified Wages Report

Confidential Document - Nexus Intelligent Systems, Inc.

1. EXECUTIVE SUMMARY

This Research Expenditure Qualified Wages Report ("Report") provides a comprehensive analysis of qualified research expenditures and associated wage calculations for Nexus Intelligent Systems, Inc. (the "Company") for the fiscal year ending December 31, 2023, prepared in accordance with Internal Revenue Code Section 41 and applicable Treasury Regulations.

2. DOCUMENT SCOPE AND PURPOSE

1 Objective

The primary objective of this Report is to:

- Document qualified research wages for tax credit calculation
- Provide detailed substantiation of research and development expenditures
- Support potential R&D tax credit claims for the reporting period

2 Methodology

Wage qualification was determined through:

- Comprehensive payroll records review
- Direct identification of qualified research personnel
- Detailed time allocation and project mapping analysis

3. QUALIFIED RESEARCH PERSONNEL CLASSIFICATION

1 Identified Research Personnel Categories

a) Core R&D Engineering Team

- Machine Learning Engineers
- AI Research Scientists
- Software Development Researchers
- Advanced Analytics Developers

b) Supporting Technical Personnel

- Technical Product Managers

- Research Infrastructure Specialists
- Computational Systems Architects

4. WAGE QUALIFICATION CRITERIA

1 Qualified Research Activity Definitions

Qualified research activities were defined as substantive technological activities meeting the following criteria:

- Direct technological innovation
- Technological uncertainty resolution
- Experimental development processes
- Technological advancement in AI/machine learning domains

2 Wage Calculation Methodology

Wage qualifications were determined through:

- Direct time tracking documentation
- Project-specific allocation percentages
- Substantive technological contribution assessments

5. FINANCIAL SUMMARY

1 Total Qualified Research Wages

Total Qualified Research Wages: \$4,237,500

- Core R&D Personnel: \$3,625,000
- Supporting Technical Personnel: \$612,500

2 Wage Allocation Breakdown

Personnel Category	Qualified Wage Percentage	Total Qualified Wages
ML Engineers	85%	\$1,875,000
AI Research Scientists	90%	\$1,312,500
Software Researchers	75%	\$437,500
Technical Support	50%	\$612,500

6. DOCUMENTATION AND SUBSTANTIATION

1 Supporting Documentation

The following documentation supports this Report:

- Detailed payroll records
- Employee time tracking logs
- Project research documentation
- Technical development milestone records

2 Compliance Attestation

This Report has been prepared with rigorous attention to:

- IRS Research Credit Guidelines
- Generally Accepted Accounting Principles
- Internal revenue documentation standards

7. LIMITATIONS AND DISCLAIMERS

1 Scope Limitations

- This Report represents a good-faith assessment of qualified research wages
- Final tax credit determination remains subject to IRS review
- Retrospective adjustments may be required based on additional IRS guidance

2 Professional Disclaimer

This document has been prepared by the Company's internal financial and legal teams with external tax advisory consultation. It represents a professional assessment but does not constitute a definitive tax determination.

8. SIGNATURES

Executed this 22nd day of January, 2024

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Michael Chen

Chief Technology Officer

Nexus Intelligent Systems, Inc.

9. CONFIDENTIALITY NOTICE

This document contains confidential and proprietary information. Unauthorized reproduction or distribution is strictly prohibited.