

# **Employee Payroll Tax Withholding Reconciliation - 2022**

## **Confidential Document**

**Nexus Intelligent Systems, Inc.**

### **1. PRELIMINARY STATEMENTS**

1 This Employee Payroll Tax Withholding Reconciliation document ("Document") represents the comprehensive annual review of federal, state, and local payroll tax withholding activities for Nexus Intelligent Systems, Inc. ("Company") for the fiscal year ending December 31, 2022.

2 The reconciliation has been prepared in accordance with applicable Internal Revenue Service (IRS) regulations, Treasury Department guidelines, and generally accepted accounting principles (GAAP).

### **2. SCOPE OF RECONCILIATION**

#### **1 Jurisdictional Coverage**

- Federal tax withholding: United States Internal Revenue Service
- State tax jurisdictions: Delaware (primary), California, Washington
- Local tax jurisdictions: New Castle County, Delaware metropolitan area

#### **2 Employee Population Covered**

- Total employees as of December 31, 2022: 87
- Full-time employees: 79
- Part-time employees: 8
- Independent contractors: 12 (excluded from primary tax withholding analysis)

### **3. TAX WITHHOLDING SUMMARY**

#### **1 Aggregate Withholding Totals**

- Total federal tax withholdings: \$1,247,336.42
- Total state tax withholdings: \$412,889.53
- Total local tax withholdings: \$87,221.16
- Aggregate withholding total: \$1,747,447.11

#### **2 Withholding Compliance Metrics**

- Percentage of accurate withholdings: 99.87%

- Number of withholding corrections processed: 3
- Total value of withholding adjustments: \$14,223.67

#### **4. RECONCILIATION METHODOLOGY**

##### **1 Data Sources**

- Payroll management system records
- Individual employee W-2 documentation
- Third-party payroll processing system reports
- Internal financial accounting records

##### **2 Verification Procedures**

- Cross-referenced individual employee earnings
- Validated tax identification numbers
- Confirmed withholding calculation accuracy
- Reviewed compliance with current tax rate schedules

#### **5. MATERIAL FINDINGS**

##### **1 Compliance Status**

The Company maintains substantial compliance with all applicable federal, state, and local payroll tax withholding regulations for the 2022 fiscal period.

##### **2 Identified Exceptions**

- Minor discrepancies in three employee withholding calculations
- Immediate corrective actions implemented
- No material financial misstatements detected

#### **6. CERTIFICATION OF ACCURACY**

##### **1 The undersigned hereby certifies that to the best of their knowledge:**

- All information contained herein is true and accurate
- The reconciliation has been prepared with professional diligence
- All material tax withholding activities have been comprehensively reviewed

#### **7. LEGAL DISCLAIMERS**

1 This document is prepared for internal review and potential regulatory inspection. It represents a good faith effort to reconcile payroll tax withholding activities.

2 The Company reserves the right to make administrative corrections as necessary.

## **8. EXECUTION**

Executed this 22nd day of January, 2024

Sarah Williamson

Chief Strategy Officer

Nexus Intelligent Systems, Inc.

Michael Chen

Chief Financial Officer

Nexus Intelligent Systems, Inc.

## **9. CONFIDENTIALITY NOTICE**

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