

Consolidated Tax Return Supporting Documents

Nexus Intelligent Systems, Inc.

Fiscal Year Ending December 31, 2023

1. DOCUMENT OVERVIEW

1 Purpose

This document provides comprehensive supporting documentation for the consolidated federal and state tax returns of Nexus Intelligent Systems, Inc. (hereinafter "the Company") for the fiscal year ending December 31, 2023, prepared in accordance with applicable Internal Revenue Service (IRS) regulations and Financial Accounting Standards Board (FASB) guidelines.

2 Scope of Documentation

The attached documentation encompasses:

- Detailed income statements
- Comprehensive expense reconciliations
- Research and development tax credit calculations
- Depreciation and amortization schedules
- Intercompany transaction documentation
- Subsidiary financial consolidation worksheets

2. FINANCIAL SUMMARY

1 Corporate Structure

- Legal Entity: Nexus Intelligent Systems, Inc.
- State of Incorporation: Delaware
- Federal Employer Identification Number (FEIN): 87-2394561
- Fiscal Year: January 1, 2023 - December 31, 2023

2 Financial Metrics

- Total Annual Revenue: \$12,500,000
- Gross Profit: \$7,250,000
- Research and Development Expenditures: \$2,375,000
- Total Employee Headcount: 87

3. TAX CREDIT AND INCENTIVE DOCUMENTATION

1 Research and Development Tax Credit

Detailed documentation supporting R&D tax credit calculations, including:

- Qualified research expense (QRE) analysis
- Computational worksheets demonstrating compliance with Internal Revenue Code Section 41
- Detailed project logs and time allocation records for qualifying research activities

2 State-Level Tax Incentives

Comprehensive documentation of state-specific tax incentives, including:

- California Research and Development Tax Credit
- Delaware Technology Investment Tax Credit
- Verified documentation of qualifying technological innovation expenditures

4. INTERCOMPANY TRANSACTION RECONCILIATION

1 Subsidiary Transaction Documentation

Detailed reconciliation of all intercompany transactions, including:

- Transfer pricing analysis
- Arm's length transaction verification
- Comprehensive transaction logs
- Elimination entries for consolidated financial statements

2 Related Party Transaction Disclosure

Complete disclosure of all related party transactions, including:

- Consulting agreements
- Equipment leasing arrangements
- Intellectual property licensing transactions

5. DEPRECIATION AND AMORTIZATION SCHEDULES

1 Fixed Asset Depreciation

Comprehensive fixed asset depreciation schedules, including:

- Detailed asset registry
- Depreciation method justifications

- Accumulated depreciation calculations
- Asset acquisition and disposal documentation

2 Intangible Asset Amortization

Detailed amortization schedules for:

- Intellectual property
- Software development costs
- Customer relationship valuations
- Technology platform development expenses

6. LEGAL DISCLAIMERS

1 Representation and Warranty

The undersigned hereby represents that all information contained within this document is true, accurate, and complete to the best of their knowledge, prepared in good faith and in accordance with applicable accounting principles and tax regulations.

2 Limitation of Liability

This documentation is provided solely for tax reporting purposes and shall not constitute a comprehensive financial statement or be construed as definitive financial representation.

7. EXECUTION

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.