

Fixed Asset Depreciation Schedule for Tax Purposes

Confidential Document

Nexus Intelligent Systems, Inc.

1. INTRODUCTION AND PURPOSE

1 This Fixed Asset Depreciation Schedule ("Schedule") is prepared by Nexus Intelligent Systems, Inc., a Delaware corporation (hereinafter "Company"), for comprehensive tax reporting and financial accounting purposes, effective as of January 22, 2024.

2 The purpose of this Schedule is to:

- a) Provide a comprehensive inventory of capitalized fixed assets
- b) Establish depreciation methodologies consistent with Internal Revenue Service (IRS) regulations
- c) Document asset valuation, useful life, and depreciation calculations for fiscal year 2023

2. ASSET CLASSIFICATION METHODOLOGY

1 Asset Classification Categories

- Technology Infrastructure
- Office Equipment
- Research & Development Equipment
- Leasehold Improvements
- Software Assets

2 Depreciation Methods

The Company shall utilize the following depreciation methods:

- a) Straight-Line Depreciation
- b) Modified Accelerated Cost Recovery System (MACRS)
- c) Half-Year Convention for qualifying assets

3. FIXED ASSET INVENTORY SUMMARY

1 Total Capitalized Assets: \$3,742,650

- Technology Infrastructure: \$2,145,300
- Office Equipment: \$412,750

- R&D Equipment: \$876,400
- Leasehold Improvements: \$308,200

2 Asset Age Distribution

- 0-2 Years: 42% of total asset value
- 3-5 Years: 38% of total asset value
- 6+ Years: 20% of total asset value

4. DEPRECIATION SCHEDULE DETAILS

1 Technology Infrastructure

- Servers and Network Equipment
- Useful Life: 5 years
- Depreciation Method: Straight-Line
- Total Value: \$2,145,300
- Annual Depreciation: \$429,060

2 Office Equipment

- Workstations, Furniture, Peripherals
- Useful Life: 7 years
- Depreciation Method: MACRS
- Total Value: \$412,750
- Annual Depreciation: \$58,964

3 Research & Development Equipment

- Specialized AI/ML Testing Platforms
- Useful Life: 4 years
- Depreciation Method: Accelerated
- Total Value: \$876,400
- Annual Depreciation: \$219,100

4 Leasehold Improvements

- Office Renovations and Customizations
- Useful Life: Lease Term (7 years)

- Depreciation Method: Straight-Line
- Total Value: \$308,200
- Annual Depreciation: \$44,028

5. TAX COMPLIANCE PROVISIONS

1 The Company certifies that this Depreciation Schedule:

- a) Complies with current IRS regulations
- b) Reflects accurate asset valuations
- c) Uses consistent and approved depreciation methodologies

2 Reservation of Rights

The Company reserves the right to adjust this Schedule based on:

- Changes in tax regulations
- Material changes in asset valuation
- Significant technological obsolescence

6. DISCLAIMER AND LIMITATIONS

1 This Schedule is prepared in good faith and represents management's best estimate of asset depreciation as of the effective date.

2 The Company makes no representations or warranties regarding future asset values or potential tax implications beyond the current fiscal year.

7. AUTHORIZATION

Executed by:

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

8. CONFIDENTIALITY NOTICE

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