

# Depreciation Schedule for AI Research Equipment

Confidential Document - Nexus Intelligent Systems, Inc.

## 1. PRELIMINARY PROVISIONS

### 1 Purpose of Schedule

This Depreciation Schedule ("Schedule") establishes the systematic allocation of depreciation expenses for specialized AI research and development equipment owned by Nexus Intelligent Systems, Inc. (the "Company"), effective as of January 1, 2024.

### 2 Governing Accounting Standards

This Schedule has been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP), specifically Accounting Standards Codification (ASC) 360 - Property, Plant, and Equipment.

## 2. EQUIPMENT CLASSIFICATION

### 1 Equipment Categories

The following equipment categories are subject to this depreciation schedule:

- a) High-Performance Computing Systems
- b) Machine Learning Training Servers
- c) Advanced Sensor and Data Acquisition Equipment
- d) Specialized AI Research Workstations
- e) Network and Connectivity Infrastructure

### 2 Depreciation Methods

Equipment Category	Depreciation Method	Useful Life	Salvage Value
High-Performance Computing Systems	Declining Balance (50%)	4 years	\$5,000
Machine Learning Training Servers	Straight-Line	5 years	\$10,000
Advanced Sensor Equipment	Straight-Line	7 years	\$2,500
AI Research Workstations	Declining Balance (40%)	3 years	\$3,000
Network Infrastructure	Straight-Line	6 years	\$15,000

### **3. INITIAL EQUIPMENT VALUATION**

#### **1 Total Initial Investment**

The total initial investment in AI research equipment as of January 1, 2024, is \$2,347,500, detailed as follows:

- High-Performance Computing Systems: \$875,000
- Machine Learning Training Servers: \$650,000
- Advanced Sensor Equipment: \$412,500
- AI Research Workstations: \$285,000
- Network Infrastructure: \$125,000

### **4. ANNUAL DEPRECIATION CALCULATION**

#### **1 First Year Depreciation Projection (2024)**

Estimated annual depreciation expense: \$687,375, allocated as follows:

- High-Performance Computing Systems: \$437,500
- Machine Learning Training Servers: \$130,000
- Advanced Sensor Equipment: \$59,000
- AI Research Workstations: \$114,000
- Network Infrastructure: \$20,875

### **5. REPLACEMENT AND UPGRADE PROVISIONS**

#### **1 Technology Refresh**

Equipment identified as obsolete or technologically insufficient may be replaced prior to the full depreciation schedule, subject to approval by the Company's Chief Technology Officer and Chief Financial Officer.

#### **2 Mid-Term Adjustments**

The Company reserves the right to modify this depreciation schedule in response to:

- Significant technological advancements
- Changes in accounting standards
- Material changes in equipment utility or market value

### **6. COMPLIANCE AND DOCUMENTATION**

## 1 Record Keeping

Detailed asset records, including purchase dates, initial costs, and depreciation calculations, shall be maintained in the Company's financial management system.

## 2 Annual Review

This depreciation schedule shall be reviewed annually by the Company's financial and technical leadership to ensure continued accuracy and compliance.

## 7. DISCLAIMER AND LIMITATIONS

### 1 Legal Disclaimer

This depreciation schedule represents the Company's good faith estimate of equipment valuation and depreciation. Actual depreciation may vary based on technological, market, and operational factors.

### 2 Confidentiality

This document contains proprietary financial information and is intended solely for internal use and authorized financial review processes.

## 8. EXECUTION

Approved and Executed:

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

Michael Chen

Chief Technology Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024