

Detailed Expense Allocation for Machine Learning Infrastructure

Confidential Document - Nexus Intelligent Systems, Inc.

PRELIMINARY STATEMENT

This Expense Allocation Memorandum ("Document") is prepared as of January 22, 2024, by Nexus Intelligent Systems, Inc., a Delaware corporation with principal offices located at 1200 Technology Park Drive, San Jose, California 95134.

1. DEFINITIONS

1 "Machine Learning Infrastructure" shall mean all hardware, software, cloud computing resources, data storage systems, and associated technological assets directly utilized for artificial intelligence and predictive analytics development.

2 "Allocated Expenses" shall represent direct and indirect costs associated with maintaining, upgrading, and operationalizing machine learning technological infrastructure.

3 "Capitalized Costs" shall include expenses that provide long-term value and are amortized over multiple fiscal periods.

2. EXPENSE CATEGORIZATION

1 Hardware Infrastructure

- High-Performance Computing Servers: \$1,247,500
- GPU Clusters: \$892,300
- Specialized Machine Learning Workstations: \$456,750
- Network Infrastructure: \$327,600

Subtotal Hardware: \$2,924,150

2 Cloud Computing Resources

- Amazon Web Services (AWS) Computational Credits: \$1,150,000
- Google Cloud Platform Specialized ML Instances: \$875,400
- Microsoft Azure Machine Learning Environments: \$623,250

Subtotal Cloud Resources: \$2,648,650

3 Software Licensing

- TensorFlow Enterprise License: \$275,000
- PyTorch Professional Support: \$187,500
- Databricks Unified Analytics Platform: \$412,300
- Kubernetes Enterprise Deployment: \$156,750

Subtotal Software Licensing: \$1,031,550

4 Data Storage and Management

- Enterprise-Grade Storage Arrays: \$512,400
- Data Backup and Redundancy Systems: \$276,500
- Secure Data Transfer Infrastructure: \$189,750

Subtotal Data Management: \$978,650

3. EXPENSE ALLOCATION METHODOLOGY

1 Direct Cost Allocation

- 65% of infrastructure expenses directly attributed to machine learning research and development
- 25% allocated to enterprise-wide technological infrastructure
- 10% reserved for future technological expansion and experimental projects

2 Cost Recovery Mechanisms

- Depreciation schedule: 3-year straight-line depreciation for hardware
- Cloud computing expenses recognized as operational expenditures
- Software licensing amortized across 24-month deployment periods

4. FINANCIAL SUMMARY

Total Infrastructure Investment: \$7,583,000

- Hardware: 38.6%
- Cloud Resources: 34.9%
- Software Licensing: 13.6%
- Data Management: 12.9%

5. COMPLIANCE AND DOCUMENTATION

- 1 All expenses documented and reconciled against internal accounting standards
- 2 Compliance with GAAP and IRS guidelines for technological asset reporting
- 3 Independent third-party verification conducted quarterly

6. CONFIDENTIALITY AND RESTRICTIONS

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

7. EXECUTION

Approved By:

- Dr. Elena Rodriguez, Chief Executive Officer
- Michael Chen, Chief Technology Officer
- Sarah Williamson, Chief Strategy Officer

Signature: [Digital Signature Placeholder]

Date: January 22, 2024

8. DISCLAIMER

This document represents a good-faith representation of expense allocations. Actual expenses may vary based on technological market conditions and internal strategic adjustments.

END OF DOCUMENT