

# **R&D Tax Credit Documentation**

**Nexus Intelligent Systems, Inc.**

**Qualified Research Expenditure (QRE) Verification Report**

**CONFIDENTIAL DOCUMENT**

**Prepared Date: January 22, 2024**

**Fiscal Year: 2023**

**Document Reference: NIS-TAX-2023-001**

## **1. EXECUTIVE SUMMARY**

This document provides comprehensive documentation of Nexus Intelligent Systems, Inc.'s ("Company") qualified research and development expenditures for federal and state R&D tax credit purposes, covering the fiscal year ending December 31, 2023.

## **2. COMPANY RESEARCH PROFILE**

### **1 Research Objectives**

The Company's research activities primarily focus on:

- Advanced machine learning algorithm development
- Predictive maintenance AI platform engineering
- Enterprise digital transformation technology solutions

### **2 Qualified Research Categories**

- Software development
- Algorithmic research
- Prototype development
- Technical design iterations

## **3. QUALIFIED RESEARCH EXPENDITURE (QRE) BREAKDOWN**

### **1 Personnel Costs**

- Total Qualified Personnel: 37 employees
- Qualified Research Personnel Salary: \$4,275,000
- Percentage of Time Allocated to R&D: 62.3%

- Qualified Personnel Expense: \$2,663,025

## 2 Contract Research Expenses

- External Research Contractors: \$1,150,000
- Qualified Contract Research Expense: \$862,500

## 3 Supplies and Materials

- Technical Equipment: \$425,000
- Software Licenses: \$275,000
- Research Supplies: \$187,500
- Total Qualified Supplies: \$887,500

# 4. TECHNICAL QUALIFICATION METHODOLOGY

## 1 Qualification Criteria

Research activities must meet the following IRS Section 41 criteria:

- Technological in nature
- Eliminate uncertainty
- Process of experimentation
- Fundamental to product/process improvement

## 2 Documentation Standards

- Contemporaneous research logs
- Project milestone documentation
- Technical design specifications
- Time tracking and allocation records

# 5. TAX CREDIT CALCULATION

## 1 Federal R&D Tax Credit Calculation

- Total Qualified Research Expenses: \$4,413,025
- Base Period Calculation: \$3,250,000
- Excess Expenditure: \$1,163,025
- Estimated Federal R&D Tax Credit: \$581,512

## 2 State-Level R&D Tax Credit Supplemental Analysis

- State-Specific Qualification Criteria Met:
- Estimated State Tax Credit: \$275,000

## **6. LEGAL DISCLAIMERS**

### **1 Documentation Accuracy**

The undersigned certifies that all information contained herein is true, accurate, and prepared in good faith according to applicable tax regulations.

### **2 Professional Reliance**

This documentation has been prepared with input from qualified tax professionals and internal research management.

## **7. SIGNATURES**

### **Prepared By:**

Dr. Elena Rodriguez  
Chief Executive Officer  
Nexus Intelligent Systems, Inc.

### **Verified By:**

Michael Chen  
Chief Technology Officer  
Nexus Intelligent Systems, Inc.

### **Tax Compliance Reviewed:**

[External Tax Consultant Signature]

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