

# **Independent Contractor 1099 Compilation**

**Confidential Document - Nexus Intelligent Systems, Inc.**

## **PRELIMINARY STATEMENT**

This Independent Contractor 1099 Compilation (the "Compilation") is prepared by Nexus Intelligent Systems, Inc., a Delaware corporation with principal offices at 1200 Technology Park Drive, San Jose, California 95134 (hereinafter referred to as the "Company"), for the purpose of documenting and aggregating compensation records for independent contractors engaged during the fiscal year 2023.

## **1. DEFINITIONS AND SCOPE**

1 "Independent Contractor" shall mean any non-employee service provider engaged by the Company who receives compensation and is issued a 1099 tax reporting document.

2 The scope of this Compilation encompasses all independent contractors who:

- a) Provided services valued at \$600 or more during the calendar year
- b) Were not classified as full-time or part-time employees
- c) Performed services across technology, consulting, and professional service domains

## **2. CONTRACTOR CLASSIFICATION METHODOLOGY**

### **1 Classification Criteria**

The Company has applied the following standardized criteria in determining independent contractor status:

- No direct supervision of daily work activities
- Compensation based on project completion or hourly/daily rates
- No employer-provided benefits
- Services performed using contractor's own tools and equipment
- Engagement defined by specific project scope or time-limited contract

### **2 Compliance Verification**

Each contractor engagement has been reviewed and validated against:

- Internal HR classification protocols

- IRS guidelines (Revenue Ruling 87-41)
- State of California independent contractor regulations

### **3. COMPENSATION SUMMARY**

#### **1 Total Contractor Compensation**

Total independent contractor payments for fiscal year 2023: \$1,247,350

#### **2 Compensation Breakdown by Service Category**

- Technology Development: \$612,500 (49.1%)
- Strategic Consulting: \$387,250 (31.0%)
- Design & Creative Services: \$147,600 (11.8%)
- Specialized Technical Support: \$100,000 (8.1%)

### **4. CONTRACTOR DEMOGRAPHIC ANALYSIS**

#### **1 Geographic Distribution**

- United States Contractors: 87.5%
- International Contractors: 12.5%
- Canada: 6.2%
- United Kingdom: 3.8%
- European Union: 2.5%

#### **2 Engagement Type**

- Project-Based Contracts: 72%
- Retainer Agreements: 18%
- Hourly Consulting: 10%

### **5. TAX REPORTING COMPLIANCE**

#### **1 1099 Issuance**

The Company confirms that 1099-MISC and 1099-NEC forms will be issued to all qualifying contractors by January 31, 2024, in full compliance with IRS regulations.

#### **2 Reporting Thresholds**

- Minimum Reporting Threshold: \$600

- All contractors exceeding threshold will receive appropriate tax documentation

## **6. DOCUMENTATION AND RECORD RETENTION**

### **1 Record Maintenance**

The Company will maintain comprehensive records for each independent contractor, including:

- Signed independent contractor agreements
- Scope of work documentation
- Invoices and payment records
- Tax identification documentation

### **2 Retention Period**

All contractor documentation will be retained for a minimum of seven (7) years from the date of final payment, in accordance with IRS and state record-keeping requirements.

## **7. LEGAL DISCLAIMERS**

1 The information contained in this Compilation is provided for informational purposes only and does not constitute legal or tax advice.

2 Contractors are advised to consult independent tax professionals regarding their specific tax obligations.

## **8. CERTIFICATION**

I, Dr. Elena Rodriguez, Chief Executive Officer of Nexus Intelligent Systems, Inc., hereby certify that the information contained in this Independent Contractor 1099 Compilation is true, accurate, and complete to the best of my knowledge.

## **SIGNATURE BLOCK**

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

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