

AI SYSTEMS

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Quality Assurance Manual

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Manual # AIQAM002

AI SYSTEMS INT'L QUALITY MANUAL

AI Systems QAM
Section: TOC/LEP

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REV: Revision 4

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Record of Revisions

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Original	N/A	April 4, 2012	Lei Wang
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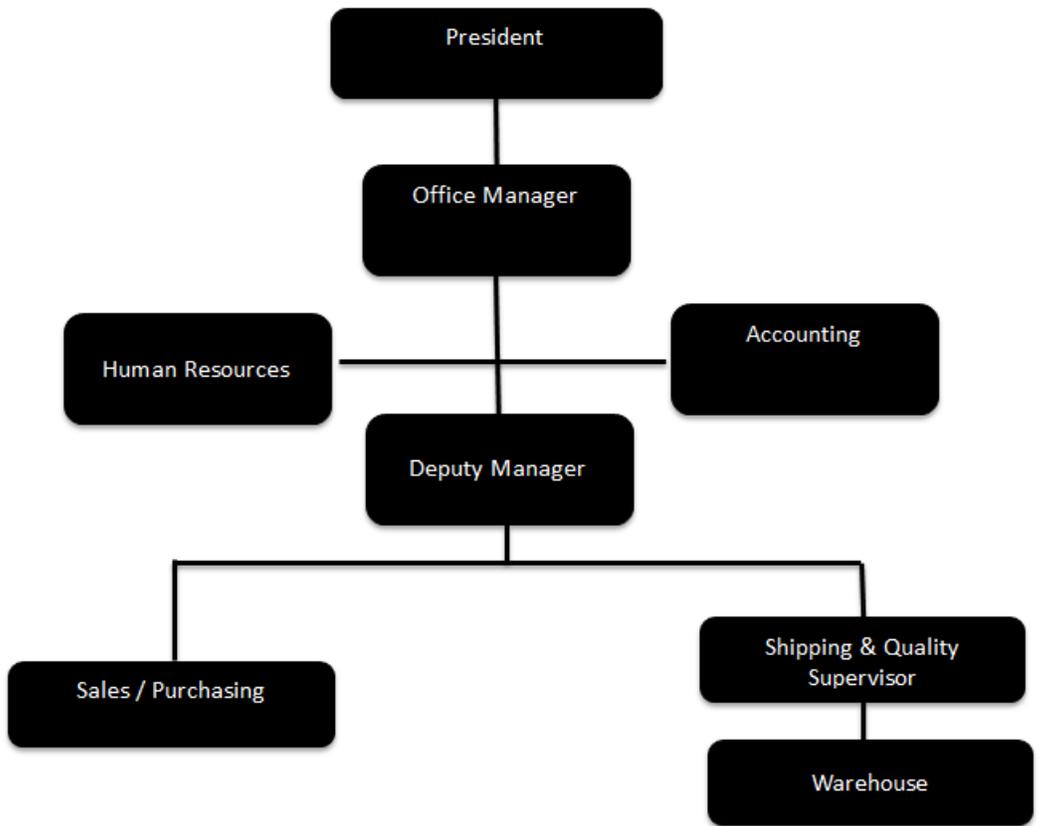
Quality System and Quality Manual

- A.** The purpose of this manual is to define and assure that [AI Systems](#) has a system sufficiently adequate to assure a quality product that complies with customer specifications.
- 1)** The quality system, including procedures and operations, shall be described in detail in this manual.
 - 2)** All elements of the ASA-100 standard may not be outlined in this manual as they do not fall within the scope of this company's current operations. These will be noted as non-applicable in appropriate sections of the manual. All elements of the ASA-100 standard will be listed in the Table of Contents.
- B.** This manual shall be made readily available to management and supervisory personnel responsible for the activities described. This system shall contain all of the applicable elements of the adopted governing specification, which are the ASA-100 and FAA AC 00-56, and be described in sufficient detail to be used as operating instructions.
- C.** This manual shall be kept current and readily available to employees, the customer's auditor or designee and the Aviation Suppliers Association. Other quality system documents to be maintained current include: ASA-100, AC 00-56, AC 21-29, AC 20-62 and the ATA Specification 300. The Office Manager's QAM is the Master QAM, and all copies of controlled QAM's shall be kept to its level of revision. The Office Manager shall maintain the Master copy on QAMFORM1, QAM Distribution List. Due to the anticipated changes in distribution, the entries on this form shall be kept separately from this manual by the Office Manager, but the list shall be available and posted in the Master copy. Revisions to the manual will be identified with a vertical bar in the left column, approved by the Office Manager and recorded on the revision page. Copies of revised pages or the entire manual will be sent to holders of controlled copies of this manual.
- D.** Significant changes to this manual (those changes involving the processes and procedures used to comply with the ASA-100 and AC 00-56) shall be submitted to the ASA for written acceptance of the changes prior to implementation. Minor changes involving administrative or editorial changes (changes in title for example) may be made unilaterally and distributed without prior written acceptance from the ASA. All changes (significant or otherwise) made to the manual shall still be sent to the Aviation Suppliers Association for inclusion into their controlled copy.

Revised on 7/20/2015

Quality System and Quality Manual

E.1) Organization Chart



Rev.4 Organization chart revised on 9/10/2016

Quality System and Quality Manual

E.2) Personnel Responsibilities

President: The President is ultimately responsible to assure that the integrity of the quality system is maintained. Such responsibility for routine functions is delegated to staff members as may be described in this manual. In the absence of the President, the Sales & Marketing Director shall assume duties performed by the President.

Office Manager: The Office Manager reports to the President, and is responsible to accomplish delegated tasks as required. The office Manager is also responsible to assure that sales, purchasing, and warehouse employees follow company policy.

The Deputy Manager has to analyze the strengths and weaknesses of his team members for the purpose of assigning tasks to sales and marketing executives. The Sale Manager has to handle all administrative issues of his team members. The Sales Manager is also supposed to keep a record of the employee productivity of his team members.

Shipping & Quality Supervisor: The Shipping & Quality Supervisor reports to the Deputy Manager and is responsible for the following functions:

- a) Maintenance of the QAM, QAM distribution list, and inspection roster
- b) Training of personnel
- c) Self-audit program
- d) The receiving and shipping inspection functions
- e) Assuring any publications referred to in this manual are kept current
- f) Maintenance of the approved vendor list and quality history
- g) Assuring shelf life and limited life products are properly documented and stored
- h) Records
- i) Material control of parts in the storage area

In the absence of the Office Manager, the Deputy Manager shall carry out the duties of the Office Manager.

Receiving/Shipping: These employees perform shipping and receiving inspections in accordance with QAMFORM's 6 and 7, and must be so authorized by the Office Manager as noted on the inspection roster.

Sales/Purchasing personnel: See section 5

Rev. 4 Revised on 9/10/2016, since the organization chart has been changed.

Quality System and Quality Manual

- E.3)** The distribution and revision control system for quality documentation and other technical data. See Paragraph 1 C, and section 13
- E.4)** Record keeping: See section 12
- E.5)** Training requirements and records: See section 4
- E.6)** Shelf life material control: See section 9
- E.7)** Discrepant material control: See section 8
- E.8)** Receiving Inspection: See section 6
- E.9)** Tool and test equipment calibration program: See section 7
- E.10)** The storage facilities and applicable specifications. See section 3
- E.11)** Parts identification: See section 8
- E.12)** Environmental Controls: At this time AI Systems does not store any material that requires specific storage temperatures. Nonetheless, the warehouse area is heated and/or cooled appropriately for the climates experienced.
- E.13)** Control of inspection stamps: See section 6 D
- E.14)** Self-audit program: See section 2

Self-Audit Program

A. The purpose of [AI Systems'](#) self-audit program is to assure that the adopted AC 00-56 and ASA-100 quality system has been implemented, and to provide the necessary feedback for continuous improvement in the operation. The QM or a qualified and appropriately authorized designee will perform the self-audit. The audit shall be conducted annually using the ASA-100 self-audit checklist available at www.aviationsuppliers.org. The audit may be accomplished in sections scheduled throughout the year. However all elements of the ASA-100 must be covered within the year. Findings shall be recorded on QAMFORM3, Self-Audit Finding Report.

Additionally, use of QAMFORM3 shall assure that:

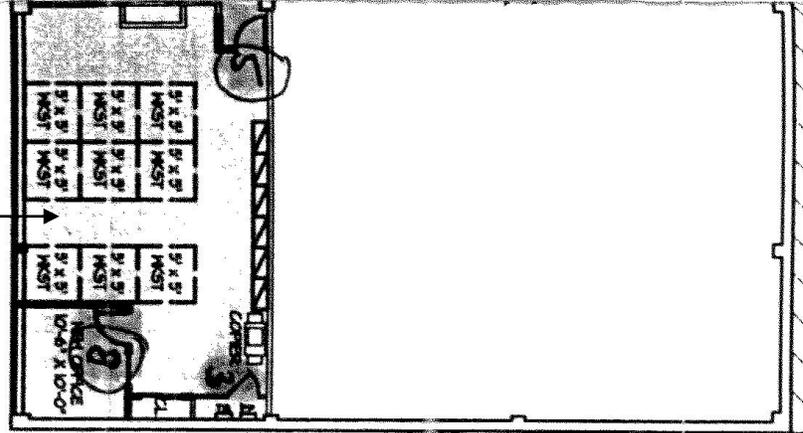
- I) Responses are appropriate and prompt as required;
- II) Corrective action has been performed and documented;
- III) If similar findings exist in other areas they are addressed;
- IV) Root causes are corrected;
- V) Follow-up action if required is implemented.

Facilities

- A. AI Systems' facility shall be configured to assure that storage does not damage inventory. Storage areas shall have adequate space and appropriate racks so that parts are stored in a manner that will preclude damage. The existing site has approximately 4000 square feet of storage and office spaces. There is no "off-site" storage facility. See detailed floor plan of the storage facility on following page.
- B. The storage area is secured to prevent unauthorized access. The entire facility is secure, and contains smoke detecting systems as well as posted fire extinguishers. AI Systems does not engage in aircraft/component maintenance.
- C. AI Systems deals solely with aircraft parts in its brokering and distribution operation.
- D. Serviceable parts (including new, overhauled, inspected, repaired etc.) shall be segregated from unserviceable parts (including unserviceable, as removed, as is, repairable, etc.) in a manner that will control the issuance of those parts. Such segregation shall include physically storing these parts in designated areas, and indicating their condition in AI Systems' computerized inventory/sales system.

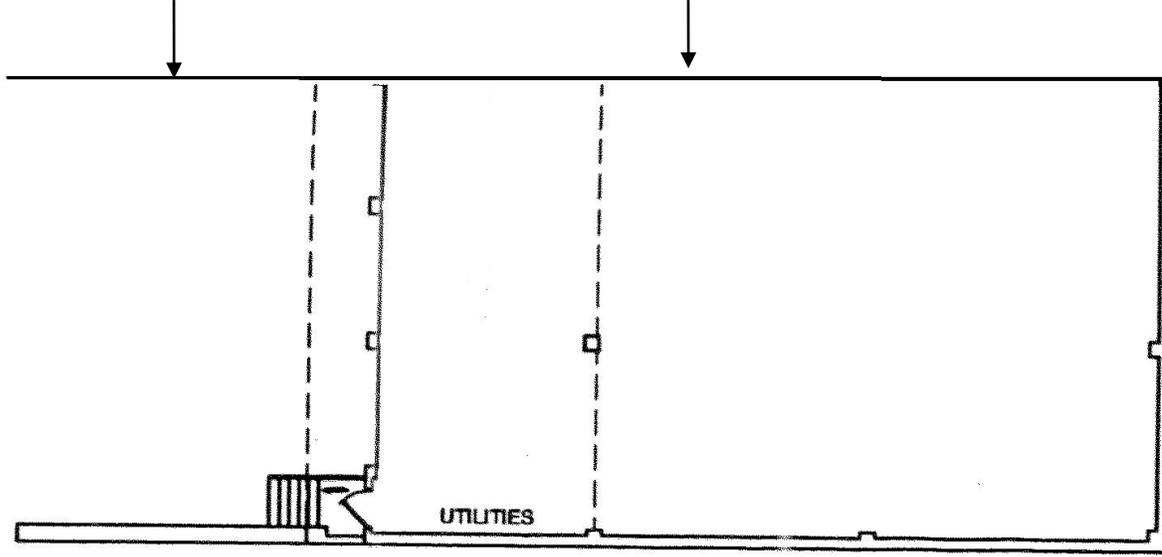
Facilities

Office on 2nd
floor (1000SF)



Loading Place

Warehouse (3000 SF)



Training and Authorized Personnel

A. [AI Systems](#) shall have personnel who are properly trained to perform inspection, handling and record keeping procedures to support the adopted quality system, which is the ASA-100 and AC 00-56.

B. Inspection personnel shall be properly trained and authorized. [AI Systems](#) personnel authorized to perform receiving inspections, shipping inspections, and to sign [AI Systems](#) certifications shall be so authorized on QAMFORM2, Inspection Roster. The QM shall be responsible for maintaining a current roster on file. In order to be placed on this roster, personnel must at a minimum have the following training criteria documented on QAMFORM4:

- I)** Unapproved parts and counterfeit parts and materials
*This training will be conducted for all new employees and bi-annually for all employees previously trained
- II)** Receiving and shipping inspection
*This training will be conducted for new employees in shipping & receiving Dept.
- III)** ASA-100 familiarization
- III)** Parts and warehousing
*This training will be conducted for new employees in shipping & receiving Dept.
- V)** Standard terminology
- VI)** FAA AC 00-56
- VII)** ESD handling
- VIII)** Company self-audit procedure – for so authorized personnel.

C. All training, both OJT and classroom, shall be documented on QAMFORM4, Training Record, or be documented on a certificate of training (or equivalent) in the event the training was performed by organizations external to AI Systems. Such training would include HAZMAT training. Training records shall be retained for at least two years after the employee has left employment with the company. QAMFORM4 includes:

- I)** Description of the training;
- II)** Date(s) and length of instruction;
- III)** Name of the employee receiving training;
- IV)** Signature of the instructor within the organization, or in the case of training received outside the company, the name of the organization providing the training, and the instructor's name;
- V)** Any additional information required by law or regulation.

D. The roster of personnel authorized to perform inspection functions and their alternates shall be maintained on QAMFORM2 as previously described. Because there are multiple names on the roster, the list itself serves to designate alternates.

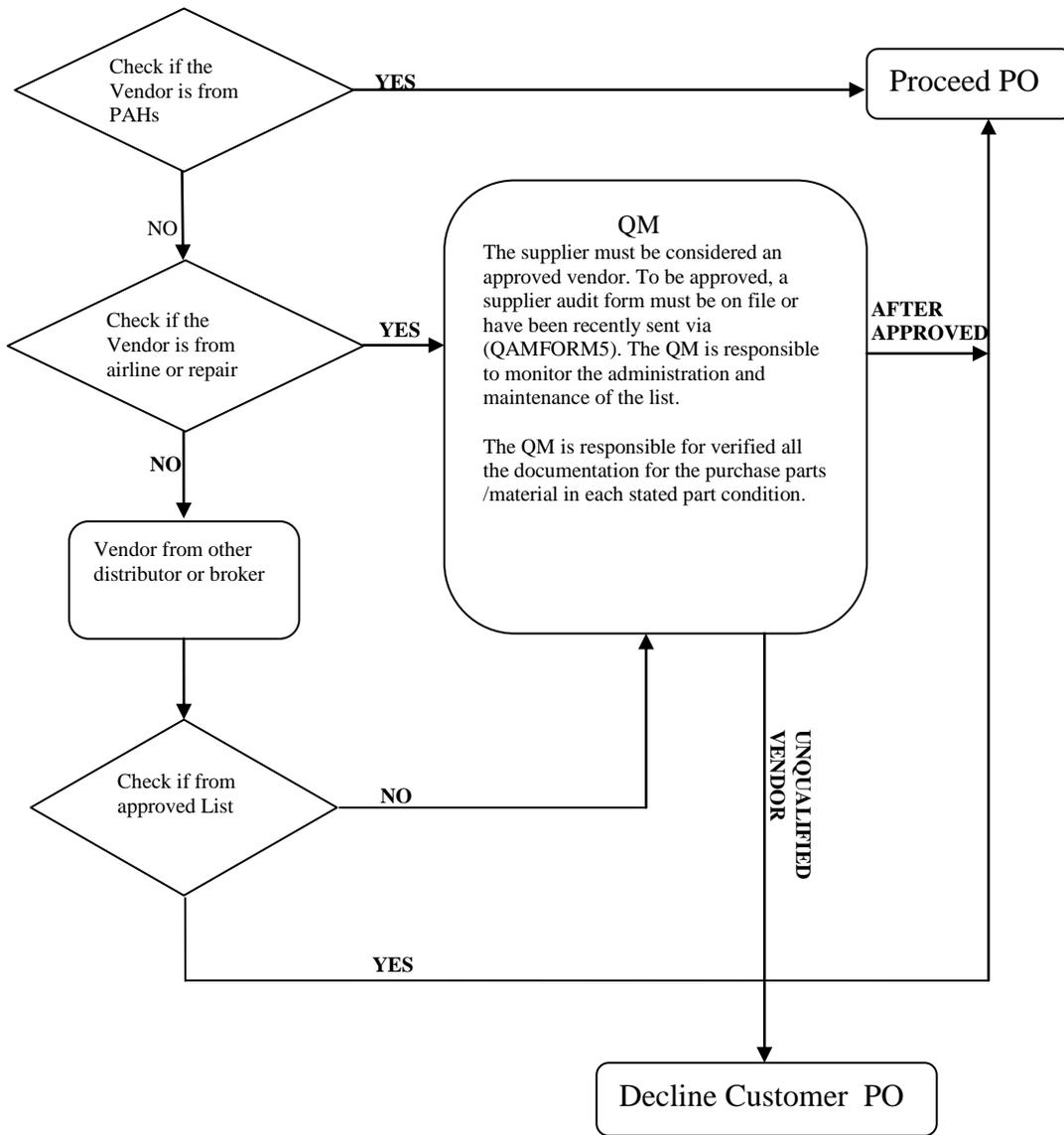
Training and Authorized Personnel

- E. Training program for personnel involved in procurement, receiving inspection, shipping inspection and material control shall include (but not be limited to) training on the FAA's categories of approved and unapproved parts, and on identification for counterfeit parts and materials.

Procurement

- A.** [AI Systems](#)' procurement system shall assure that materials and components purchased are traceable to a prior source and bear acceptable documentation that conforms to at least one of the receipt requirements listed in appendix A of the ASA-100 Standard. [AI Systems](#)' record keeping system described in section 12 of this manual shall serve as the record to demonstrate traceability of such purchased materials and components. This record of traceability shall be supplemented by [AI Systems](#)' computerized inventory, sales, and purchasing system. Such information will be provided to interested parties upon request.
- B.** In cases where a customer informs [AI Systems](#) of any special requirements regarding a part to be purchased, [AI Systems](#) shall communicate such special requirements to its procurement sources via its purchase order. Deviations of customer's purchase orders shall be disclosed and approved by the customer.
- C.** Purchasing personnel shall adhere to the following conventions regarding use of approved vendors, here summarized:
- Purchases from PAHs (prime manufacturers, PMA holders, TSO Mfgs) and their authorized distributors, Airlines, Repair Stations, or Accredited Distributors are unrestricted.
 - All other suppliers are subject to approval via QAMFORM5, Supplier Audit Form. The QM shall ensure that no more 2 purchases are made unless QAMFORM5 has been sent, and subsequently approved and on file. QAMFORM5 is only issued upon initial setup of the supplier; the customer's continued provision of quality parts serves as the basis for the sustained approved supplier listing.
 - All approved suppliers shall be placed on the approved vendor list. The QM shall be responsible for the monitoring and control of companies on this list.
 - QAMFORM8, Receiving Discrepancy Log, shall serve to establish the quality history of all suppliers.
- D.** Please See the Flow Chart on the following page which Details AI's purchase process.

Procurement



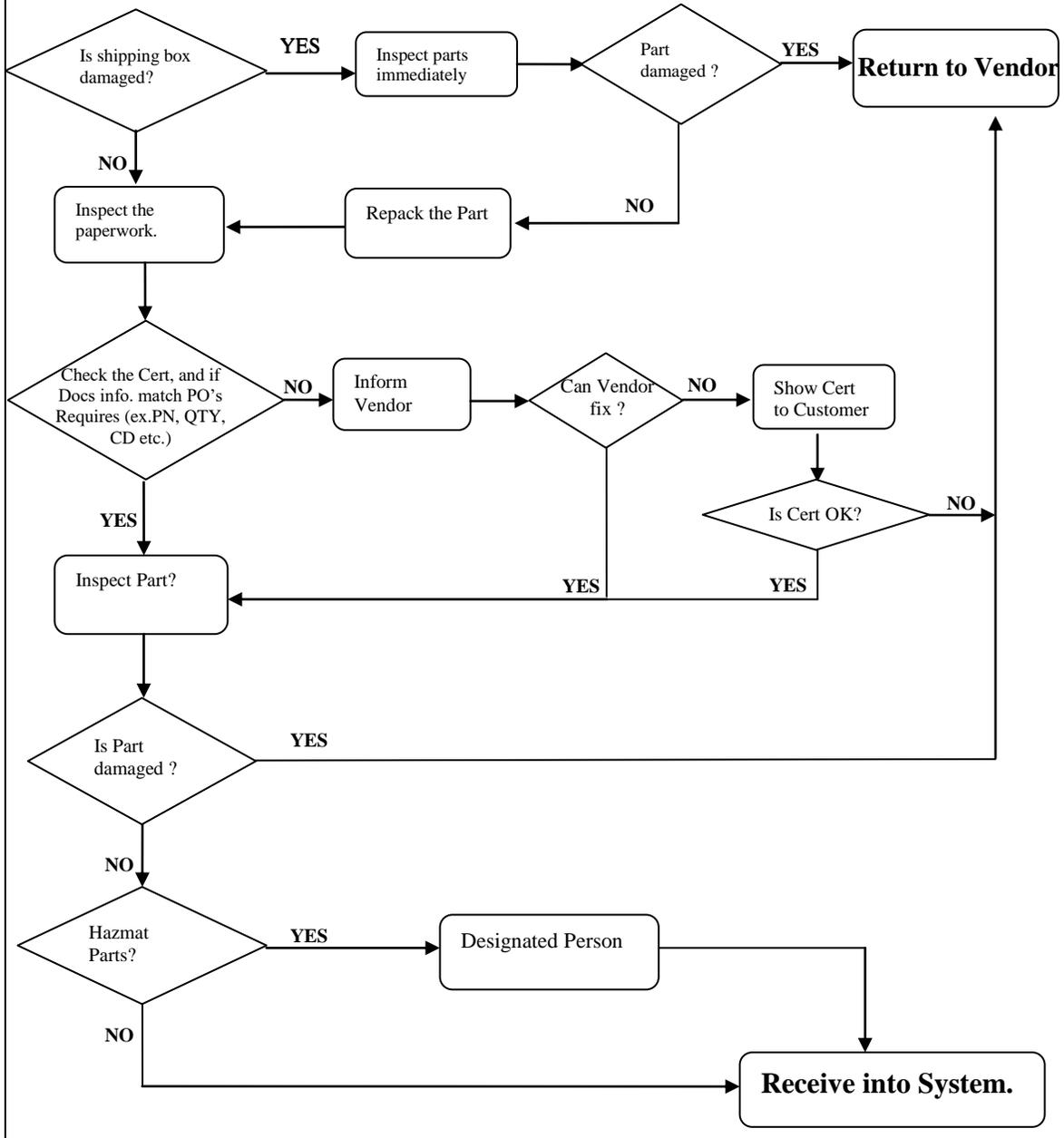
Procurement

E. [AI Systems](#) shall assure that:

- 1) A part from an aircraft or engine that is known to have been subjected to extreme stress, heat or environment is identified as having been exposed to such circumstances. In addition, parts that are known to have been otherwise subjected to extreme stress or heat (i.e., a warehouse fire) shall also be identified as such to the customer. [AI Systems](#) Purchase Order to its suppliers requires that such parts be identified. When so identified, [AI Systems](#) will disclose this to the customer upon initial contact, and in the documentation supplied to the customer with the part.
- 2) All Airworthiness Directives (AD's) that are represented as having been accomplished are documented. Certification of compliance shall specify AD number, AD amendment number, date, and method of compliance, i.e., "AD xx-xx-xx terminated (date). Replaced shaft seal with P/N _____ shaft seal (signature)." Receiving inspection shall check for such documentation.
- 3) Items identified as overhauled, rebuilt, repaired, inspected, or modified have the appropriate signed (not stamped or preprinted) and dated documentation attached to substantiate the condition of the part. Receiving inspection shall check for the presence of such documentation.

With the exception of activities mentioned in this section to be performed by the QM or Inspectors, Sales and Purchasing staff are responsible to carry out the requirements herein.

Receiving Inspection



Receiving Inspection

- A.** Inspectors shall conduct a complete visual inspection of all incoming parts and materials, and check for presence of appropriate documentation. Inspections shall be carried out in accordance with QAMFORM6, Receiving Inspection Guide. Documents shall be copied and/or scanned during the receiving inspection process. When a part is drop shipped to [AI Systems](#)' customer, all traceability documentation shall be forwarded to [AI Systems](#) for review and approval prior to the part being shipped to the customer. [AI Systems](#) shall forward their own certificate of conformance to the customer.
- B.** Sample inspection of fasteners for workmanship and documentation shall be performed during the receiving process. Certifications provided to [AI Systems](#) containing information such as physical and chemical properties of fasteners or conformity statements shall be kept on file.
- C.** Suspected Unapproved Parts shall be reported in accordance with FAA AC 21-29.
- D.** At this time AI Systems does not use inspection stamps.
- E.** At this time [AI Systems](#) makes only occasional purchases of standard parts, fasteners, or raw materials; it is not a significant distributor of such commodities. However, sample inspection shall be performed when these items are received.

Measuring and Test Equipment

At this time [AI Systems](#) does not use any measuring and test equipment, either required by contract or for conducting sample inspections.

Material Control

- A. Material in [AI Systems'](#) possession shall be handled in an appropriate manner and shall be protected from damage and deterioration. Special packaging shall be maintained as necessary. A visual check of the storage area shall be performed periodically in conjunction with the self audit to assure the effectiveness of storage and identification methods. At this time, AI doesn't carry Any flammable materials.
- B. Batch/Lot control: Segregation of batch and lot shipments for parts so identified by the manufacturer shall be observed. This extends to parts of the same kind and part number received to be stored on the same purchase order. Records of purchases less sales shall equal inventory. Different lot or batch numbered parts shall be stored separately.
- C. In the event of a recall by a manufacturer or other operator, [AI Systems](#) shall use its records and computerized history of sales and purchases to effect a recall and notification of its parts either in inventory, or already shipped to customers.
- D. Whenever practical, [AI Systems](#) shall store and deliver parts in the manufacturer's original packaging. Packaging or attached paperwork shall identify the manufacturer or distributor, the P/N, serial number or batch/lot number, and the quantity. [AI Systems](#) shall use ATA Spec 300 packaging or equivalent, or use customer specified packaging when so stated, for example, on the customer's purchase order. In the event flammable, toxic, or volatile materials are to be shipped, they shall be packaged in a safe manner per manufacturer's instructions, local regulations, or HAZMAT regulations as applicable.
- E. At this time AI Systems does not carry ESD Material.

Material Control

- F.** [AI Systems](#) shall assure that serviceable parts or components are adequately protected against the environment and damage by being properly wrapped, packaged, boxed etc., as appropriate. All fluid passages, lines, or electrical connections shall be capped or plugged. When specified by the manufacturer or repair station, parts whose performance would be adversely affected by an 'unclean' environment will be protected in accordance with instructions from those sources.
- G.** In order to preclude part number ambiguity, [AI Systems](#) shall use only the manufacturer's part number in their storage and labeling of parts. [AI Systems](#) shall not alter or replace any data plates under any circumstances.
- H.** If, during the receiving inspection process, a shipment is found to be discrepant or non-conforming, the part shall be segregated and placed in an area so designated until such time that the discrepancy is cleared or part is returned to the supplier. Parts that cannot be cleared of such discrepancies in a timely manner shall be placed in quarantine. All discrepant or non-conforming shipments shall be documented on QAMFORM8, Receiving Discrepancy Log. Corrective action shall be logged on this form as well. This log shall form the basis of a quality history for affected suppliers.
- 1)** Aircraft parts and materials shall be segregated from non-aircraft products.
- I.** Parts to be scrapped shall be mutilated by drilling, grinding, weld cutting, or other means as necessary to the extent that will preclude the possibility of their being restored and returned to service. Records of such mutilation shall be kept for all serialized and life limited parts. In addition, trace documents shall be maintained on all serialized parts scrapped. The QM shall be responsible to verify that the part was mutilated before being discarded. QAMFORM9, Scrapped Parts Log, shall be used to record P/N, description, serial number and the date of mutilation. QAMFORM9 records shall be maintained for at least 7 years. Subcontractors and/or repair stations utilized by [AI Systems](#) may perform the scrapping process; however these businesses shall provide a certificate of destruction for parts scrapped at their facility.
- J.** [AI Systems](#) shall report suspected unapproved parts to the FAA according to AC 21-29 or to the appropriate CAA.

Shelf Life Control

- A.** Parts which have shelf life limitations shall be placed in an area of the warehouse so designated for such parts. Parts placed in this area shall be entered on QAMFORM10, Shelf Life Items Control Log. The form contains provisions for location, part number, quantity, and expiration date. The form shall be posted in the designated area of storage and checked prior to removing and issuing stock. Parts that have reached the end of their useful shelf life shall be removed from this stock and placed in quarantine for further disposition. The QM is responsible for the administration of the shelf life control program.

The determination of whether a part is shelf life limited is determined solely by the manufacturer or other certificate holder, such as an airline, or repair station.

[AI Systems](#) shall rely on supplied documentation, part marking, teardown reports, or package marking to determine if shelf life limits exist.

Certification and Release of Materials

- A.** [AI Systems](#) shall provide the customer with documentation in accordance with the "Required for Shipment" column of Appendix A of the ASA-100 standard. When a Certified True Copy is required for shipment the document shall be stamped with a statement asserting that it is a Certified True Copy of the original.
- B.** AI Systems' material certification will issue upon the customer's request. The following conditions, when disclosed to [AI Systems](#), shall likewise be disclosed to the customer on [AI Systems'](#) material certification upon customers request.
- I)** Parts removed from an aircraft or engine that was subjected to extreme stress, heat or environment such as major engine failure, accident, fire, or saltwater immersion.
 - II)** Parts subjected to extreme stress or heat (i.e., warehouse fire).
 - III)** Parts previously installed in a public aircraft, such as a government use aircraft or a military aircraft.
- or**
Parts obtained from any government or military sources.

***Either statement can be used; the first statement reflects the language as stated in the ASA-100 Standard. The second is the common statement seen on material certifications and is acceptable because it exceeds the current language in the ASA-100 standard.**

- C.** [AI Systems'](#) record keeping system described in section 12 of this manual shall serve as the record to demonstrate traceability of purchased materials. This record of traceability shall be supplemented by [AI Systems'](#) computerized inventory, sales, and purchasing system.

Revised on 7/20/2015

Certification and Release of Materials

- D.** The following procedure shall be followed when copies are made for redistribution shipments and when the approval tags are copied:
- I)** A Certified True Copy of the document shall be sent with the shipment. It shall be stamped with a statement asserting that it is a Certified True Copy of the original.
 - II)** AI Systems store parts together that arrived on the same purchase order, batch and/or lot number. These parts will not be co-mingled with other parts of the same P/N.
 - III)** The certs will be kept in the folder of the purchase order.
 - IV)** As parts are issued quantity in stock shall be decreased in the inventory control system.
 - V)** The original document shall remain with the inventory until sold. At which time it shall be kept on file at AI Systems for 7 years from the date of sale to the customer.
 - VI)** The original cert will be kept on file except if the customer order the exactly the same quantity with the same Batch and/or lot number.

Shipping

- A. [AI Systems](#) shall use ATA Spec 300 packaging or equivalent, or as specified by the customer. Parts shall be packed in such a manner as to preclude damage from rough handling of the container.
- B. Shipping inspections shall be carried out in accordance with QAMFORM7, Shipping Inspection Guide.

Records

- A. [AI Systems](#)' records consist of three areas of storage:
- I) Records of purchases and sales as kept on its computerized inventory, purchases and sales system.
 - II) Hard copies of applicable documents such as airworthiness tags, material certs, certificates of conformity etc. This shall include those documents that contain information such as serial number and lot or batch numbers when applicable. See section 6A
 - III) Scanned copies of applicable documents such as airworthiness tags, material certs, certificates of conformity etc. This shall include those documents that contain information such as serial number and lot or batch numbers when applicable. See section 6A.

Through the combination of these records, [AI Systems](#) maintains a system such that data is readily available and identifiable for each customer, and each purchase. Such records shall be maintained for at least 7 years from the date of sale to the customer.

- B. At this time [AI Systems](#) makes only occasional purchases of standard parts, fasteners, or raw materials; it is not a significant distributor of such commodities. When however, certifications are provided to [AI Systems](#) containing information such as physical and chemical properties of fasteners or raw stock, or conformity statements, copies shall also be kept on file for at least 7 years from the date of sale to the customer.
- C. See paragraph 12 B.
- D. Copies of records, traceable to a FAA-certificated source or other acceptable source (in accordance with AC 00-56 para. 4(h)), confirming current life-limited status shall be kept on file when applicable.
- E. Records are stored in an area of the operation protected against damage, alteration, deterioration, or loss. Computer records are periodically backed up.

Technical Data Control

AI Systems does not maintain any technical data, such as manufacturer's illustrated parts catalogs or overhaul manuals. Outdated or any technical data that may be held on-site that is not on revision service shall be conspicuously marked "For Reference Only".

AI SYSTEMS INT'L

Signed for and behalf of

By: Lei

Name: Lei Wang