Kaman Corporation Quarter End Financial Statement
Submission Certification and Representation

**Instructions:**
To comply with SOX 404 process requirements, Subsidiary and/or Business Unit **Vice President – Finance (or the highest finance management level)** is required to submit this certification to the Corporate Finance Department on the third Friday following the quarter end.

|  |  |  |  |
| --- | --- | --- | --- |
| **Business Unit:** | Click or tap here to enter text. | **Reporting Period:** | Click or tap here to enter text. |

I confirm, as indicated below to the best of my knowledge and belief, the following representations:

1. Business Unit Management has reviewed the financial reporting in Hyperion Financial Management, and related HFM forms and supplemental schedules, and confirms they are prepared in accordance with US GAAP.
Click or tap here to enter text.
2. Kaman Corporate has been notified of the following subsequent events that may require disclosure (if none, indicate none):
Click or tap here to enter text.
3. Corporate Finance has been made aware of the following unadjusted difference(s) or out-of-period adjustments (known adjustments not recorded in the proper accounting period) that individually meet or exceed $100,000, excluding matters related to fraud (if none, please indicate none):
Click or tap here to enter text.
4. Corporate Finance has been made aware of all matters of fraud or code of conduct issues, including the following (if none, please indicate none):
Click or tap here to enter text.
5. The Business Unit has evaluated all new contracts and/or purchase orders in accordance with the 5-step process under ASC 606 and properly documented its revenue recognition method in accordance with the Company’s Revenue Recognition Policies (and in accordance with ASC 606). Please provide a brief explanation of your organizations revenue recognition policies (i.e. portion of Over-time versus Point-in-time. If Over-time, provided all necessary EAC/WIP adjustments and/or Profit Memos for quarter-end).
Click or tap here to enter text.
6. The Business Unit has properly recorded all revenue in accordance with ASC 606 and the Company’s Revenue Recognition Policies.
Click or tap here to enter text.
7. The Business Unit has recorded revenue under cost-to-cost programs in accordance with the Kaman Corporate ASC 606 Accounting Policy and Kaman Aerospace Group EAC and Profit Memo Policy.

Click or tap here to enter text.

1. The Business Unit has completed and reviewed EAC’s for all programs in connection with the period close; and has adequate supporting documentation to support all direct and indirect costs assumed in the EAC’s.
Click or tap here to enter text.
2. The Business Unit has properly accounted for all contract claims in accordance with the Company’s Revenue Recognition policies.
Click or tap here to enter text.
3. The Business Unit has appropriately accounted for costs to fulfill/costs to obtain (i.e. recorded as contract cost and amortized over current and anticipated awards in accordance with the Company’s Revenue Recognition Policies). Please explain, as necessary.
Click or tap here to enter text.
4. The Business Unit is not aware of any issues that may impact the profitability of any of the programs that were not considered in the latest EAC after the EAC was reviewed by Corporate Finance. Please provide any updates from the EAC meeting held after quarter close (including changes to any retro adjustments).
Click or tap here to enter text.
5. The Business Unit has reviewed the contract loss accrual, and adjusted the balance accordingly, and fully documented its methodology.
Click or tap here to enter text.
6. The Business Unit has reported all domestic and foreign purchases from any Kaman subsidiary/division, the respective selling division, the respective program margins, and respective amounts still in inventory on the IDWA schedules submitted to Corporate Finance. (Note: If buying division has a contract with an external customer that requires over time revenue recognition the selling division must record the intercompany revenues over time, otherwise the intercompany revenues are recorded at a point in time.)
Click or tap here to enter text.
7. The Business Unit has reviewed backlog to ensure that it represents unfulfilled performance obligations for firm orders (forecast orders are not included in the reported backlog amount). Management has confirmed order changes and cancellations have been entered on a timely basis and reviewed for proper cutoff.

Click or tap here to enter text.

1. Business Unit Management has reviewed its controls to ensure proper revenue and purchase cut-off; and all related period end transactions are recorded in the proper period. Please provide a brief explanation of procedures performed:
Click or tap here to enter text.
2. Business Unit has not recorded any revenue related to claims against our customers. If claims have been recorded, please list the claims below and confirm they are part of contract assets and recorded at a 0% margin.
Click or tap here to enter text.
3. The Business Unit has properly accounted for significant subcontractor service costs (supplier costs) for the period (these costs should be estimated and included as part of input costs for over-time contracts).
Click or tap here to enter text.
4. The Business Unit has properly accounted for any direct ship and consigned inventory as of the end of the period. Please explain.
Click or tap here to enter text.
5. Business Unit Management is not aware of any changes in accounting methodologies. If any, please provide a description of the changes below:
Click or tap here to enter text.
6. Business Unit Management is not aware of any changes in methods used to calculate estimates (i.e. changes in methods used to calculate inventory reserves) that has not been approved by the Accounting Review Committee (“ARC”). If any, please provide a description of the changes below:
Click or tap here to enter text.
7. Business Unit Management has documented its accounting treatment rationale for any unusual transaction and/or events that support the transaction, whether or not the transaction was recorded, with the supporting research in accordance with the Company’s accounting review policy. Please explain or provide a copy of the documentation if the transaction requires approval by the ARC.
Click or tap here to enter text.
8. Are there any factors that would indicate a change in asset groups?
Click or tap here to enter text.
9. Business Unit Management has prepared timely reconciliations, which are reviewed by someone other than the preparer, for all balance sheet accounts.
Click or tap here to enter text.
10. Business Unit Management has ensured that all accounts that need to be reconciled are assigned, reconciled, and reviewed in Blackline.

Click or tap here to enter text.

1. Business Unit Management has investigated and cleared all reconciling items in a timely manner (e.g. three months or less).
Click or tap here to enter text.
2. Business Unit Management has notified Corporate Finance of existing and new finance leases under the Company’s Master Lease Agreement and has properly recorded the finance lease in its financial statements.
Click or tap here to enter text.
3. Business Unit Management has properly accounted for leases in accordance with ASC 842.
Click or tap here to enter text.
4. Business Unit Management has updated the Visual Lease software for all existing and new leases.
Click or tap here to enter text.
5. a. Business Unit Management has notified Corporate Finance of all derivative instruments entered into during the period.
Click or tap here to enter text.

b. Business Unit Management has completed the Hedge Accounting Template for all derivative contracts entered into for the purpose of hedging a current or future transaction, if any.
Click or tap here to enter text.

1. Business Unit Management has reconciled all inter-company debt transactions and agreed our month end Note Payable to Kaman Corporation balance with Kaman Corporate.
Click or tap here to enter text.
2. Business Unit Management maintains all inter-company transactions in the proper A/R from affiliates or A/P to affiliates; and has confirmed all inter-company balances with sister companies and recorded adjustments necessary to balance.
Click or tap here to enter text.
3. The Business Unit does not have any loans or advances (other than normal travel advances) to any of its officers or employees.
Click or tap here to enter text.
4. Business Unit Management has reviewed the obsolete inventory provisions, and adjusted the balance accordingly, and fully documented its methodology. In addition, management has reviewed any slow moving inventory and performed an LCM analysis for any loss programs/product lines. Please provide a listing of the programs / product lines for which an LCM review was performed during the quarter.
Click or tap here to enter text.
5. Business Unit Management has reviewed its bad debt provision, and adjusted the balance accordingly, and fully documented its methodology.
Click or tap here to enter text.
6. Business Unit Management has assessed its collectability of accounts receivable and contract assets based on historical data, current information and reasonable and supportable forecasts, and has recognized any expected credit losses to an allowance account.
Click or tap here to enter text.
7. Business Unit Management has reviewed all significant accruals and estimates and confirms there are no general reserves that are not substantiated by written documentation.
Click or tap here to enter text.
8. Business Unit Management has reviewed the balance sheet for the appropriate classification of assets and liabilities between current and long-term.
Click or tap here to enter text.
9. Business Unit Management has reviewed all long-lived assets or asset groups (including IT system and ERP assets) for triggers of possible impairment including, but not limited to, the following:
	1. a significant decrease in the market price of a long-lived asset or asset group;
	a significant adverse change in the extent or manner in which long-lived assets or asset groups are being used (e.g. loss of a contract and assets cannot be used on other contracts or programs);
	2. the physical condition of such assets;
	3. decisions to close facilities, branches, production lines;
	4. adverse change in legal factors or business climate that could affect the value of long-lived assets or asset groups;
	5. a significant decrease in operating cash flows, combined with a history of operating losses or projected future losses that could suggest possible impairment; and/or
	6. a current expectation that, *more likely than not,* a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life

Click or tap here to enter text.

1. Corporate Finance has been made aware of the loss of the following contract(s)/customer(s) during the period?
Click or tap here to enter text.
2. The Iran Threat Reduction and Syria Human Rights Act of 2012 (the “Act”) significantly broadens the extraterritorial scope of existing U.S. sanctions for Iran related activities by expanding the types of activities subject to sanctions, supplementing the list of available sanctions, and prescribing numerous measures designed to isolate Iran further from the international financial community. Of primary significance to Kaman and its affiliated companies, the Act extends the prohibitions on trade with Iran to include foreign entities that are “owned or controlled” by Kaman Corporation or any of its domestic or foreign affiliates, and it creates a new disclosure obligation that requires Kaman to disclose in its periodic reports filed under the federal securities laws whether it or any of its “affiliates” have “knowingly engaged” in sanctionable activity involving Iran. Business Unit Management has reviewed all transactions and confirms the Business Unit has not engaged in any proscribed activity at any time during the period.
Click or tap here to enter text.

|  |
| --- |
| **Prepared By:** |
| **Signature:** | Click or tap here to enter text. | **Date:** | Click or tap to enter a date. |
| **Print Name & Title:** | Click or tap here to enter text. |

The undersigned, being the Finance/Accounting Lead of the aforementioned business unit, certifies to the best of his/her knowledge, that the financial statements submitted to HFM conform with the accounting principles generally accepted in the United States and I am not aware of any conditions or events subsequent to the balance sheet date that would require adjustments to the financial statements or disclosure in the notes to the consolidated financial statements; and there are no changes in internal controls subsequent to the balance sheet date or other factors that might significantly affect internal control over financial reporting, including any corrective actions taken by us with regard to significant deficiencies and material weaknesses, that have occurred subsequent to the date of the reporting period.

|  |  |  |  |
| --- | --- | --- | --- |
| **Signature:** | Click or tap here to enter text. | **Date:** | Click or tap to enter a date. |
| **Print Name & Title:** | Click or tap here to enter text. |