<table>
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<th>Page(s)</th>
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</thead>
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<td>Statement of Activities</td>
<td>3</td>
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<td>Statement of Functional Expenses</td>
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<td>6 – 9</td>
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INDEPENDENT AUDITOR’S REPORT

The Board of Directors
The Henry Foundation
Silver Spring, Maryland

We have audited the accompanying statement of financial position of The Henry Foundation (the “Foundation”), a nonprofit organization, as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of The Henry Foundation’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Henry Foundation as of December 31, 2010, and changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

July 11, 2011
THE HENRY FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

Current Assets
Cash and cash equivalents $ 107,866
Total Current Assets $ 107,866

Furniture, fixtures and equipment -
Less: Accumulated depreciation -
Net furniture, fixtures and equipment -

Total Assets $ 107,866

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities
Accounts payable and accrued expenses $ -
Total Current Liabilities $ -

Noncurrent Liabilities

Total Noncurrent Liabilities -

NET ASSETS

Unrestricted 107,866
Temporarily restricted -
Permanently restricted -
Total Net Assets 107,866

Total Liabilities and Net Assets $ 107,866

See accompanying notes to financial statements.
<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First Robotics</td>
<td>John Mather Nobel Scholars</td>
<td>Owen Software Education</td>
<td>Striet Council Union Democracies</td>
<td>Space Education Forum</td>
<td>NASA Academy</td>
<td>Subtotal</td>
<td>General and Administrative</td>
</tr>
<tr>
<td>Conferences</td>
<td>$ 11,184</td>
<td>$ -</td>
<td>$ 45</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,000</td>
<td>$ 31,684</td>
</tr>
<tr>
<td>Grants distributed</td>
<td>$ 15,000</td>
<td>$ 3,000</td>
<td>$ 500</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td>$ 3,344</td>
<td>$ 3,344</td>
<td>$ 217</td>
<td>$ 217</td>
<td>$ 217</td>
<td>$ 217</td>
<td>$ 3,538</td>
<td>$ 3,538</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Rent</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 85,206</td>
<td>$ 85,206</td>
<td>$ 85,206</td>
<td>$ 67,000</td>
<td>$ 67,000</td>
</tr>
<tr>
<td>Stipend</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 7,681</td>
<td>$ 17,486</td>
<td>$ 17,486</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>$ 9,805</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 4,500</td>
<td>$ 4,500</td>
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<tr>
<td>Accounting fees</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Bank charges</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Licenses &amp; permits</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Office expenses</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Total direct expenses</td>
<td>$ 11,184</td>
<td>$ 12,245</td>
<td>$ 15,000</td>
<td>$ 3,000</td>
<td>$ 500</td>
<td>$ 202,443</td>
<td>$ 244,372</td>
<td>$ 5,378</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
THE HENRY FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

<table>
<thead>
<tr>
<th>Revenue and Other Support</th>
<th>Unrestricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and grants</td>
<td>$ 274,741</td>
</tr>
<tr>
<td>Other revenue</td>
<td>560</td>
</tr>
<tr>
<td><strong>Total Revenue and Other Support</strong></td>
<td><strong>275,301</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td></td>
</tr>
<tr>
<td>First Robotics</td>
<td>11,184</td>
</tr>
<tr>
<td>John Mather Nobel Scholars</td>
<td>12,245</td>
</tr>
<tr>
<td>Owen Software Education</td>
<td>15,000</td>
</tr>
<tr>
<td>Streit Council Union Democracies</td>
<td>3,000</td>
</tr>
<tr>
<td>Space Education Forum</td>
<td>500</td>
</tr>
<tr>
<td>NASA Academy</td>
<td>202,443</td>
</tr>
<tr>
<td><strong>Total Programs</strong></td>
<td><strong>244,372</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supporting Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General and administrative</td>
<td>5,378</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>249,750</strong></td>
</tr>
</tbody>
</table>

**INCREASE (DECREASE) IN NET ASSETS** 25,551

**NET ASSETS AT BEGINNING OF YEAR** 82,315

**NET ASSETS AT END OF YEAR** $ 107,866

See accompanying notes to financial statements.
THE HENRY FOUNDATION
STATEMENT OF CASH FLOWS
DECEMBER 31, 2010

Cash Flows From Operating Activities
Increase (decrease) in net assets $ 25,551
Net cash provided (used) by operating activities 25,551

Cash Flows From Investing Activities
Net cash provided (used) by investing activities -

Cash Flows From Financing Activities
Net cash provided (used) by financing activities -

Net increase in cash and cash equivalents 25,551

Cash and cash equivalents at beginning of year 82,315

Cash and cash equivalents at end of year $ 107,866

Supplemental Information:
Interest expense paid $ -

See accompanying notes to financial statements.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization

The Henry Foundation (the “Foundation”) is a not-for-profit organization incorporated in June 18, 2004, in Silver Spring, MD. The Henry Foundation was established:

1) To promote and provide comprehensive science, aerospace, and scientific education and research;

2) To make grants to organizations and governmental units for charitable, educational, and scientific purposes;

3) To carry out such other acts and to undertake such other activities as may be necessary, appropriate, or desirable in furtherance of, or in connection with, the conduct, promotion, or attainment of the foregoing purposes; and

4) To conduct any lawful activities consistent with an organization described in Section 501(c)(3) of the Code.

The Foundation is exempt from income taxes under section (501)(c)(3) of the Internal Revenue Code.

Basis of Accounting

In June 2009, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (Codification). Effective July 1, 2009, the Codification is the single source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP). The Codification is intended to reorganize, rather than change, existing GAAP. Accordingly, all references to currently existing GAAP have been removed and have been replaced with plain English explanations of the Foundation’s accounting policies. The adoption of the Codification did not have a material impact on the Foundation’s financial position or results of operations.

The financial statements of the Foundation are prepared on the accrual basis of accounting. Under this method, revenues of the Foundation are recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any grantor and donor imposed restrictions. This includes reporting financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION – continued

Income Recognition

Contribution and grant income is recognized when the grantor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions which are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the same year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Values of Financial Instruments

The Foundation has adopted Fair Value Measurements in accordance with the FASB Accounting Standards Codification for assets and liabilities at fair value on a recurring basis during the period, which requires quantitative disclosures about fair value measurements separately for each major category of assets and liabilities. This standard clarifies the definition of fair value for financial reporting, establishes a hierarchal disclosure framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

The three levels of the fair value hierarchy and its applicability to the Foundation’s portfolio investments, if any, are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security.

Level 3 – Pricing inputs are unobservable for the asset or liability, that is, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes private portfolio investments that are supported by little or no market activity.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION – continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Foundation allocates certain indirect costs to program support. Certain grantors do not allow for indirect cost reimbursement. The Foundation, in these instances, pays for unallowable indirect costs from unrestricted funds.

Income Taxes

The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Service Code, and has not been classified as a private foundation. Consequently, there is no provision for income taxes.

Cash and Cash Equivalents

Cash and investments with maturities of 90 days or less are considered cash and cash equivalents for financial statement presentation purposes. Stocks classified as marketable securities and money market funds are excluded from cash and cash equivalents even though their average maturity may be less than 90 days.

Net Asset Classifications

Permanently restricted net assets include contributions which donors have specified must be maintained in perpetuity. The related income from the related investments may be expended for such purposes as specified by the donor or, if none, then for any purpose of the Foundation. The donors have stipulated that the revolving fund balance and net realized gains on investment transaction must be maintained in perpetuity. However, interest earned on the investment of such funds may be used for any purpose.

Temporarily restricted net assets are comprised of funds, which are restricted by donors for specific purposes, which are not in the ordinary course of the Foundation’s operations and are comprised of cash and pledges receivable. Upon the expiration of either donor imposed time or purpose restrictions, temporarily restricted net assets are transferred to unrestricted net assets.

Unrestricted net assets represent funds, which are fully available, at the discretion of management and the Board of Directors, for the Foundation to utilize in any of its programs or supporting services.
NOTE 2 – CASH AND CASH EQUIVALENTS

As of December 31, 2010 all cash and cash equivalents are insured by FDIC or SIPC.

NOTE 3 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of December 31, 2010 the balance of accounts payable and accrued expenses is $0.

NOTE 4 – ECONOMIC DEPENDENCY

Approximately 82% of the Foundation’s support for the year ended December 31, 2010 was received from one donor, NASA Academy. The Foundation has no reason to believe that the relationship with this donor will be discontinued in the foreseeable future. However, any interruption of this relationship would adversely affect the Foundation’s ability to finance ongoing operations.

NOTE 5 – CONTRIBUTED SERVICES

A number of volunteers have donated significant amounts of their time for the furtherance of the Foundation’s goals and objectives; however, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services contained in generally accepted accounting principles.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 11, 2011, the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.