# THE HENRY FOUNDATION
## DECEMBER 31, 2013

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INDEPENDENT AUDITOR’S REPORT

The Board of Directors
The Henry Foundation
Silver Spring, Maryland

We have audited the accompanying financial statements of The Henry Foundation (the “Foundation”), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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 from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

April 29, 2014
THE HENRY FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

Current Assets
Cash and cash equivalents $ 19,061
Total Current Assets $ 19,061

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

Total Assets $ 19,061

LIABILITIES AND NET ASSETS

LIABILITIES

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

Noncurrent Liabilities
Total Noncurrent Liabilities -

NET ASSETS
Unrestricted 19,061
Temporarily restricted -
Permanently restricted -
Total Net Assets 19,061

Total Liabilities and Net Assets $ 19,061

The accompanying notes to these financials are an integral part of this statement.
THE HENRY FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

<table>
<thead>
<tr>
<th>Revenue and Other Support</th>
<th>Unrestricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and grants</td>
<td>$ 122,461</td>
</tr>
<tr>
<td>Other revenue</td>
<td>17,803</td>
</tr>
<tr>
<td><strong>Total Revenue and Other Support</strong></td>
<td><strong>140,264</strong></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
</tr>
<tr>
<td>John Mather Nobel Scholars</td>
</tr>
<tr>
<td>Streit Council Union Democracies</td>
</tr>
<tr>
<td>NASA Academy</td>
</tr>
<tr>
<td><strong>Total Programs</strong></td>
</tr>
<tr>
<td>Supporting Services</td>
</tr>
<tr>
<td>General and administrative</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
</tr>
</tbody>
</table>

| INCREASE (DECREASE) IN NET ASSETS | (40,094) |
| NET ASSETS AT BEGINNING OF YEAR | 59,155 |
| NET ASSETS AT END OF YEAR | $ 19,061 |

The accompanying notes to these financials are an integral part of this statement.
The accompanying notes to these financials are an integral part of this statement.
THE HENRY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows From Operating Activities
Increase (decrease) in net assets $ (40,094)
Net cash provided (used) by operating activities (40,094)

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 (40,094)

Cash and cash equivalents at beginning of year 59,155

Cash and cash equivalents at end of year $ 19,061

Supplemental Information:
Interest expense paid - $ -

The accompanying notes to these financials are an integral part of this statement.
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, 2004 in the state of Maryland. 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, except for unrelated business income, under section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Accounting Standards Codification™ (the Codification) issued by the Financial Accounting Standards Board (FASB) 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 financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with GAAP. 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.
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, except for unrelated business income 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. The Foundation had no unrelated business income for the year ended December 31, 2013.

The Foundation adopted the provisions of FASB ASC, “Accounting for Uncertainty in Income Taxes,” having no significant impact on its financial statements. The provisions clarify the accounting for uncertainty income taxes recognized in an organization’s financial statements.

Tax return filings are subject to examination by the IRS, generally for three years after they are filed. The Organization’s tax returns for tax years before 2009 are no longer subject to examination.

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.
THE HENRY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION – continued

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, 2013 all cash and cash equivalents are insured by FDIC.

NOTE 3 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of December 31, 2013 the balance of accounts payable and accrued expenses is $0.

NOTE 4 – ECONOMIC DEPENDENCY

Approximately 86% of the Foundation’s support for the year ended December 31, 2013 was received from one donor, JHU Applied Physics Laboratory. 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 - RELATED PARTY TRANSACTIONS

The Henry Foundation donated $10,000 to the Streit Council Union Democracies, a 501(c)(3) organization, during the year ended December 31, 2013. An officer of the Foundation is the Board president of the Streit Council Union Democracies. These related-party transactions were consummated on terms equivalent to those that prevail in arms-length transactions.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 29, 2014, 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.