

THE HENRY FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2005

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Henry Foundation, Inc.
Silver Spring, Maryland

We have audited the accompanying statement of financial position of The Henry Foundation, Inc. as of December 31, 2005 and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, Inc. as of December 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

June 6, 2006

Singleton & Bardowski, LLC, CPA's

THE HENRY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2005

<u>ASSETS</u>	
Current Assets:	
Cash - checking accounts	<u>\$ 16,078</u>
TOTAL ASSETS	<u>\$ 16,078</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Loan payable (Note 2)	<u>\$ 25,000</u>
Net Assets (Note 4):	
Unrestricted	<u>(8,922)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,078</u>

The accompanying notes are an integral part of these statements.

THE HENRY FOUNDATION, INC.
STATEMENT OF ACTIVITIES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>TOTAL</u>
<u>SUPPORT & REVENUES:</u>	
Donations	\$ 12
 <u>EXPENSES:</u>	
Programs	
Conferences/meetings	105
General & Administrative	
Bank charges	130
Legal	640
Total Expenses	875
CHANGE IN NET ASSETS	(863)
NET ASSETS JANUARY 1, 2005	(8,059)
NET ASSETS DECEMBER 31, 2005	\$ (8,922)

The accompanying notes are an integral part of these statements.

THE HENRY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (863)
Net Cash Provided by (Used in)	
Operating Activities	<u>(863)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase in loans payable	<u>15,969</u>
Net Cash Provided by (Used in)	
Financing Activities	<u>15,969</u>
NET INCREASE(DECREASE) IN CASH AND EQUIVALENTS	15,106
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>972</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 16,078</u>

The accompanying notes are an integral part of these statements.

THE HENRY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND ACCOUNTING POLICIES

The Henry Foundation, Inc. is a non-profit corporation organized exclusively for charitable, scientific and educational purposes, within the meaning of Section 501(c)3 of the Internal Revenue Code. The corporation was formed June 18, 2004 in the state of Maryland. Specifically, the purpose of The Henry Foundation is to promote and provide comprehensive science, aerospace, and scientific education and research; to make grants to organizations and governmental units for charitable, educational, and scientific purposes.

The corporation employs the following significant accounting policies:

The financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits and investments with original maturities of three months or less whose value is readily determinable.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

THE HENRY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2. LOAN PAYABLE & RELATED PARTY TRANSACTIONS

On May 5, 2005, \$25,000 was loaned to The Henry Foundation Inc. from the California Space Grant Foundation, another 501 (c)3 organization. This interest free, one year renewable loan was to assist The Henry Foundation, Inc. in start up operations for the Education Associates intern program at NASA Goddard Space Flight Center.

The two corporations share a common officer. The President of The Henry Foundation, Inc., Mr. Richard Conn Henry, is the Treasurer of the National Space Grant Foundation, Inc.

NOTE 3. INCOME TAXES

The organization qualified for tax exempt status under IRS Code Section 501(c)3, therefore, no income tax expense has been recorded in these financial statements.

NOTE 4. NET ASSETS

The net assets of the corporation consists of unrestricted net assets since inception of the corporation.

NOTE 5. CONTRIBUTED SERVICES

Volunteers have contributed significant amounts of their time for the furtherance of the organization's goals and objectives. Those contributed services have not been measured or included in these financial statements.