



Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

To the Audit Committee
Texas A&M Research Foundation
College Station, Texas

We have audited the financial statements of the Texas A&M Research Foundation (the "Foundation") for the year ended August 31, 2007, and have issued our report thereon dated November 16, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated May 10, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting standards. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Foundation's compliance with the types of compliance requirements described in the "U.S.

James D. Ingram, III | Thomas A. Wallis | James D. Ingram, IV | Richard L. Webb
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Office of Management and Budget (OMB) Circular A-133 Compliance Supplement” applicable to each of its major federal programs for the purpose of expressing an opinion on the Foundation’s compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Foundation’s compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended August 31, 2007. We noted no transactions entered into by the Foundation during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant accounting estimates reflected in the Foundation’s financial statements are normal and were determined on a basis consistent with that used in the prior year.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Foundation’s financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Foundation, either individually or in the aggregate, indicate matters that could have a significant effect on the Foundation’s financial reporting process.

In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the audit committee, Board of Trustees and management of the Texas A&M Research Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Bryan, Texas
November 16, 2007

Ingram, Wallis & Company

**Summary of Passed Audit Adjustments
For Texas A&M Research Foundation
8/31/2007**

Financial Statement Classification

			Net		
	Assets	Liabilities	Assets	Revenues	
Prior Year Effect	-	-	(118,222)	192,532	(74,310)
Prepaid Insurance	7,795	-	-	-	(7,795)
Prepaid Rent	2,700	-	-	-	(2,700)
Accounts Receivable	(1,671)	-	-	1,671	-
Property, Plant & Equipment	49,845	-	-	-	(49,845)
Accounts Payable	520,787	(507,669)	-	(520,787)	507,669
Accrued Liabilities	-	17,047	-	(17,047)	-
Deferred Revenue	-	12,362	-	-	(12,362)
Due to TAMUS - Payroll	-	(3,193)	-	-	3,193
	<u>579,456</u>	<u>(481,453)</u>	<u>(118,222)</u>	<u>(343,631)</u>	<u>363,850</u>