



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, 2009, and have issued our report thereon dated December 1, 2009. 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 express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we consider 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
Melissa M. Suehs • Donald B. Browning • Diana K. Wagner • Rosanne P. Ely • Teja Templeton • Clayton A. Sheppard*

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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 15, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. 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, 2009. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. 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 financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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.

Management Representations

We have required certain representations from management that are included in the management representation letter dated December 1, 2009.

Management 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.

Other Audit Findings or Issues

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.

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
December 1, 2009

A handwritten signature in black ink that reads "Ingram, Wallis Luyray". The signature is written in a cursive style with a large initial 'I' and 'W'.

**Summary of Passed Audit Adjustments
For Texas A&M Research Foundation
8/31/2009**

Financial Statement Classification

			Net		
	Assets	Liabilities	Assets	Revenues	Expenses
Prior Year Effect			(26,445)	909,425	(882,980)
Accounts Receivable	(41,716)			41,716	
Property, Plant & Equipment	10,092				(10,092)
Accounts Payable	318,243	(317,640)		(318,243)	317,640
Stock	1,536			(1,536)	
	288,155	(317,640)	(26,445)	631,362	(575,432)