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August 24, 2004

Audit Committee  
University of Nevada, Reno  
Mail Stop 162  
Reno, NV 89557

Ladies and Gentlemen:

Professional standards require that we advise you of the following matters relating to our recently concluded audit. The matters discussed herein are those that we have noted as of August 13, 2004, and we have not updated our procedures regarding these matters since that date to the current date.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated March 19, 2004, our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, have not been detected. Such standards also require that we obtain a sufficient understanding of the Foundation's internal controls to plan the audit. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

Our Responsibility for Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, the auditor's responsibility for other information in documents containing the Foundation's audited financial statements (for example, Management's Discussion and Analysis) does not extend beyond the financial information identified in the audit report, and the auditor is not required to perform procedures to corroborate such other information. However, in accordance with such standard, we have read the information in the Foundation's Management Discussion and Analysis and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information which we believe is a material misstatement of facts. Any such matters that came to our attention were reported to and have been appropriately addressed by management.

Board of Trustees  
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#### Management Judgments and Accounting Estimates

Accounting estimates, based upon management's judgments, are an integral part of an entity's financial statements. Those judgments are normally based on 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 markedly from management's current judgments. We believe that the Foundation's calculation of pledges receivable represents a particularly sensitive accounting estimate based upon management judgment. Management has informed us that in determining the appropriateness of this calculation, they reviewed all significant pledges, and have considered the potential uncollectible future amounts. We have performed tests of the present value pledges receivable calculation to satisfy ourselves as to its reasonableness in relation to the financial statements taken as a whole.

In addition, management's calculation of expendable endowment income is a calculation using management judgment. Management has communicated to us that this calculation was made in accordance with the Nevada Revised Statutes and Foundation policy.

#### 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 Foundation's financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Should you desire further information concerning these matters, Brian Wallace will be happy to meet with you at your convenience.

This letter is intended solely for the information and use of the Audit Committee, Board of Trustees, and management of the University of Nevada, Reno Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

