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UBCHEA ARCHIVES
COLLEGE FILES
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Krause, O. J. 1923-1924

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燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

PEKING

OFFICE OF THE TREASURER

February 10, 1923.

TRANSFER

Rev. Eric M. North, D.D.,
New York City.

Dear Doctor North:

At last I have let other things rest to give some study to the corrections suggested in your letter of July 7th and the balance sheet and statements received from Mr. Morris a little more than a month after your letter. I wish first to take up the items in your letter.

(1) Section 3, summary of funds received. Line 1, American Board Mission, G. \$5,000 has been added to column 2 and the corresponding changes made in columns 5 and 6. Columns 1 and 4 remain as they were.

(2) Woman's Board capital, line 6. I thought I had made it clear that the amount shown in line 6 was received here from the field from the Women's College. It is not at all a part of the funds received from the Trustees. Therefore, the amount to their credit in this line should be G. \$18,468.21; i.e., the total of G. \$15,000 added to the original figure. Columns 2, 3, 5 and 6 have been changed accordingly.

(3) Board's capital funds, Line 9. The amount in column 2 has been reduced by G. \$15,000. I have taken the entire G. \$15,000 from this line to make transfer to line 6, and columns 3, 5 and 6 have been changed correspondingly.

(4) Board's capital, line 11. Column 2 of this line is reduced by G.\$5,000. I have transferred this amount to line 1 in the same column. Columns 3, 4, and 6 of this line have been correspondingly changed.

Herewith I am sending a revised statement of Section ~~IV~~ ^{III} summary of funds received, and also of Section 5, comparison of capital accounts, the latter simply as showing that our accounts are in agreement. *Not sent, Section III shows our agreement.*

I am in full agreement with you in the judgment that the item "Science Equipment" should not be included under New Site Property Account, but should stand in an item by itself.

Your suggestion re inventory meets my full endorsement. In the spring of 1922 I urged the making of such an inventory, but with folks busy and others who knew the details in question absent, it was not possible to get an inventory. We did, however, write off Mex. \$1,779.84, representing G. \$889.92 from the equipment account. As to the manner of handling this item in the accounts there, I will speak later in connection with the statements from Mr. Morris. Another effort will be made to secure an inventory of the Science Supplies Account for our June 30, 1923 statement. As you intimate, some items in this account are permanent items. However, most of them are merely supplies for current use in the laboratories and on this account certain amounts should be written off each year.

Yours sincerely,

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PEKING, CHINA

*Not undertake
to answer this letter
until he receives
reports on
M.N.'s statement
of Dec 29.*

OFFICE OF THE TREASURER

TRANSFER

February 10, 1923.

PEKING

Rev. Eric M. North, D.D.,
New York City.

Dear Doctor North:

In taking up with you the statements received from Mr. Morris in his letter of August 18, 1922 I do so because I do not know who is handling accounts since Mr. Morris has given them up, and also that you may have in mind the items which do not seem to me placed in the proper accounts. Some readjustments in the accounts there are necessary if we are to keep together in our accounts. I will take up the items in the order of the statements as they came pinned together to me.

Managers' Current Budget:-

I. (1) I am not able to verify the credit balance brought forward, \$6,484.48. The previous statement seems not to have reached me. I will take it that the amount shown is correct.

(2) Debit item April 5th, draft No. 9, G.\$1,000, account T. T. Lew's special grant. Charging this draft to our current account is correct, provided in the previous statement there was a corresponding credit covering T. T. Lew's special grant from the Trustees.

(3) Credit item June 29th, property on the field, G. \$3,000, and June 29th property on the field, G. \$7,455.77. It is not clear why these two items should be credited to our Managers' current account. I note they are both properly charged to the property account - City Site - and there ought to appear among the property account balances two credit items: (a) Under capital accounts, University funds, G. \$3,000; (b) A separate item "O/D Managers' Peking Bank Account" G. \$7,455.77. This however, would throw the property account balances statement out of balance, unless by chance these amounts are covered by "Anonymous No. 115", which is hardly possible. Please have these two items looked into. Item "a" covers funds drawn from our current budget and used in permanent improvements in City Site property and is therefore a true item to be shown on the credit side of the property ledger, under some appropriate heading. Item "b", since now a part of the city property item in your ledger, should also appear under some heading in the property ledger on the credit side, rather than credited to the Managers' current account. It is a temporary loan. This item should be kept clearly in mind when turning over the city site properties to the Methodist Board. This amount should come to us here to square our bank account, or the liability turned over to the Methodist Board when effecting settlement for the city site. Taking these two items from the Managers' current budget account makes a big difference in the balance of that account.

Covers by E.M.N. 12/29/22

Done ->

II. Property account. This is the second statement in the set received. From the items appearing in it I take this to be the city site property account. However, it is not clear why this shows a balance of only G. \$229,337.92 instead of G. \$231,759.26, which is the amount shown as invested in the city site in statement III, summary of funds received. The difference is G. \$2,421.34.

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E.M.N. 2-10-23.

It would seem that "a" is the simpler way of handling the item, since both of the accounts involved are in the property section of the ledger. In any case it is important that we know how you are handling the item there, so we may be in agreement on the matter. For the moment, the matter in our accounts stands as in "a". If this latter method is used by you then no further entries are necessary in our accounts.

VII. Architects' expenses. This statement has a number of items that have not so far been in our accounts. What has been lacking in our accounts has now been entered. Here again for purposes of agreement an item of G. \$2,350.88 should be charged against this account in your books and credited to new site property account. The item named represents a payment of Mex. \$4,701.76 to Messrs. Murphy and Dana, architects, made on February 5, 1921. No separate draft was issued at the time, therefore no particular item appears separately in your accounts to cover this amount. Making the suggested transfer in your accounts we shall be in agreement on this particular account.

VIII. Property Account Balances. In view of several corrections suggested in the foregoing, some of the balances in this statement will necessarily change. In looking over this statement, the question naturally arises as to how far the books on the field should include all of these accounts. I believe that with the adjustments suggested in this letter, bringing our property accounts into agreement, it should not be necessary to incorporate those accounts which are handled entirely at home; i.e., the various endowment funds accounts and their corresponding investment accounts. These can hardly be handled to advantage on the field. If periodically the Field Treasurer receives a balance sheet such as the one before me, for the purpose of checking such accounts as are related to the field accounts, and to pass on information to the Board of Managers at their meetings, it would seem quite sufficient.

As an illustration, if we attempted to incorporate all the various accounts, one of them would be the "Trustees' cash on hand account". For the moment at which the balance sheet is made, the balance shown is accurate; but day by day this item changes and it would be impossible to follow all its windings. For the present I am not incorporating any new accounts in our ledger here, being content to credit all capital funds received to a general "Capital funds Trustees' account", unless there should be some change necessary in the capital accounts of the co-operating Boards.

Our Women's Board - Yenching- account now agrees with the balance shown in your balance sheet, *plus the \$234.00 which is to be added to your Yenching account to cover amount shown in statement. From which account x*

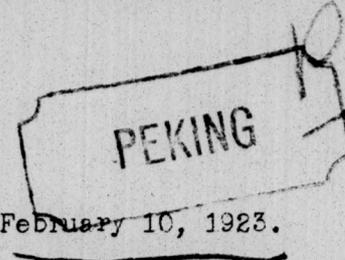
IX. Current Account Balances. The items in this statement are noted. As none of the accounts in the present arrangement of accounts link definitely with ours, there is no checking to do on this statement.

Yours sincerely,

x in your ledger should be taken as not done. It may possibly be the "unexpended \$115" account. In any case from Yenching account balance June 1922 showed last as total of \$23103.21. My suggestion that ~~that~~ ~~the~~ all the items under "Yenching" in statement record represent actual cash read there is...

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PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA



OFFICE OF THE TREASURER

Rev. Eric M. North, D.D.,
New York City.

Dear Doctor North:

After your kind expression of appreciation in your letter of June 1st relating to the property statements sent last spring, I am ashamed to come so late with a reply to your further inquiries.

(1) In order to locate accurately for you certain properties not clearly shown on the chart you have, some sections of the chart have been made to show the portion of the lots asked about.

(a) Lot 15. This lot should be shown just below No. 92 and No. 56, and above blue No. 87. Unfortunately, on rechecking our deeds we are unable to find the deeds for this lot. From the records I find they have never been in my hands. The supposition is that they were held up by the Chinese Police Office when sent in for the purpose of making the transfer to us. The papers turned in may have proved defective and for that reason were never returned to us. It may turn out, ~~however~~, later on that the amounts set against this lot will have to be charged against the whole section as part of the total cost of the properties held in this section.

(b) Lot 32. This should appear next to No. 20 in the block with Nos. 20, 23 and 97. Your chart shows either No. 33 or 35 where No. 32 should appear. Our chart has been corrected to make that number read 32.

(c) Lot 96. The location of this lot is shown in sectional chart 1.

(d) Lot 112. Location of this lot is shown in sectional chart No. 2.

(e) Lot 113. Location of this lot is shown in sectional chart 3.

(f) Lot 122. Location of this lot is shown in sectional chart 4.

(g) Lot 127. The amount shown in earlier balance sheets represents a deposit on what is lot No. 81 blue on your chart, - just at the north-west corner of shaded lot No. 1. The deposit secures the option on this lot and prevents it being sold to other individuals than ourselves.

(h) Lot 128. In the June, 1922 balance sheet this item has dropped out and the amount incorporated with the account for Lot 96 covering permanent improvements on that lot.

(2) As to the relation of the University property to our Academy property, you will find on your chart - Shattuck and Hussey, May, 1917 - at the lower left hand corner opposite University properties Nos. 122, 65, 34, 95 and 4, a line running

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E.M.N. 2-10-23. . .

diagonally across the road represented by the straight lines north and south. This diagonal line marks the eastern boundary of the Academy property. This line in connection with the other chart showing the Academy property, originally charted as Peking University property, will help you greatly to fix the relations as to location between the University properties and those of the Methodist Mission.

(3) In reply to your second inquiry as to the transfer of title to these properties to the University, I would report that all the deeds to these properties were originally in the Chinese name of the Peking University, viz. "Huei Wen Ta Hsueh" and for that reason no transfer was necessary to the University. Transfer, however, was made from the University to the Methodist Board of all holdings other than those in the southeast section of the city, which by agreement remained in the name of Peking University.

(4) You are correct in regarding the property on the Adams and Knowles chart marked Peking University as belonging to the Methodist Board. This property was transferred to the Methodist Board at the time of reorganization of the University. It is occupied by the United Methodist Mission in connection with their cooperation in our Methodist Bible Institute, - or Theological Seminary as it is called at present.

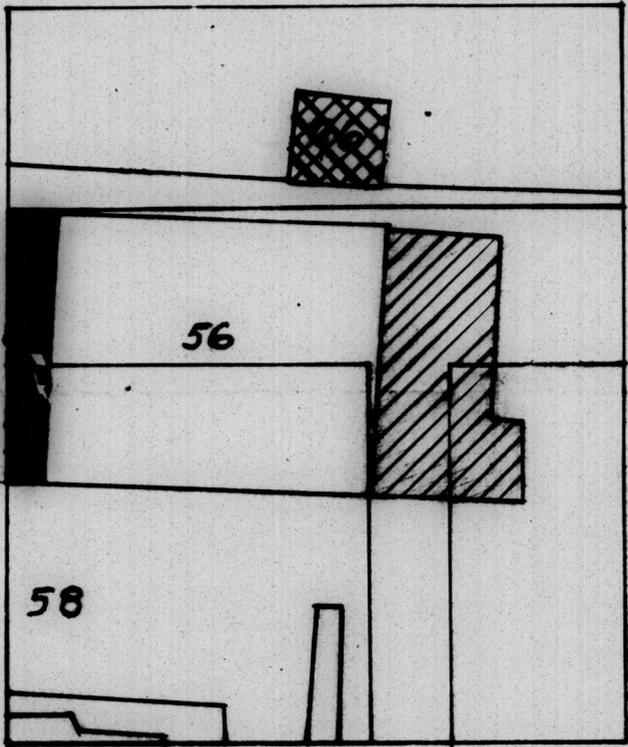
Your typist omitted a decimal in writing the area of this strip of land. Your letter refers to it as having 507 acres. It would be fine if we could have at least one-fifth of this area within this southeast corner. The correct figure is .507. You probably noticed this error and realized that it is only a very small lot.

Yours sincerely,

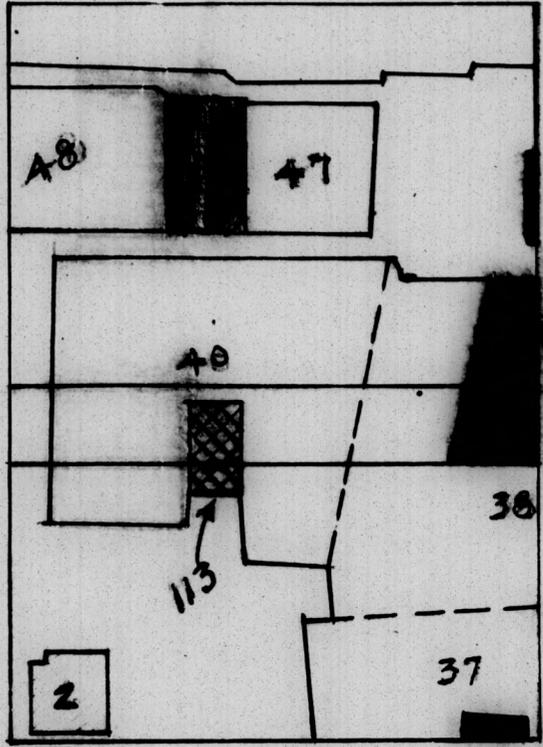
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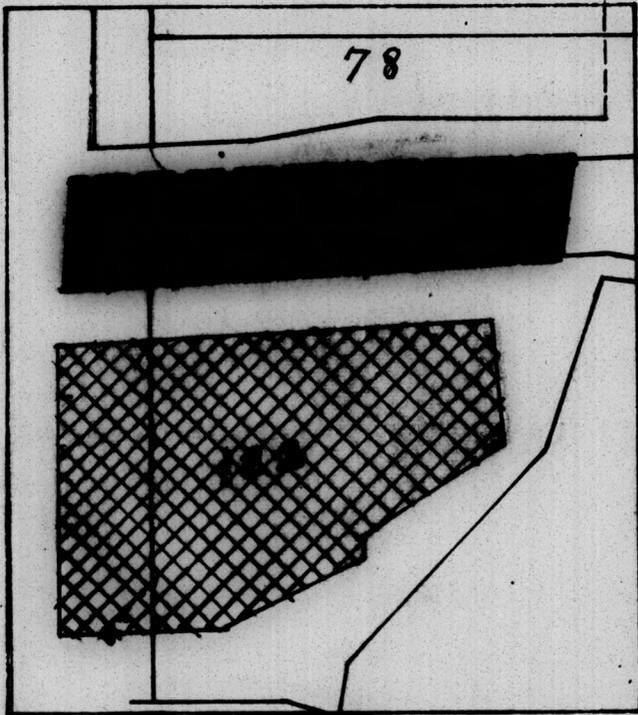
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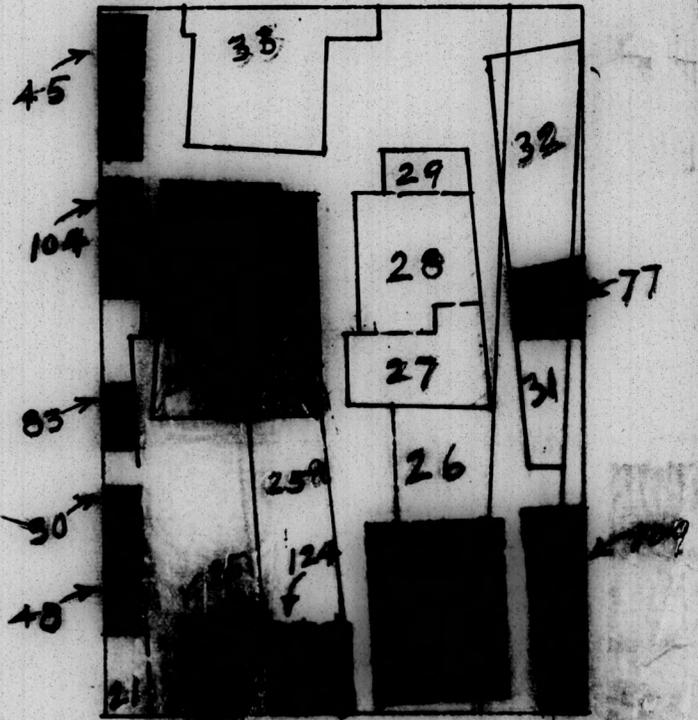
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March 5, 1923.

A meeting of the Finance Committee of the Board of Managers was held in Mr. Krause's office on the above date. There were present Messrs. Galt, Glysteen, Tayler, Bocker, Krause and Gibb, and Mr. Chamberlain who was present to assist in the discussion of the Department of Agriculture. Dr. Galt led in prayer.

Agricultural Deficit.

Mr. Krause reported that he had an opportunity of borrowing \$3,000 at 6%, which he thought would be a saving over the bank overdraft. It was moved, seconded and carried to authorize the Treasurer to give the University's note for \$3,000 at 6% for one year, proceeds of this note to be used to cover the Agricultural Department deficit.

Agricultural Budget.

Moved to refer the budget as presented by the Special Finance Committee to the proper University authorities until they decide on a definite policy for the Department of Agriculture, and they are asked to report the policy and the budget back to the Finance Committee of the Board of Managers.

Rental of Houses Occupied by Members of the University Staff.

Mr. Krause reported that while the Presbyterian and Methodist Missions are paying rent to the University for houses occupied by their representatives on the University faculty, the American Board Mission had not done this during the past two and a half years. The minutes of the Board of Managers were examined in relation to this question but were not clear.

It was moved, seconded and carried that the committee ask Mr. Krause to communicate with the authorities of the American Board Mission and to point out that they are responsible for the housing of at least two full time representatives on the University faculty, and to call their attention to the action of the other Missions in regard to paying rent.

Looking forward to the early departure of Mr. Gibb, to take up his residence on the new site, it was moved, seconded and carried that we recommend that all Mission supported teachers be under their own Mission so far as furniture be concerned.

Plot 119 on the Map of the City Site, dated May 12, 1917.

It was moved, seconded and carried to allow the women's school of the W. F. M. S. to erect a new building on this site in place of one that is falling down, and that we agree if the property is not sold to the Methodist Episcopal Mission, the University will go to sell to the W. F. M. S. for school purposes or to reimburse the W. F. M. S. about \$1000, the amount which they expect to put into the place at this time.

Methodist Episcopal Rents on the Old Site.

Owing to the fact that the Methodist Board has already paid over G. \$25000 as first payment on the repurchase of the old University site by that Mission, it was moved, seconded and carried that we recommend that the Methodist Episcopal Mission does not pay rent for the houses and schools which they occupy on the old site. This action is subject to the ratification of the Trustees.

Safe.

Moved, seconded and carried that we authorize the purchase of a safe to the amount of about \$300.

Adjustments in the Bookkeeping.

Attention of the committee was called to the new form of budgeting recommended by the Trustees, and the suggestion that the books of the University be reorganized in order to get them to conform with this new system of budgeting.

+ Moved, seconded and carried that the books of the University be left in their present form for the rest of the current fiscal year, and that a study be made of the subject and that further action be taken and reported to New York.

Salary Adjustments re the new Salary Schedule Adopted by the Managers.

Moved, seconded and carried that the Treasurer be authorized to pay the salaries of those arriving on the field at this time according to this new schedule, and that allowances be paid to those who have arrived lately according to this new schedule in so far as income derived from the various Missions for the vacancies of the Mission quota members will cover such disbursements, all these payments being subject to the ratification of the Board of Trustees of the Board of Managers' salary schedule.

Loan of G.\$5000 from Mr. Donald Winston.

Word of this loan at 5% has been received from Dr. Stuart. It was reported that Dr. Vincent does not think that the Leather Department will need a loan at this time.

It was moved, seconded and carried that we accept only such part of the loan for the Leather Department as is needed to pay freight and custom's charges on machinery which may be given to the Leather Department during the next twelve months.

It was moved, seconded and carried that this committee request Mr. Donald Winston to allocate the balance of the G.\$5000 to Peking University, the funds to be used to further investigations which may lead up to additional industrial education in China, it being understood that the amount so used is to be repaid to Mr. Winston in so far as a plan for further industrial education is financed from other sources.

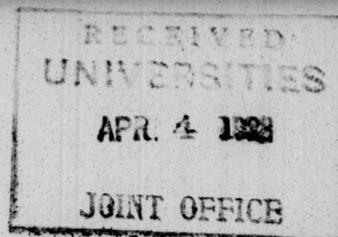
Committee adjourned.

(Signed) John McGregor Gibb, Jr.

Secretary.

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PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA



OFFICE OF THE TREASURER

March 6, 1923.

Mr. Leslie B. Moss, Executive Secretary,
Peking University,
New York City.

Dear Mr. Moss:

Your letter of January 10th authorizing the drawing of Gold \$250 for the Publication Fund of the School of Theology is received. My draft No. 51 of February 19th covers this item.

Your letter of January 17th referring to \$90 gold which should have been paid to Mr. Lucien Warner early last fall is also at hand. Dr. Eric North's letter of January 20, 1922 making this amount available for Mr. Warner did not reach my hands. I have drawn draft No. 49 under date February 19th for the \$90 gold and turned the same over to Mr. Warner, explaining to him the failure of Dr. North's letter to reach me and expressing regret for the delay in handing him the amount.

In this same letter you authorize the payment of \$275. gold to Mr. Warner. On the same day, February 19th, draft No. 50 was turned over to Mr. Warner for his personal use.

Your letter of January 10th referring to my cable of November 29th is received and noted. As soon as I read your letter I recalled that about that time the cable communications were interrupted, and on looking up my records I find the cable I had planned to send was not finally sent, owing as I say, to interruptions in the service. My letter was sent at the same time I sent the cable to the cable office, which explains the fact that you received the letter but not the cable.

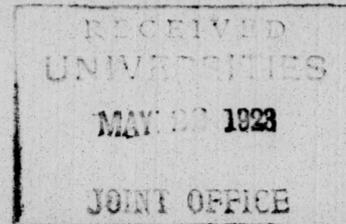
Yours sincerely,

W. H. Frank

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PEKING UNIVERSITY
PEKING, CHINA.



April 26, 1923.

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
New York City.

PEKING

TRANSFER

Dear Mr. Moss:

In connection with the statement showing our appropriation account with the Trustees I wish to refer to schedule F, Budgets for 1922 and 1923, sent us with Doctor North's letter December 29/January 25th, and note that the total amount authorized on account of appropriations is \$44,228.00 Mex. Attention is called, however, to an error either in the first of the figures shown, viz. \$44,928, or in the amount shows as "net required", viz. \$44,228. I am assuming that the error is in the first figure because of the fact that the figures in the balance sheet for December 31, 1922 would bear out this assumption.

Further, the total amounts shown in schedule F under Board of Managers current account is Gold \$25,832.22, while the December 31, 1922 balance sheet shows gold \$26,132.22, which is gold \$250 more than the amount shown in schedule F. It is my impression that this difference is due to the receipt ^{of} a remittance from Dr. Edward Lincoln Smith for the Lew Salary Special Account. If so, the amount available to draw on is gold \$250 more than the appropriation. I am under the impression that a letter has come from Doctor North informing me of the receipt of this amount from Doctor Smith, but am unable to find the letter. As these funds are received word should be sent us so as to draw them rather than draw on the regular appropriations account until necessary.

Failing to receive word from you before closing our accounts, I shall assume that you have received the full amount, viz. Gold \$750 on the Lew Salary Special Account, and adjust our accounts accordingly. In the statement which I am submitting herewith you will find that I have received directly gold \$750 on the Lew Special Account, and as per schedule F the total amount to be received is gold \$1500. In case you have not received the total of gold \$750 by the end of June, it will be a simple matter to adjust the figures in the accounts which I shall send home at the end of June.

In this connection it occurs to me to suggest that in the monthly statements which you are sending both the debit and credit items of the Managers' Current Account be shown. It will help us here to keep in closer touch with the account if both sides of the account are shown. I would call attention to the plan of handling these accounts in our books here as compared with your accounts. We are keeping the net appropriation account due from the Board separate from these Special Funds such as the Lew Salary Special and the University of Southern California Special and any other special funds that are due to come to our work, while in your account the credits and the drafts which I draw on these various accounts appear in the one account, viz. the Managers' Current Account. *This is my interpretation of the*

Balance Sheet & statement read.

Yours sincerely,

J. Trause

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PEKING UNIVERSITY
PEKING, CHINA.

RECEIVED
UNIVERSITIES
MAY 29 1923
JOINT OFFICE

May 4, 1923.

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
New York City.

Dear Mr. Moss:

A few days ago I mailed you in my letter of April 26th a statement of the appropriation account with the Board of Trustees to that date. Unfortunately I had not at that time taken into account a number of items that were included in the statements received earlier from Doctor North. It had not dawned on me that the statements from him included any items on the new budget, thinking that they had to do primarily with bringing our accounts into adjustment up to the beginning of this school year. Only as I got further into the study of the papers did I find the number of items which needed to be taken care of in our present year's budget. I am sending you herewith another statement bringing the appropriation account as understood here to date. In our accounts are included now all of the items that have appeared in the different statements from your office for the current school year, excepting the small draft of G. \$115.78 which was drawn to bring the 1921/2 appropriation account to balance. In my accounts are also included some items which are in your 1921/2 account.

Please note that in the present statement I am deducting from the totals shown the amount of draft #60 which inadvertently was included in my last statement to you as drawn on appropriation account. As you will note from the draft it was drawn to cover the salary balance for 1922 of L. C. Porter, reported to us in your letter of March 15, 1923.

Just as soon as I can finish my study of Doctor North's statements relating to our accounts here I shall make a statement showing how our accounts may be brought into harmony with each other. During the last two or three weeks I have given as much time as I have been able to find to these statements of Doctor North's so as to get our accounts into agreement before the close of this present school year. I am hoping therefore in the next few days to send out a statement covering all of the matters referred to in Doctor North's papers, in order that you may have them in time to make the adjustments before closing the accounts at the end of June.

I wish here to make a remark which has a bearing on the statements from Doctor North and the items which I have included in the receipts from the Trustees. In his statements are several items chargeable against the University of Southern California account. These he suggested that we take account of when drawing on the Trustees for the Harris funds. In my last statement, however, I showed that one of our drafts for G. \$1500 was reckoned as drawn on the Harris account, so that it would overdraw that account to include the statements paid in New York as applying on the Harris account. What I am doing, as you will notice in the statements sent herewith, is to include the Harris payments by you (shown in Doctor North's statement) under the receipts from the Trustees on account of appropriations. Of course in our accounts here all the items paid out on the Harris account will be charged to the University of Southern California account so there will be no mixup in the adjustment of that account. Generally speaking, from my

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experience I feel it is best to include all the items which you report as payments on account of the University appropriation budget in that account here as receipts from the Trustees on appropriation account, and then to charge the proper accounts in the ledger here for the expenditures made there. For the purposes of checking our statements to you this will in the long run be more clear.

One of the items in the statement submitted herewith I wish to call attention to, viz. that draft #52 for G. \$75 by an oversight, although appearing in my drafts account, failed to be credited earlier to the Trustees appropriation account, and for that reason did not appear in my statement to you on April 26th.

While speaking of the statement from Doctor North covered by memo No. 6 I would call attention to the amount which is brought forward on the second sheet of this memo shown as "Total other disbursements G. \$4004.35", while on the sheet giving the details the total is shown as G. \$3977.23, and by error in addition or typing this total according to the figures on the sheet should read twenty-five cents. I am calling attention now to this so that you may be checking this statement and give to us the item that is missing from the statement, or note the corrections necessary on the sheets in your file. As shown in the statement herewith, the amount incorporated in our accounts is G. \$7533.47, which covers all the items shown on the memo #6 except the first item of \$60.03^x which has already gone into our accounts earlier.

Yours sincerely,

J. Krause

x and \$33370 at Mrs. Perini's outcoming

PEKING UNIVERSITY
PEKING, CHINA.

May 9, 1923.

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
Peking.

Dear Mr. Moss:

In this letter I am taking up the questions raised in the several memoranda received from Dr. Eric North in his letter of December 29, 1922.

Memorandum 1. In this memorandum the question of adjustment of our Science Equipment Accounts is taken up. As shown in my letter of February 10, my science equipment account was brought into agreement with yours at that date. I would refer to item VI of that letter for a statement of the account as it stood at the end of June, 1922. You will note in that letter that I have asked particularly as to what methods should be pursued in clearing off the amount that was written off from the science supplies account last year. It will not be possible to show the adjustment relating to the amount written off in our accounts last year in the accounts for 1922/3, since it is impossible to receive from you a reply as to the manner of handling the item. The adjustment can be made however in the accounts for 1923/4 when the further adjustment of any items that we may write off here into the present current accounts can be taken into account there.

Memorandum 2. In this the question of adjusting the previous current account of the Board of Trustees is taken up. There are no items in our current accounts for the previous years that are transferable to the capital funds account. Any capital items have been carefully taken care of as time went on so as to keep them in that account as far as possible. In my remarks under Memorandum 6 it will be seen that some of the items which were charged in your accounts in 1921/2 or before, have entered into our account here for the year 1922/3, because of the fact that these items were not reported to us in time for any previous accounts here. This will make possible some adjustments in your accounts there, and will tend as I see the matter to reduce the deficit somewhat.

The list of items for scientific supplies given in this memo are noted, and the question is raised with our Chemistry Department as to what part of these items are permanent so as to transfer to the capital side of the ledger whatever of these amounts may be permanent. When report is received from the several departments on this matter a statement will be sent you.

Memorandum 3. In Memorandum 3 the adjustment between the city site and the new site land account is discussed. I have gone through the memo carefully and have found where our differences come in. In my letter already referred to there was given all the data necessary to bring our accounts into agreement up to the end of June, 1922. Item III in that letter referred to the new site account and the method of bringing your accounts there into harmony with ours. I am submitting below a statement of new site account based on the statements received from Mr. Morris under date of August 13, 1922. Those statements brought the accounts of the Trustees up to and including June 29, 1922. I am basing them on the statements of Mr. Morris because they appear to be transcripts of his ledger accounts, and it will be possible

for you to check through your ledger the items which I am giving under the new site statement and also under the statement for the city site account. With these two statements it seems to me it should be possible for you to bring your accounts into harmony with the accounts here as submitted yearly. The new items for your city site account are Nos. 11, 12 and 13 of the statement submitted.

No. 11 represents a part of G. \$10,000 covered by two items entered into your new site account as from the Presbyterian Board. The \$3,000 which I am suggesting to be transferred to the city site represents this amount ^{allocated to} ~~of~~ expenditures on city site property.

Item No. 12. You will note in my letter of Feb. 10, under item 4, that I suggest the difference between our accounts, viz. G. \$1905.34, must represent a variation in exchange between our accounts. Fortunately, in going over and over the statement submitted by Dr. North under Memorandum 3, I find the item on page 2 under date 4/15, draft #11, treasurer's statement 1/31/18, shown as G. \$13,094.66 has been written up in our accounts as representing G. \$15,000, and was so credited to the Presbyterian Board. This reveals the exact amount which we are looking for, viz. G. \$1905.34, and I have suggested in my memo that this amount be charged against the city site and somewhere in your accounts credited to capital funds invested.

Whether or not this difference actually represents loss in exchange your accounts there would reveal more clearly than ours. The amount is involved in the purchase as I understand it of Mex. \$14,000 remitted to us during 1918 while I was in America on furlough. The item was entered into our Treasurer's ledger from the Assistant Treasurer's accounts in November, 1919. The item of G. \$15,000 was taken from one of the balance sheets received from the Trustees as having been paid in by the Presbyterian Board, and this remittance was taken to represent this payment on the part of the Presbyterian Board. If it is found that this amount should not enter into the accounts at all, then it would mean we should have to write off from the capital funds of the Trustees the amount shown, viz. G. 1905.34. It would not in any sense disturb the local currency items in our accounts here.

Further, in checking the analysis of disbursements on the part of the Trustees and managers' receipts for property given my Dr. North under Memo 3, I will point out that in this analysis the items "S" in each case should not appear in the statement. If therefore, the item "S", viz. G. \$2200.00, be taken out, the difference between the total shown in this column and that of the receipts by the Managers will be exactly G. \$1905.34, the item for which we are looking. The item "S" G. \$2200 has no part in this statement, because it has entered into our accounts after the statements made to you under date April 1922. This amount, viz. G. \$2200, appears in a separate account in our ledger, so it is perfectly clear that it should not be reckoned when checking the accounts. By referring to my report for 1921/2, the balance sheet of June 30, 1922, under the current building accounts the item "New Site Account Mex. \$3990.30" represents the G. \$2200 referred to above. This will show you clearly that the \$2200 is not involved in the accounts which we are trying to balance.

Item No. 13. Here you will note I am suggesting that G. \$2443.00 be transferred from the debit side of the city site to the debit side of the new site account. You will note that the item appears as No. 6 on the new site statement herewith. These adjustments then will bring the accounts in your ledger and ours into harmony. *Reason for this transfer is given in III of letter 2-10-23.*

I wish to call your attention, however, ^{that} to these statements and the summaries submitted by Dr. North leave out of account entirely the overdraft at our Bank of \$11,475.04 shown in my statement of April 1922, and noted there as representing G. \$7455.77. At the present rate of exchange however, the gold item would not reach the amount named. I would raise the question as to what the plan is for

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handling this balance as yet uncovered. The total expenditures for the city site are as shown in the last balance sheet, Mex. \$389,807.32, which represents in the neighborhood of G. \$231,759.26, instead of G. \$224,303.49 shown in the city site statement submitted herewith. In my letter of February 10th I suggested that this balance should find a place under some heading in your ledger so as to bring the total amount actually expended for property up to the proper amount, barring of course the variation in exchange on the balance whenever it may be met. On the other hand, if this balance, since the gold amount is simply an estimate in any way, of handling it at the present time, is not incorporated in your accounts ~~there~~ in any transaction involving the transfer of the property to the Methodist Board, as is contemplated, this balance should not be left out of account. It may be best to hold it in our accounts as an overdraft and whenever the property is turned over responsibility for the overdraft should be assumed by the new owner of the property. With this kept in mind it may perhaps be more satisfactory to let the balance remain in local currency on our books here, to be ~~credited~~ ^{covered} as just suggested, by the purchaser of the property.

You will note that in my statements herewith no new drafts on the new site account are included. As stated in my previous letter in reply to Mr. Morris's statements, the new drafts which he entered into the new site account checked O.K. with my accounts except that some of the drafts written against the new site account were written against other accounts in our ledger here. These I believe have since been placed into the proper accounts in your ledger. With the report for June 30th of this year it is my purpose to submit a statement in detail of all the drafts issued on the various property accounts so that you may have a clear record for checking your entries in your ledger.

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Referring again to the unprovided for balance on the City Site, I have this further suggestion in regard to writing off the depreciation from the Science Equipment account. Since you have not opened a Managers Bank O/Draft account to cover the City Site balance, it would prove as accurate if you should credit Science Equipment account with the G\$389.92 written off in our accounts last year and charged the amount against City Site account, thus applying the amount to the amount still due us from the Board on City Site. Provided of course that it is approved by the Trustees thus gradually to cover the unprovided for balance. In my accounts the amount written off is included in the amount appearing in line 10 of the Balance Sheet for the Permanent Accounts sent herewith. It is held there only tentatively, to indicate that it is doing service tentatively in that place. If report from you approves applying all of the gold balance ~~to~~ shown in line 10, namely G\$1136.79 to the City Site account, then in my accounts the gold amount appearing in line 2 would be increased by the amount named and the local currency amount in the same line increased correspondingly. While the unprovided for item in line 11 would likewise increase the same amount in the local currency column. If only the G\$389.92 mentioned above is allowed to go to the City Site account then the amounts would vary accordingly.

CITY SITE ACCOUNT

	<u>1919</u>			
(1)	Apr. 15	Balance sheet 9/13/16	123,091.86	✓
(2)		Less Birchel a/c	<u>14,537.10</u>	✓
			108,504.76	
(3)	"	Memos 10/7/18	39,969.21	✓
	<u>1920</u>			
(4)	Jan. 20	Treas. B. of M.	25,000.	✓
(5)	Oct. 23	" "	25,000.	✓
	<u>1921</u>			
(6)	May 31	Equip. installed	2,782.73	✓
(7)	"	Bal. unadjusted fr. Treas. B of M.	13,125.45	✓
	<u>1922</u>			
(8)	Mar. 31	Pres. Board	2,000	✓
(9)	June 29	Equipment - Furnace	2,500.	✓
(10)	"	Paid on field	<u>3,000</u>	
			221,882.15	
(11)		To be transferred from new site a/c	3,000.	
(12)		To be charged to city site and credited to funds invested	<u>1,905.34</u>	
			226,787.49	
(13)		To be transferred to new site a/c	<u>2,434.00</u>	
			<u>224,303.49</u>	

NEW SITE.

	<u>1921</u>			
(1)	July 5	Draft #10	3,000	
(2)	Dec. 31	Drafts	42,000	
	<u>1922</u>			
(3)	Mar. 31	Pres. Board	7,000	
(4)	June 29	Chen Gifts	10,000	
(5)	"	Women's Board	3,468.21	
(6)	<u>New Item</u>	- transferred from city site	<u>2,434.00</u>	
			67,952.21	✓

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Memorandum 4. This covers the Board of Managers account for 1921/2. I would call attention to the fact that in the items listed as being charged to the 1921/2 Managers' budget two drafts do not belong to this budget, unless the Managers budget for 1921/2 was credited for amounts corresponding to these drafts. The drafts in question are No. 9, April 5th for G. \$1000. This was drawn to cover a special gift or grant of the Board of Trustees to cover a supplementary grant to the salary of Dr. T. T. Lew. It was not a part of the Mex. \$32,000 granted by the Trustees as appropriation. This is also the case with draft #16 of June 30th for G. \$300. This was drawn to cover gifts or grants to Mr. Jos. Bailie, G. \$200, and Dr. T. T. Lew \$100. The following items were not included in our account for 1921/2:

- (1) Your voucher #726 G. \$612. (6.12)
- (2) Stuart travel G. \$435. ~~405.35~~

These two items you will find included in our 1922/3 appropriations account. In our account for 1921/2 there was included an item of G. \$700 on account of Miss Hague's outcoming. This \$700 was in your managers' account for 1920/1 I believe. It did not get into our accounts from the fact that no report was made to us of the item until too late for the 1920/1 account. Following is a complete list of the items that entered into our 1921/2 appropriation account:

My draft #1	\$63.	
2	.50.	
3	1000.	
3	3500.	
5	1729.92	
6	2000.	
Your voucher 366	900.	
My draft 7	2000.	
Hague outcoming	700.	
Your voucher 404	75.	
Your voucher 398	36.55	
" " 399	12.49	
" " 523	11.45	
" " 374	542.38	
" " 591	195.90	
My draft 13	3000.	
" " 15	1500.	
" " 17	115.78	
		G. \$17,437.47, realizing Mex. \$32,000.

You will find these items clearly listed in my report for June 30, 1922 under "record of draft sales 1921/2" in the column "Appropriation". In this record you will also find note of the two drafts mentioned above shown as drawn for special accounts.

In his memo Dr. North asks that we authorize you to reduce the budget for 1922/3 by \$622.39 as representing items which you carried as an over-expenditure on the 1921/2 current account. If my interpretation of the statement in Memo 4 is correct in supposing that drafts 9 and 16 are charged as against the current account, then you will find when these are taken out of the account your current budget for 1921/2 is reduced considerably more than the \$622.39 shown in this memo as requiring adjustment. A still further reduction of your 1921/2 account is brought about by the fact that the items I had mentioned above, viz. your voucher #726, \$612 and the Stuart draft account \$405.35, appear in our accounts for 1922/3 and not in the 1921/2 accounts. I have already given you a full statement of all the items which are reckoned as covering the 1922/3 appropriation account to date. This statement, together with the items I name in this paragraph, will enable you to make such adjustments as are necessary to bring our appropriation accounts into harmony. It

looks as though it were necessary to make some adjustments in your accounts so as to bring our accounts into harmony. As I see it the adjustment would necessarily have to be made now between your Managers' current account deficit 1919/21 and your Board of Managers current account for 1922/3.

In referring back to the statement received from Mr. Morris with his letter of August 13, 1922 it looks as if the items of \$612, \$60.03 and \$405.35 were all included in your Managers' current budget account for 1921/2. When closing the accounts at the end of June some shifts in that account must be made so as to eliminate these items. That account at the time of sending the statement to me did not show draft No. 17, the final draft which brought our appropriation account to the full Mex. \$32,000. I trust I have given you sufficient details in this memo to enable you to clear up the accounts to date.

Memorandum 5. In this memo Dr. North takes up the manner of handling the building accounts at your end. Reference is made to schedule C of the Annual Report end of December 31, 1922. This schedule has been noted and remarks on items in it will follow.

Note has been taken of the method of handling the building accounts in your office. So far as this process is apparent in the schedule referred to we have been able to follow it quite clearly.

I note the method of handling the Yenching buildings and the request for a report whenever any of the Yenching buildings are completed and the total cost in gold ascertained. Such a report will be made to both Mr. Bowman and your office.

The question of the division of the architects' fees has been taken up with Mr. Gibb and he agrees to the division as shown in your schedule C. This division has been taken account of in our accounts here so that the amounts indicated may enter into the total cost of the several buildings.

In checking your items of construction costs in schedule C for December 31, 1922 I find the following differences between your accounts and ours:

(1) On page 2 of Memorandum 5 I note that draft #31 is included in your construction costs for the Ninde Memorial, while our record shows that this draft is allocated to Theological Dormitory construction costs in our accounts.

(2) In your account for Ninde Memorial you have listed G. \$5,000 as drawn from Mr. Main for this account. This amount has not as yet come into our accounts. I am asking for the remittance now so that it will appear in our accounts before the end of June. Therefore no alteration of this item in your account need be made. Any item of accumulated interest reported to me from Shanghai will in turn be reported to you for your records.

(3) In checking the item of "construction costs" under Ninde Memorial please note that the amount shown in schedule C is \$1935 more than the sum of the items shown on page 2 of Memo 5. It looks as if the architects' fees item has entered twice into the Ninde Memorial account, once standing by itself and again as a part of the "construction cost" item, viz. \$32,072. Will you please check this item in your statement so as to verify its correctness and report to me the necessary detail to bring my account into harmony with yours, if \$32,072 is the correct amount. I am unable to find any item to make up this total other than on the supposition that the item of architects' fees has also entered into it.

we have made the proper transfers

Building operations undistributed. The items making up this account have now been entered into our accounts. Please note that the total of the items given on pages 2 and 3 of Memo 5 are \$17.01 less than the amount in the ledger account. Kindly check this statement and let me have the data covering the amount which is missing. We have entered the total of \$19,206.10 into our ledger so as to agree with your ledger account, and have listed the \$17.01 as a sundry item until we can have the correct data on this amount. It is our understanding that these items under "Building operations undistributed" should be proportionately distributed to the various building accounts; not necessarily however, does the total of these items go into the accounts for the buildings at present in process of construction. A part of these costs cover machinery and other incidental items in connection with construction which should go into the cost of future buildings. Mr. Gibb has the details of these and will handle the proper distribution of them to the various accounts. Mr. Gibb is keeping the matter of actual building costs for each of the buildings in hand and hopes to make a partial statement to go with the report for June 30th.

Memorandum 6. This covers a number of items which have been charged against our current account for 22/3. As stated in my letter of May 4th all the items shown on this statement are now in our accounts. A few of the items were already in our accounts before receiving the statement. In my letter just referred to I spoke of the discrepancy between the amount shown on page 2 of Memo 6 as "Total other disbursements" and the total of the items shown on page 1. The questions raised in that letter you will no doubt have looked up before this and will have started any additional data back to me before this reaches you.

However, in that letter one question I intended raising was not raised, that is, in this memo there is an item for "passage J. L. Stuart to China, June, 1921, \$333.70", while in the statement from Mr. Morris with his letter of August 3, 1922 under date June 30th there is an item of \$405.35 which was entered earlier into our 22/3 accounts. I am wondering if these two amounts cover the same item. As I understand the statement received the previous item, viz. \$405.35, was incorporated in your accounts there in the managers' budget for 21/2. As the matter stands at present both of these items are now credited to the trustees as payments on our 22/3 budget. Please check this item and let me know whether one or the other of them should be taken from the accounts. It will not be possible to receive your reply to this question before our accounts for the year are closed. Any necessary change will therefore have to be incorporated in our next year's accounts. Included in this memo is our draft #17 for \$115.73 as charged against our 22/3 budget. In a previous memo I have shown that this particular ~~draft~~ should not be charged against our 22/3 budget account, but should go back into the accounts for previous years. I am sure with the data previously given it is necessary merely to call attention again to the item in connection with this Memo 6.

Memorandum 7. The information given in this memo is noted. We heartily approve of the plans suggested. We would however make a further suggestion in regard to one or two items.

(1) It will be still better if the payments made in your office in May be also reckoned as applying on the budget for the succeeding year, so that both the statements for May and June from your office would be treated here as applying to the budget for the succeeding year. In your accounts your managers' budget account for any succeeding year would begin with May 1st. In this way, just as soon as the statement for April is received here on or about the 5th of June our accounts here could be brought practically to a close. The local payments here might be accelerated somewhat so as to have all our accounts for the school year complete by about June 15th. This would enable us to send off our report to your office the latter part of June or very early in July. It will enable us also to have practically a final report ready for our annual Board of Managers' meeting coming in June. Further,

No. 10
Sept 1922

it would be our endeavor then to make our final draft on you for the school year just as soon as your statement for April payments is received. This would bring our draft to your office very early in July when your account with us for the current year could be closed.

I notice Dr. North has suggested it would not be necessary for you there to wait for our final draft. However, since your accounts are in gold and the appropriation is made to us in Mex., it is practically impossible for you to close your accounts until our final draft is actually in hand. Or, if you should close our accounts before our draft is in hand then it would necessitate some adjustments in the accounts after our draft has reached you. It seems to me it would be far better to hold our Board of Managers budget account open in your books until our final draft reaches you, even though the account is carried over into your new year's work open.

In speaking with Mr. Bocker in regard to these statements from your office he was very strongly of the opinion that it would delay our reports too much to wait for your May payments which ordinarily could not reach us till the first week of July. Therefore in order to get together in our accounts this year I would suggest that we be permitted to count the May payments in N.Y., not including our drafts of course, as a remittance from your office on the 23/4 budget. As soon as you receive this word you can then transfer from our ^{22/3} budget account all the items shown on your statement to us for May, to the new account with us. In this way we should come very close together in closing our accounts at the end of June this year.

Still another item in regard to handling our current budget account. It would help us here to receive a complete statement of the ~~Manager's~~ ^{current} account as shown in your books, viz. both debits and credits, your account there in the matter of credits to include all items relating to current account, both appropriation and any special gifts or special grants. Our account with you then would also include all of these items and would be in check with the posting of each successive statement from you. I trust this additional factor may enter into the statements received from you.

Memorandum 8. Requests to pay bills. I have noted the suggestions in this memo and am in hearty sympathy with them. Details are for the moment in the hands of Mr. Bocker so I will not now go into the details of this particular memo.

Memorandum 9. System of budget control. I note the plans that are in force in your office in regard to this. In regard to the working out of a system of budget control here, the matter is for the moment also in Mr. Bocker's hands. I note the suggestion in regard to budget modification schedules at regular intervals, and that copies of such schedules be sent to your office. These are details that will require working out as time goes on.

Memorandum 10. Reports of the Treasurer of Board of Managers. I am in hearty agreement with the idea expressed in the first paragraph of this memo, which is that the entire financial showing of the institution should appear in a single combined statement annually. I shall have to go still a little more carefully into Arnett in order to follow out the idea suggested in this memo.

In regard to Question A, "Should endowment and other permanent fund appear on the books of the Board of Managers?" As already suggested in one of my former letters I have come to feel just as you suggest, that the sundry endowment funds and investments should appear only on the books of the Trustees, except such items as are entirely local. I note the two items which you mention that necessarily need to appear in our accounts. I am not clear however just what scholarship fund is referred to in your item 2 under "A". I am taking that reference as made to the account in our ledger covering the Cornelia S. Crane scholarship. This as I understand the fund is not altogether in the nature of a permanent fund. The intention is that the principal is to be used year by year until the fund is

exhausted. The actual control of the fund is in the hands of the Dean and administrative committee of Yenching College. As Treasurer of the University I have only a nominal relation to this fund, such as signing any orders on the fund, together with the Treasurer of Yenching College. You will find in our report of June that this fund has been drawn on. It is on account of its temporary nature that the fund has not been included in the permanent section of our balance sheet. In regard to this matter under "A" I wish however to say that I am giving here my own personal conviction in the matter and wish it understood that I am not speaking at this time for any committee or for the Board of Managers.

Question B. "Is it desired that the Managers' books carry separate capital accounts for the Boards and for designated gifts?" Here again I am in agreement with the suggestion of Dr. North that just as soon as our accounts between here and New York are in perfect agreement I feel that our separate Board capital accounts might very well be closed out into an account termed "Capital funds of the Board of Trustees".

I note the general divisions which Dr. North suggests for recording the Plant funds, and as stated, just as soon as we are in full agreement this new arrangement might well be adopted. There is just the question in regard to designated gifts, whether or not these should not more or less carefully be listed in our accounts so as to follow up more readily, the conditions imposed on such funds. I feel our ledger should show the name of the fund and on the same record give a brief statement of its use so there could be no mistake in following out the wishes of any donors of particular funds.

Question C. Consolidated financial exhibit. As I have been working over the accounts in order to bring the accounts here and there in agreement I have felt very strongly the need of showing the gold equivalent for each of the items in the permanent section of our balance sheet so that there could be perfect checking with your accounts there, and to make it possible for you there to make the consolidated financial exhibit that is eminently desirable. I have in mind to work out such an equivalent in our accounts for June 30th.

With reference to the current account Dr. North feels there would be greater difficulties. In regard to the current account - meaning by this the financial statement for each college year, showing receipts and disbursements - it at the moment seems to me could be handled very simply by taking each year the average rate realized on the gold sales shown under the appropriation account. This of course I realize would be only an approximate and not an absolute showing. Difficulties would arise in balances that would need to go forward from one year to another. However, with special care in regard to these I believe it is feasible to bring our current account to a gold basis. It will require some little experience in regard to this matter before a smooth working system can be arrived at.

I have examined the statements in Arnett to which Dr. North refers. I believe it is absolutely necessary to have a simple form of balance sheet somewhat as shown in table I in Arnett. This, as shown in the illustration, gives in concise form the actual financial situation at the end of any period for which such a balance sheet is made. This however very decidedly does not take the place of a financial statement where the details of receipts and expenditures are shown. Both statements are absolutely necessary in order to give the full situation in regard to the accounts of the institution. The financial statement as I understand the term covers the operations of a single year in detail, while the balance sheet shows the net results at the end of any certain period.

In regard to additional statements rendered quarterly, I would report that I have been receiving from the Assistant Treasurer monthly balance sheets of his ledger. This has kept me sufficiently in touch to know how the accounts were going in general. So long as, with our present limited budget, the total operations come

come within the proper limits at the end of these monthly periods, it has seemed to me that detailed modifications in our budget have ~~not~~ entailed unnecessary~~ly~~ extra work, for which there seemed to be no one at hand at present to give it time. Another difficulty in regard to our budget form as worked out is the large number of items included, the funds for which do not enter at all in our accounts. I have reference to the items in the budget which are paid by the different mission boards direct and which are merely estimates in our present budgeting system. Our balance sheet to which I have referred as you realize takes account of only the actual income and expenditures passing through our accounts. These represent only a part of the amounts shown in the budget items. It will be necessary to write up a budget form which will include only those items the funds for which are actually handled by us, and another budget form which will include the entire operations of the University, including the items paid by the Mission Boards. I believe the mere statement of this difficulty will show why with our limited staff for handling these details it is not easy to enter into the details of modification periodically in these various budget items. Modifications have been made to some extent during the current year for local guidance so as to cover excess expenditures in certain items by reduction of the appropriation to certain other items.

Memorandum 11. This has reference to the adjustment of loss in exchange between the Boards and Trustees. It is noted that an effort is made to have the Boards settle this exchange item at the end of our fiscal year rather than on the basis of the calendar year as in the past.

Memorandum 12. In this the method of setting up the budget on the books of the Trustees is outlined. The report of the method adopted is helpful in understanding more fully the plan of handling our appropriation and sundry expense accounts. There are a few questions that suggest themselves:

(1) Should the Treasurer here draw on special funds such for example as the H. S. Coffin Theological Publications Fund, in case the funds were not actually required during the current year, or in case only a part of such funds are required during the year? For my part I feel it would be better if these funds were retained in the hands of the Trustees and drawn only as required by the Board of Managers. It would tend to avoid excess expenditure in the account on the field not to have extra funds in hand for special purposes. This, however, would necessitate opening a special account in the books of the Trustees for these funds, and not permitting them to be included in the budget account with the Board of Managers. I refer especially to the H.S.Coffin Fund because this year we shall not require all of these funds.

What I have done in regard to this particular fund is to credit the H.S.C. special fund account with the total of \$600 at our usual par of two-to-one and charge the same amount against a special account of the Treasurer of the Board of Trustees, and as funds are drawn on these the Board of Trustees Treasurer's account would be credited and the processes continued until the entire fund is drawn, while in the H.S.C. special account the expenditures as made would appear year by year, also any loss in exchange would be charged against the special account. In my report for June I shall call attention to any balance that may be left in this fund so that in your accounts such balance may be charged against the current Board of Managers account and entered into a special account for the purpose of drawing on by us later.

(2) I note the method of handling the Harris account, that the entire amount should be drawn by us and any balance, debit or credit, in this account should go forward to next year's account, in order to meet extraordinary expenditures on account of this special fund in later years, or to let excess expenditures for the current year be covered by future remittances on this account. This I would say is a somewhat different type of account from the H.S.C. account just mentioned,

and yet it might be treated in the same way as the account just referred to in item 1. And for the sake of uniformity of treatment of our special accounts it might be well to have only one way of handling such accounts. In that case any balances, debit or credit, would appear in the accounts of the Board of Trustees, the Treasurer here drawing on such account only up to the amount outlined, *or as necessary to cover the legitimate items of such account.*

(3) I note that in regard to drawing on the regular budget or appropriation the Mex. currency is the guiding factor, while in these special accounts the gold amount is to be the guiding factor, and that any drafts for such special accounts should be clearly marked for the purpose of identification at your end of the line.

Sincerely yours
G. H. H. H. H.

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June 1, 1923.

Mr. O. J. Krause,
Peking University,
Peking, China.

My dear Mr. Krause:

I have received from you in the last few days several letters with regard to the accounts of Peking University, and am not in a position to answer them fully since I have not had time to check up on the various questions involved. I want, however, at this time to transmit to you the statement of Disbursement for the month of May, and to let you know that we have recognized your request that we provide you also with a statement of receipts on the Managers Current Account each month. Our judgment here is that this would not be of any particular value to you at present, since you do not have the back statements on this for the fiscal year, and the fiscal year is just now closing. We will undertake, however, to see that you are supplied with this information beginning July 1st, which will be the beginning of the next fiscal year.

With regard to the question of making drawings on us by means of drafts, I would suggest that the agreement entered into between Mr. Gibb and Dr. North, that it is not necessary to cable when drawing on building funds, providing the drawing is at three days sight, is the understanding upon which we are willing to go ahead.

With regard to drawings on the current account, I believe it would be best to make the drafts at five days sight, if any amount up to \$2,000 is drawn. If any larger amount than that is drawn at one time, I believe it would be best for you to cable in advance, so that we may be able to prepare.

I desire to bring to your attention information on one point regarding drafts on the funds for the Science Buildings. There has been some little difficulty in arriving at a ready working basis on this question. The China Medical Board informs us that they have sent the funds for their building to Peking, to be disbursed out there, having in mind the fact that part of the payment is to be made in materials. We have already drawn from them in this country \$10,000 gold, and are planning to draw \$10,000 more, making a total drawing from them of Gold \$20,000 on account of the First Science Building.

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O. J. Krause

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June 1, 1923.

The funds for the Second Science Building are in the hands of Mr. Bowman in Chicago, and all future drawings on that account should be made directly to Mr. Bowman rather than to this office. Mr. Bowman has asked that in making arrangements for the drawing of these funds it will facilitate matters for him if they are drawn, as has been customary I think, at three days sight, on Louis A. Bowman, 131 North Dearborn Street, Chicago, and if possible through the First National Bank, where he is known.

The funds in our hands for these two buildings will be \$40,000 gold in all. Of this amount we have already spent \$25,000 gold for steel, and you have drawn \$10,000 gold more for building purposes. The balance of \$5,000 gold perhaps should be left in our hands for whatever further purchases may be made on account of these buildings in the future.

This means then that from the present time on you will draw as you need funds, either from Mr. Bowman in Chicago or from the China Medical Board in Peking, in equal amounts.

I will try to check up the other matters about which you have already written in a few days and answer them.

Very sincerely yours,

Enclosure

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New York, June 18, 1923.

Memoranda to Mr. O. J. Krause in re
ledger accounts to
May 31, 1923

PEKING

TRANSFER

Before attempting to reply to your various letters regarding the question of the accounts, we refer you to the attached data, consisting of the following:

Transcripts of all Ledger Accounts on our books showing transactions with the Field to May 31st;

Chart of Accounts, showing the names and account numbers of all accounts on our ledger;

Addenda giving details on the two above;

Monthly Balance Sheet at May 31, 1923.

We have no doubt that in the attached data we have given you information with which you are already familiar, but we have tried to make the explanation full and complete, so that you will have sufficient data to check up your accounts without further difficulty; so that if we have gone too far into details we trust it will cause you less inconvenience than as if we had not fully covered the ground.

We send you these Transcripts of Ledger Accounts for two purposes:

- (1) To aid you in checking up the old accounts, and the various questions on the old books and balances. This we hope you can do by referring to the amounts posted item by item to our ledger accounts and marked with a dagger in red ink, as belonging to the period before our new system of accounting was set up.
- (2) To enable you to reconcile your Receipts and Expenditures with our record of the same transactions; and to give you an idea of the present condition of the Budget account unexpended and the Deficits remaining from previous periods.

Allow us to suggest here, that you endeavor to check from these data as rendered on these ledger accounts, instead of from the various schedules and balance sheets rendered before this system was in force. Then if there are differences it will be so much easier for us to fol-

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June 18, 1923.

low you when you write back making inquiry if you refer to that particular ledger account, and item. In other words, we do not have copies of many of the old statements to which you refer; they were not made up during the present system of accounting and are therefore hard to follow as to totals; and in addition, it is never so easy for one to interpret what is meant by a statement as rendered by another, even granted that we had all copies. So we believe we can help you more if you will refer to the data as submitted on these ledger account sheets enclosed herewith.

We have before us your letters, bearing on the question of accounts, dated February 10, April 22, April 23, April 26 (two letters), May 4, and May 9. We believe that with the attached data and our answer following to your letter of May 9th, it will not be necessary to answer in detail your various letters of the other dates, as these questions are covered in our letter and attached data herewith:

Answering your letter of May 9, by Memo. Numbers: - -

Memorandum No. 1: - Adjustment of Science Equipment Accounts:

We refer to your letter of February 10, Paragraph VI:-

We have carefully analyzed our asset account "Equipment", (which we have now re-labeled "Scientific Equipment", to conform to your terminology- Acct. No. 24b), and have checked over each voucher entering into the account. We find little if any actual supplies in all this \$8,220.39 involved. It is almost entirely made up of Scientific and Laboratory Equipment, items which could not be classified as "Supplies", because they would not be wholly used up. For instance, such items as Micrometers, Yard Sticks, various Tubes, Magnets, and other Laboratory Equipment such as this account is made up of, would not be classified as supplies, the "Supplies" account being made up of Bandages, Gauze, etc. in the case of a Hospital, or similar material in the case of a Laboratory. The first account "Equipment" could be subject to a slight reduction year by year (say 10%) due to Depreciation, i.e. wear and tear. The second account "Supplies" would be only a Deferred Asset, and would be subject to a decrease year by year of whatever amount was actually used up. In other words, the first is a Fixed Asset, instruments, etc. used for the fixed purpose of carrying on the work of the institution; while the second is only a Deferred Asset (or Expense Inventory), and would gradually be wiped out.

Consequently, if you were to take from your budget expense account for the period the sum of these "Supply" items, you would necessarily deduct it from the expense of that period and set it up as an asset for the time being. Then as you charged it you would necessarily decrease your Plant Asset values, due to having consumed a part of your Deferred Asset "Supplies."

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June 18, 1923.

On the other hand, by segregating at the end of each fiscal period only those amounts on the budget expense which represented actual investments in "Equipment", such as laboratory apparatus, etc., and by transferring them to the asset account "Equipment", they would not be subject to the process of later being wiped out as a supply, but would remain a Fixed Asset, thus increasing from year to year the actual value of Plant Assets, and showing the true status of the worth of the university.

The question of Depreciation we have never taken into account. It is only a small decrease of the asset each year, due to wear and tear, of say 10%, and the amount seems negligible in comparison with so many other things in connection with keeping track of our Current Assets and Liabilities and keeping them segregated from our Plant Assets and Liabilities.

As a matter of fact, we believe you will find by referring to Arnett, that the process of both Depreciation and Expense Inventory (Supplies) is not stressed in university accounting. These two questions receive more particular emphasis in commercial corporations where it is so vital that the value of the business at a given period be shown to the cent. In order to establish the process of charging off annual Depreciation on Fixed Assets, and Loss through consuming a part of the Deferred Asset "Supplies", it would be necessary for us to set up in our books a Profit & Loss Account and a Depreciation Account, and to render a Profit & Loss Statement, in other words, to incorporate in Arnett's system, the commercial practice of the Profit & Loss Statement.

As we render accounting for the use of money under the present system, all Profits are swallowed up in Receipts, and all Losses are taken care of through the various Expense sections of the Budgets to which they apply.

We will not, therefore, on our books make a record of the \$889.92 Loss, which it appears you wish to charge off either as a matter of Depreciation from your "Equipment" or as supplies used from your "Supplies" account- we are not positive just which you mean, but in either event, as explained above, we handle our supplies by leaving them in the Expense section of the Budget in the year in which they were purchased, and let them form a part of the actual expense against the budget for that period. If we wished at any time to keep a record of the Supplies on hand, and of the amount consumed for each period, we could of course do this on a memorandum sheet, without incorporating it in the actual accounts.

Depreciation on Equipment we disregard entirely, as above.

It is true of course that when the Supplies are not incorporated in the Deferred Assets it makes the assets show in the balance sheet as being a few dollars, for the time being, less than they really are. But this small understatement of assets is practically offset by the fact that we do not on the other side of the balance sheet take into account our Deferred Liabilities, i.e. amounts accrued but unpaid, and similar items.

June 18, 1923.

Memorandum No. 6: - Expense Items for the Managers Budget, 1922/23:

We attach a copy of Memo. #6 from Dr. North's report, corrected in red ink, which will clear most of the questions raised under this memo. It will be seen from this that Dr. Stuart's Traveling Expenses of \$405.35 does not affect the later charge to him of \$333.70. The item of \$405.35 is made up as follows:

Amounts advanced to Dr. Stuart by checks:

June 27, 1922	\$ 5.35
June 7, 1922	100.00
June 8, 1922	300.00

In accordance with your suggestion, on your draft #17, Balance of Appropriation, Budget for 1921-22, we have transferred this as follows:

Debit: Deficit of Managers' Current Account for 1921-22115.78
Credit: - Expense of Managers' Current Account for 1922-23	115.78

Memorandum No. 3: - Adjustment between City Site and New Site-Land Accts:

We attach a copy of Memorandum #3 from Dr. North's report of December 31, 1922, corrected in red ink, showing the difference between reconciliation of his accounts and yours to be \$314.66 instead of \$294.66, due to an error in computing, as you will see by checking over these figures. This, of course, is a small item, but we attach it for your information and guidance in making your reconciliation.

We have transferred by Journal entry the amount of \$3,000 (of the total of \$10,000 given by the Presbyterian Board) from the account "Land", i.e. (New Site), to the account "City Site", i.e. (Old Site), in accordance with your request.

The further transfers which you suggest between these two accounts, we are unable to make at this time, due to the fact that we do not seem to be able to check you up as to where you obtain these items from. You will no doubt realize that with the books set up in this country on a definite basis, and not as a matter of straight running record of receipts and disbursements, when it comes to the annual audit we are obliged to give a definite statement and explanation of any arbitrary transfers from one account to another, mentioning the exact item transferred; as no certified public accountant is willing to pass on an arbitrary transfer of amounts, without knowing the items which were involved and why the transfer was made.

We have therefore made a duplicate copy of each of our ledger accounts involved above, i.e. "Land" and "City Site", showing all entries up to May 31, 1923, and attach same herewith. These are the transcripts just as they stand on our books, and include item by item, all amounts carried over from the old books when these were

June 18, 1923.

Will you therefore mark on these same ledger sheets, and return the sheets to us, whatever items you feel should be transferred from Old Site to New Site, or vice versa. We emphasize the word items, because for auditing purposes, we do not feel that it is sufficient that a transfer be made from one account to the other in a lump sum, without showing where this sum was obtained from the items involved. Otherwise it makes it difficult to explain to the auditor, or to induce him to pass on the entry.

You will note on the ledger sheets, that we have made the transfer of the \$3,000, marking the ledger sheet from which it was transferred in red ink thus; ①. It will help us quite materially if you will transfer any further items in this same manner, marking it opposite the item which it transfers, i.e., ②, ③, and so on.

Memorandum No. 4: - Board of Managers Account for 1921-22:

We attach a copy of our Ledger Sheet for the above account, showing on the credit side the budget as set up and added to from time to time by special gifts; and on the debit side the expenses involved.

These special gifts take care of the amounts paid in, (as in the cases of Lew \$1,000 and Bailey \$300, which you cite) in addition to the budget as originally set up at the first of the year. By adding these by Journal Entry to the Credit, or Budget, Side, of the account, it permits of our including them as well on the Debit, or Expense, side of the account, along with the other amounts expended on the budget for the period.

The two items: Scientific Equip't (Voucher 726) . . . 6.12
Stuart-travel 405.35 (not 435)

were included in our accounts for 1921-22, and we will so leave them, letting you make the adjustment on your books accordingly.

In answer to first paragraph of sheet 6 of your letter of May 9th, two items are disposed of as above (i.e. 6.12 and 405.35); and the third item \$60.08, applies on the expense of Managers Budget for 1922-23.

We further attach a Ledger Sheet of our Managers Current Account-Budget and Expense for 1922-23, for your information in checking up to December 31, 1922.

Memorandum No. 5: - Building Accounts:

We would suggest that you disregard entirely Schedule "C", which you mention; it was merely a memorandum of certain borrowings that had been made for the time being from one building account to the other; it does not apply on the actual accounts on the ledger; it served its purpose no doubt for the time being, and for the keeping track of these temporary borrowings; but it does not enter into the accounts, nor does it need to be regarded.

We are sending you with this letter a copy of the ledger accounts covering these incomplete buildings (i.e. Building Operation Accounts) which

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June 18, 1923.

will possibly help you in getting an idea of how to follow them as they are added to from month to month, and as their totals appear monthly on the balance sheet.

- (1) - We have transferred from Ninde Memorial Building to Theological Dormitory the amount of Draft No. 31, \$5,000, in accordance with your instructions.
- (3) - As above, please disregard Schedule "C". The enclosed ledger accounts for these Building Operations will be your guide.

Building Operations Undistributed: - We attach sheet 2 of Memo. 5, of Statement of December 31, 1922, corrected in red ink, showing a difference of 30¢. The "Building Operations-Undistributed" account, which we also attach, shows the items charged here, and opposite to them any items which we have already distributed and transferred to definite accounts for the buildings in process of erection, these transfers being marked ①, ②, ③, on corresponding sides of the ledger account. This ledger account (26-f) we believe will fully answer your questions in this paragraph, disregarding entirely any schedules or other statements which may have passed between you and the New York office previously, and prior to the time that these distributions were made.

Memorandum No. 6: - (answered immediately after Memo. No. 1)

Memorandum No. 7: - Reporting of Receipts and Disbursements to the Field:
Memorandum No. 10:

By submitting to you the various transcripts of Ledger Accounts with this letter, (and with the Annual Statement of Cash Receipts and Disbursements and the Annual Balance Sheet which we will send you at June 30th), we hope it will put you in a position to reconcile with us for the fiscal period June 30, 1922 to July 1, 1923.

For the coming fiscal year 1923/24, and for future periods, we will endeavor to keep in touch with you in the following manner:

At the end of each month we will send you a statement of the account balances as they stand; i.e. a Monthly Balance Sheet, together with a Statement of Receipts and Disbursements for the month, segregated according to ledger accounts.

In this way, by checking up at your office from month to month, report may be made back to this office of any discrepancy or disagreement as soon as it is discovered, which will avoid the trial of going back over the old accounts after they have been closed off for the period.

June 18, 1923.

We have no doubt omitted some questions in this answer to your letters which you may feel are essential. This applies particularly to your references to the statements sent you by Mr. Morris, and to other various statements and references to the old books before this office was opened. Where we have been able to find anything pertaining to these questions we have answered them, but there are many instances where we do not have copies of the statements as rendered by Mr. Morris; and even if we did have them, the items on those old accounts appear now under different accounts, and consequently would not make the same totals as rendered by him. You will note in the various copies of our new ledger sheets which we have sent you, that all items transferred from the old books are marked as to their source in each instance. Do you not think that this will aid you in reconciling them in a measure to any statements which you may have as rendered you before this office was opened.

Enclosures to be returned to Central office:
(2) Ledger Sheets;

Enclosures to be retained by the Field, for
reference purposes:
Copies of Ledger Accounts;
Balance Sheet for May 31, 1923
Chart of Accounts;
Addenda to Chart of Accounts;

A-D-D-E-N-D-A
to
CHART OF ACCOUNTS & TRANSCRIPTS
OF LEDGER ACCOUNTS

Note: - All amounts are shown in Gold dollars.

Attached herewith is a Chart of Accounts for the Peking University in accordance with the books as kept in the New York Office, showing the names of the ledger accounts with their corresponding account numbers. This account number is used merely as a symbol for more ready reference to the account.

The following complete transcripts of Ledger Accounts (at May 31, 1923) are also attached:-

All Plant Asset Accounts showing transactions with the Field;-
i.e. Accounts Number 21, 22a&b, 24b, and 26a to 26p inclusive.

All corresponding Plant Fund Accounts showing transactions with the Field; - i.e. Accounts Number 121a to 121e2 inclusive (General Plant Funds); and 122a to 122p inclusive (Special Plant Funds).

All Current Asset Accounts showing appropriated and anticipated receipts for the fiscal period; i.e. Accounts Number 31 to 37 inclusive.

All corresponding Current Fund Accounts showing actual receipts for the fiscal period; - i.e. Accounts Number 131 to 138 inclusive.

Account No. 141 - Managers Current Account for the present fiscal period (June 30, 1922 to July 1, 1923 incl.), showing:-

(a) Amount of original budget and additions to this by special gifts.

(b) Amount of expenditures to May 31, less \$115.78 on previous period.

(c) Amount of budget remaining unexpended at May 31st.

Account No. 141 - Managers Current Account for the fiscal period 1921/22, showing budget and expenditures, and Deficit at May 31, i.e. \$115.78, due to transfer from the Managers Budget a/c for the current period.

Account No. 141 - Managers Current and Campaign Deficit for the period 1919/21, showing balance of deficit at May 31st of \$10,655.01.

All Ledger Accounts and Chart hereto attached are on the basis of our new system of accounting according to Arnett, which was established on the books from the date July 1, 1921.

All these ledger accounts indicate with a dagger in red ink, the itemized amounts transcribed from the previous set of books, this fact being so noted in the left hand margin in each instance.

(see over)

1011

It may be well to note at this point, that the books as installed according to Arnett, consist of the following:-

- (1) A Cash Book, showing all itemized Receipts and Disbursements of Cash, which is in turn posted to the Ledger according to accounts;
- (2) A Journal, in which is originally posted:-
 - (a) All Budget Accounts and corresponding Board Appropriations at the beginning of the fiscal period, to set up the budget.
 - (b) All amounts paid on the Field, which are posted to the ledger accounts from this Journal.
 - (c) All arbitrary transfers of Ledger Accounts, as advised by the Field, or as otherwise found necessary.
- (3) A Ledger, showing all accounts in accordance with the classification (Chart of Accounts herewith).

The ledger accounts which we are sending you herewith are in balance at May 31, 1923, and agree with the Monthly Balance Sheet of May 31st, which we also send herewith.

On these Ledger Accounts all items with the letter (J) in black ink before the amount show that the ledger entry was made from the Journal, in contradistinction to the regular entries from the Cash Book. These Journal entries of course consist of Budget items, amounts paid on the Field, and transfers of accounts, - as indicated above under (2).

All other items on these ledger sheets (not marked with the letter (J)) are by direct entry from the Cash Book Receipts and Disbursements.

All items marked in red ink after the amount, thus: ①, ②, ③, and so on, in the ledger accounts, show that they have been transferred by Journal entry to another account, and by the corresponding symbol number ①, ②, or ③, as the case may be, show on the opposite side of this same ledger sheet what particular item was transferred.

NORTH CHINA MISSION OF THE METHODIST EPISCOPAL CHURCH

43 HATAMEN STREET, PEKING

G. L. Davis, Secretary
O. J. Krause, Treasurer

Foreign Missions and C. I. M. Codes
Cable Address "Methodist Peking"
Telephone 3699 E.

July 16, 1923.

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
New York City.

Dear Mr. Moss:

I am writing today to report that it has been necessary to ask the International Banking Corporation in Peking to grant us the privilege of an overdraft for the timebeing, in order to cover the current expenses of the Agricultural Department of the University, pending the adjustment of the Famine Relief Funds which are to come for the use of this department. You are no doubt aware that it has been over a year now since we had expected to receive remittances from this fund for this department. The completion of legal arrangements in New York I understand has caused this long delay in settling the question of these funds for our use.

Our banker, Mr. Bennett, while kindly granting this overdraft for the timebeing, wishes that we secure the action of the Board of Trustees authorizing us to obtain the permission for overdraft. Will you kindly secure permission from the Trustees for negotiating this overdraft and report the same to the International Banking Corporation in New York for transmission to their Branch here in Peking. I shall appreciate it very much if this can be accomplished as promptly as possible. You will understand that our request for this overdraft is simply to tide us over our present difficulties in view of the fact that the Famine Relief Funds which have already been voted to the use of this department are being held up pending the completion of legal documents in connection with the Trusteeship of these funds.

Yours very sincerely,

J. J. ...
PEKING UNIVERSITY

*The amount should
be up to \$5000. local currency*

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PEKING UNIVERSITY

~~NORTH CHINA MISSION OF THE METHODIST EPISCOPAL CHURCH~~ (P)

43 HATAMEN STREET, PEKING

G. L. Davis, Secretary
O. J. Krause, Treasurer

Foreign Missions and C. I. M. Codes
Cable Address "Methodist Peking"
Telephone 3699 E.

July 16, 1923.

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
New York City.

Dear Mr. Moss:

I have your letter of June 1st. I appreciate very much having the details given in this letter. Referring again to the matter of statements from your office, I have these further suggestions:

First, will you please arrange to send the building operations statement and the Field Manager's statement on separate sheets, and send them in duplicate. This will enable me to check the statements with my accounts and pass them on directly to the Director of the Construction Bureau and to the Assistant Treasurer, without the work of copying the items from your statements.

Second, I have checked the May statement and have taken care of the New York payments as shown in the statement. You will recall that in an earlier letter I suggested that all your payments in N.Y. in the May statement be carried forward to the account for 1923-4. I am doing this in our accounts here. The items in this statement check properly with my accounts except that you have written our draft #62 against the second Science Building. In our accounts this draft appears charged, or rather credited, to the first Science Building account. I would call attention to the fact that all the drafts I have drawn on you in N.Y. have been on account of the first Science Building.

In addition to drafts on you in N.Y. we have regularly drawn on the Chicago Office represented by Mr. Bowman for the second Science Building, so that it will throw our accounts very much out of balance if in N.Y. you transfer drafts from one account to another. I have endeavored to make my drafts very clear as to purpose for which they were made, so there could be no chance of a mix-up between our accounts. We have been drawing as per instructions received earlier, alternating our drafts between N.Y. and Chicago. I would like to ask whether I should transfer draft #62 to the account for the second Science Building, or will you in your office make such adjustment as to leave the amount of this draft as applying to the first Science Building, in accordance with my books. Your letter implies that you have G. \$20,000 in hand for the Yenching College Science Building account. Since I have been drawing regularly on Mr. Bowman for this same amount (viz. the Second Science Building), would it not be clearer if you were to transfer those funds to him instead of having some of his accounts coming through your office and the balance through his office? I simply offer this as a suggestion, with the idea of keeping our accounts as clear as possible in regard to these building projects.

Third, I notice your statement in regard to the fact that you have only G. \$20,000 of the China Medical Board funds for Science Building

1014

L.B.M. 7-16-23.

No. 1, and that the balance of the funds should be drawn from the C.M.B. in Peking. I have been in correspondence with Mr. Goodrich, the Director for the C.M.B. here, who reports that they have had no definite word from the C.M.B. in regard to paying us any funds on this Science Building account. Already we have drawn on you for a great deal more than the \$20,000 on the first Science Building, this of course in accordance with instructions received from you earlier that funds of the C.M.B. were to be drawn through your office, and that the funds for the second Science Building be drawn through the office in Chicago.

Just a word in regard to having the C.M.B. funds come through their office here in Peking. It seems to me since about two-thirds of the funds for this first Science Building have been drawn through your office that it would be far better if all of the funds, viz. Mex. \$150,000, were handled through your office rather than to make a change in the method of remittances. It places us in rather a difficult situation here to be told not to draw any further on you for these funds, when at the same time there has been no provision made on the part of the C.M.B. to advance funds here for this work. As stated in the earlier part of this letter, we shall not draw on you for some little time for funds on the first Science Building account, because of the fact of heavy payments you have made in N.Y. for steel, etc. All of the amount which you have paid on the steel account you will note has been allocated to the first Science Building in our accounts here, as a credit. Of course this does not mean that all of the steel account will be chargeable to the first Science Building. The distribution of the proportionate share of this steel to the various buildings into which it will go is in the hands of the Director of Construction Bureau, Mr. Gibb. You understand, of course, that in order to keep track of the amounts drawn for the various buildings payments made by you at home are arbitrarily allocated or credited to one or another of the building accounts.

Following is a statement of the amounts we have drawn on you and also on Mr. Bowman in Chicago for these two buildings:

A - New York Account, First Science Bldg.

Date	No.	Amount
April 13	58	\$ 2,500
13	59	2,500
24	62 ✓	5,000
May 8	64	5,000
June 6	73 ✓	5,000
12	75 ✓	5,000
23	77	5,000
26	79	3,265.64
July 4 (N.Y. May Stmt.)		<u>24,929.04</u>

apl 26 26
China
trans. apr 26 26
on aug 11 1923

This makes a total of 58,194.68 already drawn on your account in N.Y. for the first Science Building. In view of your large payment in N.Y. for steel, it is of course our purpose not to draw on you any longer until this amount is evened up by drafts on the Chicago office for the second Science Building. I would call attention also to the fact that our draft No. 79 for G. \$3,265.64 was paid to the C.M.B. here in Peking at their request, in order that they might close up their C.M.B. accounts here.

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L.B.M. 7-16-23.

3

B - Chicago account. Second Science Bldg.

<u>Date</u>	<u>No.</u>	<u>Amount</u>	
May 4	63	5,000	
11	66	5,000	
31	69	5,000	
June 12	74	5,000	On Old Colony Trust Co.,
27	78	5,000	" Boston.
July 9	80	5,000	"
		30,000	

*Apr 26 1923
Journal
Coucher*

I am submitting these statements of drafts on these two buildings that you may understand clearly the situation as it relates to this end of the accounts.

A letter has just come from Mr. Bowman dated June 4th in which he expresses ~~of~~ regret that we have drawn on him without notice for the second Science Building account, stating that he has no funds available for this account. This is quite a surprise to us, because of instructions received from your office indicating these funds were to be drawn alternately between New York and Chicago. Of course, we had no other idea after receiving such instructions than that arrangements had been completed for our proceeding as instructed, so Mr. Bowman will be in a rather difficult situation when our drafts will be reaching him regularly as shown by the dates given above. He reports in his letter that he is taking care of the draft reaching him thus unexpected, but intimates that we should not draw any further on him. However, before receiving his letter as shown in the statement above, not only had we drawn the one draft for \$5,000 which he mentions in his letter, but two others, viz. those of May 11th and 31st, were drawn on him on the same account, which were unexpected and unprovided for in his accounts, as I understand his letter. I hope that he has been able to handle these drafts without very serious difficulty until some sort of adjustment between your office and his was arrived at.

Mr. Bowman informs us that the funds of the Joint Committee of the Women's Boards are too closely invested to supply Mr. Bowman with funds until after the 2nd of August, when he understands the funds of this Joint Committee will be distributed to the different colleges and that he will then be prepared to take care of the necessary building construction drafts. This again is all news to us, so we had no chance whatever of handling our accounts in such a way as to avoid the difficulties for Mr. Bowman of which he speaks. He has requested that after his letter reached us we should not draw any further on his account for the second Science Building until we have received a cable or letter of advice from him that funds are available for the purpose. Such letter or cable has not as yet been received. Our building operations are proceeding, and unless instructions are received very early it will be necessary for us to cable to him for permission to draw further on these building accounts.

I am sending a copy of this letter to Mr. Bowman so he may understand the situation as relating to both these accounts. It will no doubt help in making the adjustments which are necessary because of the evident misunderstanding in regard to the time of beginning the work on the second Science Building.

Yours sincerely,

J. F. ...

PEKING UNIVERSITY

1016

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

TRANSFER

1 1928

August 24, 1923.

OFFICE OF THE TREASURER

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
New York City.

PEKING

K. Ross, Jr.

Dear Mr. Moss:

Your letter of June 20th with enclosures was received several days ago. It has been impossible up to the present time to give the time necessary for a full reply. I shall endeavor at this time to take up a few of the more urgent items, leaving some for a future letter.

✓ Referring to your Memo No. 1, Adjustment of Science Equipment Accounts, on page 2: I notice you have analyzed your vouchers entering into this account and find that total made up almost entirely of laboratory equipment. I depended upon reports from Mr. Gibb stating that the accounts did cover some current supplies, and at his suggestions the deductions which I reported to you earlier on this account were made. I see very clearly that no deductions should have been made. I understand very clearly the distinction between current supplies and equipment. I am replacing to our Science Equipment account the G.\$889.92 or Mex. \$1,779.84, so that our equipment account will now agree with your account. You will find, however, in our statement for June 30, 1923 that this item had not been adjusted at that time, so we were not yet in agreement on that date.

✓ Memo No. 6, Expense Items for the Managers Budget 1922-3 on page 4 of your memo: Your reply relating to the travel expense items of Dr. Stuart, viz. \$333.70 and \$405.35 clears these up for me satisfactorily. The \$405.35 item is in our item of November 29th, \$471.55, and the \$333.70 item is a part of our May 3, 1923 item of \$3,583.47; these you will find listed in our Treasurer's statement for June 30, 1923 under the dates named. I note that the draft for \$115.73 has been transferred to the Managers 1921-2 account and cleared from the Managers 1922-3 account as per my request earlier.

✓ While speaking of the Managers 1921-2 account I wish to suggest that two items in that account be transferred to the Managers account for 1922-3:

× 1.	June 27th, Scientific Equipment	\$8.12
× 2.	June 30th, Stuart travel account	<u>405.35</u>

These make a total credit in the 1921-2 account of	411.47
Taking from this your debit balance	<u>115.73</u>
Leaves a credit balance of	295.69 which might

properly be transferred to the Managers 1919-21 deficit account.
* Reported too late to enter in 1921/2 accounts.

Coming again to the Managers 1922-3 account, there are a number of transfers necessary in order to bring our accounts into agreement. Since our accounts here are closed with the full amount appropriated for our 1922-3 budget drawn, and since the exchange variations have been worked out as shown on page 13 of my report for 1922-3, the only accurate way of handling our differences is to make them in your accounts.

1017

Of course some of the entries which I will name may already have been made by you, so that you will need to compare the items given with entries already in your books to be sure none are entered twice.

1. This represents your transfer already made, viz. the \$115.78.
- ✓2. Your debit item August 16th, freight science supplies, \$34.42 is 10¢ more than that entered into our accounts due to error in statement to us earlier. Transfer 10¢ to Managers 1923-4 account to be accounted for by us in that year.

Debit: Managers 1923-4 account 10¢

Credit: Managers 1922-3 account 10¢

- ✓3. Your debit item September 21st, laboratory supplies \$263.56 is \$27 more than that entered into our accounts, due also to error in statement to us earlier. Transfer \$27 to Managers 1923-4 account to be accounted for by us in that year.

Debit: Managers 1923-4 account \$27.

Credit " 1922-3 " 27.

- ✓4. Your debit item March 20th current account draft No. 43, \$636.40 calls for credit items as follows:
 - a. Warner account 228.40
 - b. Campaign account J.L.S. return to Amer. 408. as shown in my letter of Feb. 15, 1923.

Debit: Managers Account 1923-4 228.40

Credit: " " 1922-3 228.40

(To cover Warner account as per my letter June 13, 1923.)

? Debit: Campaign expense account 408. ✓

Credit: Managers 1922-3 account 408.

(Account Pres. Stuart's trip to U.S.A. in November 1922.)

5 and 6 Transfer May payments in New York to the Managers 1923-4 account.

5. Debit: Managers 1923-4 account 14.20

Credit: " 1922-3 " 14.20

6. Debit: Managers 1923-4 account 88.13

Credit: " 1922-3 " 88.13

(Items too late to place in field 1922-3 accounts.)

These represent all of the changes required. However, the following items were lacking in your statement and many of them have probably by this time entered into your 1922-3 account:

L.B.M. 8-24-23

1. Drafts uncashed.

No. 56	\$100.	Lucien Warner acct.
67	250.	T. T. Lew Salary acct.
68	3000	
70	1500	
71	781.78	
72	250.	" "
74	500	Univ. Sou. Calif.
76	430.	Hsu travel acct.

Total 6811.78

2. Bocker refund 50.

Debit: Managers 1922-3 account \$50.

Credit: Refund account 50.

I do not know to what account this belongs. It is an amount Mr. Bocker wished to refund to your office and was to write about it, sending my receipt as a voucher covering the remittance.

3. On the credit side there is due from the American Board \$250 account T. T. Lew salary account.

4. Also on the credit side due on loss of exchange \$529.13 is shown on page 13, item "b"-1 of my report.

Debit: Exchange 1922-3 account 529.13

Credit: Managers 1922-3 account 529.13

After all of these items have gone into your Managers 1922-3 account it will show a credit balance of \$600, which represents the H. S. Coffin Theological Publication Fund. This amount has not as yet been drawn.

A remark here: Would it not be well to have a special account for all special funds that are not actually a part of the current budget? In my report on page 12 you will find as many as fifteen drafts drawn to cover special funds. If these could be handled through a separate Special Gifts Account it would simplify our current budget account adjustments. However, it would make still another account to keep track of and for that reason may be objectionable.

So much for bringing our current accounts up to June 30, 1923 into agreement. This does not include the Managers current and campaign account 1919-21 deficit account. This deficit is due to lack of income and not to overdrafts of appropriations to the field, and must for the most part be covered by gifts or other funds especially secured for that account.

Yours sincerely,

1019

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

1524

August 23, 1925.

OFFICE OF THE TREASURER

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
New York City.

Dear Mr. Moss:

Referring again to your letter of June 1, 1925 and my repl. dated July 16th, I wish to report that notice has just been sent to me by Mr. Goodrich representing the China Medical Board that \$112,157.81 Mex. is available here for Science Building No. 1; that the balance of \$150,000 Mex. or \$37,842.19 has been paid to you in New York, this amount representing G. \$20,000. In my letter of July 16th I reported having drawn and allocated to the Science Building No. 1 account a total of G. \$50,194.68, which in Mex. equaled \$111,454.51. The items are as follows:

	<u>Date</u>	<u>No.</u>	<u>Gold</u>	<u>Mex.</u>
	Apr. 15	50	2,500	4656.65
	15	59	2,500	4637.95
	24	62	5,000	9230.45
May	8	64	5,000	9120.55
June	0	73	5,000	9560.
	12	75	5,000	9525.75
	23	77	5,000	9503.10
	26	79	3,265.04	6335.34
July	4 (N.Y. May Stmt)		<u>24,929.04</u>	<u>4060.92</u>
			50,194.68	111454.51

At the time of writing my letter of July 16th final word was not in hand regarding the transfer of C.M.B. funds to Peking to be drawn by us here, and under the impression that probably the C.M.B. funds would continue to be paid over to you in New York I suggested that no change be made in the account as reported by me. The situation however is changed completely now that the C.M.B. funds are to be paid to us here. Referring to your letter of June 1st I note that you were planning to receive from the C.M.B. \$20,000 Gold. This I know through conference with Mr. Goodrich has been turned over to you as already noted in my first paragraph. Then, I take it that the other \$20,000 of the \$40,000 you mention in this letter is from the Yenching funds from Mr. Bowen. In order to straighten out our tangle I have the following suggestion: First, to transfer from my Science Building account No. 1 G. \$20,000 to the Chicago Science Building No. 2 account as follows:

Apr. 24 Draft 62 G.\$5,000 Mex.\$9230.45
(As entered in your May stmt., your check 1042.)

May 0, Draft 73 G.\$5,000 Mex.\$9560.

and from my entry of July 4th New York payments for steel, G. \$10,000

L.B.M.

at 196, Mex. 19,600, totals G. \$20,000 or Mex. \$50,406.45. This will adjust in my books the amounts paid you from Chicago on Science Building No. 2 account. It leaves G. \$30,194.60 equaling Mex. \$73,040.06 drawn from you on Science Building No. 1 account. This again is G. \$18,194.60 more than you have received from the C.M.B. for this Science Building No. 1 account, and since the \$20,000 from the C.M.B. represents Mex. \$35,842.19, the G. \$18,194.60 represents Mex. \$35,205.07.

Since no doubt two or more buildings will soon be authorized, would it not be the simplest way of adjusting this balance to hold it in a suspense account to be allocated to one of the new buildings when authorized? In fact, we would leave undrawn in the C.M.B. and Chicago Science Building accounts enough to cover this amount until work is actually begun on the new building. This plan of handling this excess payment by your office avoids taking up the question of transfer of funds either from Chicago or the C.M.B. account. This excess draft is due as you are already aware to no fault of ours here, but entirely to the change of the transmission of the C.M.B. funds to us.

In order to know definitely about making the adjustments in my books as suggested in the foregoing, if approved will you please cable me as follows:

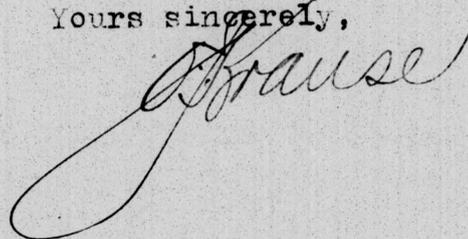
AHAJRLYZPL

EXZOWAWLEL

(Adjustments your letter of 20th August approved.)

It is very important that we know at the earliest date possible as to this adjustment so as to avoid getting into a further mixup in our accounts.

Yours sincerely,



January 3, 1924.

Mr. O. J. Krause,
Peking University,
Peking, China.

My dear Mr. Krause:

It seems that we are still not brought into complete agreement upon the matter of the adjustment between the City Site and the Land accounts as stated on your books and ours, as indicated in Memorandum No. 3-attached to Dr. North's letter of December 29, 1922. Although we have gotten into agreement on accounts of the other items referred to in the other memoranda and although your letter of February 10 makes it clear that some of the processes we have gone through in trying to bring your statements and ours into harmony are correct, there still remains a difference of \$294.66 referred to in the second paragraph of our memoranda.

In this connection may we call your attention to the fact that the correction indicated on page 4 of our memoranda of June 18 with reference to this account should not have been made. The difference is still \$294.66; the error is in the transaction of the second item in column of memorandum No. 3, which should have been \$73,668.21 instead of \$73,688.21; so that the difference still stands as indicated on page 1 of memorandum and also on the analysis of Trustees' Disbursements and Managers Receipts dated January 26, as \$294.66.

We are anxious to complete this reconciliation in order to be free to proceed systematically with the exact definition of the amount of gold investment in the City Site. We have no doubt but that your books would show that, but we need to be able to show that your books and ours are in agreement on the matter of these disbursements, in order properly to certify to the amount which we have disbursed for the purchase of the City Site. The completion of our understanding with the Board of Foreign Missions of the Methodist Episcopal Church is dependent upon clearing up this point. I hope that in the midst of your other burdens you will find it possible to get at this before long.

I am sure that as the matter stands now you are the only one who can clear this up, and you have, I think, every item of data which we have in the office. We will call your attention in particular to Analysis dated January 26, 1923 of Trustees' Disbursements and Managers' Receipts for Property, shown in our letter dated December 29, 1922.

Faithfully yours,

Asst. Treasurer.

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PEKING UNIVERSITY

(YENCHING TA HSUEH)

PEKING, CHINA

OFFICE OF THE TREASURER

January 30, 1924.

Rev. Leslie B. Moss, Executive Secretary,

Peking University,

New York City.

Dear Mr. Moss:

Your statement for December 23rd is just received. I find in it three items under "Current special" column. Of these items two are listed in the 1923-4 budget as received from your office, namely Dr. Sailer shown in the budget as \$1,000 for the year 1923-4, and Woolverton for Lew. In the budget the name Woolverton does not appear. The item appears as "T.T.Lew Special \$1500". The third item in your December statement "Conroy Salary Dr. Li, 1924, \$1,000", is not shown in the budget from your office.

In connection with these special items I am at present in somewhat of a quandary as to just what I am expected to do in regard to these particular items. Is it your thought that I should draw these current special funds by special drafts and not include them in my drafts for 1923-4 current budget account? I have been going on the assumption that for the items shown in the budget from your office, such as Lew Special and the Sailer item, I am to draw as on the current 1923-4 budget account, and that any adjustment of these special items individually will be taken care of in your office. In other words, I am going on the assumption that I am to draw on you on the current 1923-4 budget Mex. \$53,379.40, and that I am not to draw on any current special funds as such. When, however, a new item like the "Conroy Special" comes into your statements and does not seem to be a part of the regular budget items, I am somewhat at loss to know how to proceed. Will you please go into this matter in the light of the budget sent to us on the field, a copy of which is no doubt in your files, and let me have your statement of the manner in which I am to draw on you for these various items.

If I am to draw the current special items by separate draft so as to avoid confusing the exchange item for these special drafts with the exchange to be charged against the Mission Boards for their share in the budget, I shall want to know immediately so as to make proper adjustments in my draft record for the year. Also in this connection, should I understand that the crediting of these special funds in the statements coming month by month is authority for making drafts on you for these special funds? If so, the purpose of these special items is very meagerly stated in these statements. In some cases it might be better to enclose with your statement a fuller one relating to the purposes of the gift that is placed to our credit. It happens that the three items in your December statement so far as the use is concerned, is perfectly clear except in the case of the Conroy gift, where you say it is for the salary of Dr. Li. I take this to mean Dr. Li Jung Fang. It may happen, however, at times that two Doctors Li will appear on the budget of the University. In that case it will be somewhat difficult to decide for which Doctor Li the gift was intended. In general, however, I do not see that it matters

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very particularly, since the special gift as I understand it is toward some item in our regular budget.

Still another question: As it looks to me this Conroy gift of \$1,000 gold is an addition of this amount to our budget for 1923-4, for at least the first half of the year 1924, so that instead of having in our budget for the current year G. \$28,933 we have up to the end of June 1924 \$29,433. In the light of this question would it not be well to indicate in your statement that certain gifts are additional, meaning that they are to be added to the budget figures sent earlier?, *and may be drawn over above the budget amount*

I wish now to refer to your statements of September and October in which appear a number of items under cash account No. 46, "General Famine". As we are in need of famine funds to cover the budget of the Agricultural Department, I am cabling today asking permission to draw on the amounts shown in your statements. In connection with this particular account I should like very much to ask if the entering of the amounts in the statements from you month by month is authority ~~from~~ me to draw on you for these funds as listed month by month. You understand that for the moment we are running an overdraft in our bank here for the Agricultural Department, which is depending on these famine funds as arranged with the Famine Relief Committee in New York.

The letters enclosed with your December statement are received. As early as possible I shall give you replies to your inquiries in those letters.

Hoping for an early reply to my inquiries herein, I am,

Yours very sincerely,

1024

February 29, 1924

Mr. O. J. Krause
Peking University
Peking, China

My dear Mr. Krause:

In response to your letter of January 30th which has just arrived this morning I am writing to apologize for the lack of information which I have given you. This has been partly due to the fact that I do not have some of the information myself and partly to the fact that there are so many things crowding to be done all the time that I have not attended to some of them as fully as I might otherwise have been able to do.

The special items which you refer to in the current budget I think should be drawn as separate items rather than to be added to the General Managers Budget. This simplifies the book-keeping quite a little and makes it possible to avoid undue complications with the exchange. The amount given by Mr. Woolverton for Dr. Lew is included in the total given for Dr. Lew as it appears in the budget. As a matter of fact we only received \$1,250 during the year 1923 instead of the \$1,500 indicated. The item Conroy salary Dr. Li did not appear in our budget because we knew nothing about it until the amount was received as a result of special solicitation by president Stuart. The salary is intended for Dr. J. P. Li and I suppose should be used one half in the first six months of 1924 and one half in the second six months although this does not accord with the expenditures under the budget. In such matters as this I presume it is much easier to leave it to the discretion of you folks in China than to try to settle it here.

In answering your question with regard to the drawing special items already included in the budget I think it will be well for you to draw such amounts as are indicated by the special items in separate drafts so that we can check them off on our books as definitely drawn even though they are included in the Managers Budget. Special items that do not appear on the budget but which may be received during the year and become valuable for use should be drawn in the same way, but considered as additional to the budget. I believe it would be best for us to write you as these special funds come in authorizing you to draw them in cases where they have not already been included in the budget. When they are included in the budget for the year the indication on our monthly statement that they have been received is sufficient authorization for you to draw them without further word from us. The Conroy gift of

1025

#2 Krause cont'd

\$1,000 is in addition to the budget for 1923-24 and was made drawn over and above the budget amount.

We replied to your cablegram that you were authorized to draw the amounts shown in our statements as received from the general Famine Funds. We should have from the field some indication as to when the drawing for the property amounts under the Famine Funds is desired. I have requested the Trust Company in Washington to pay \$5,000 as an advance toward the amount needed for the current year and approved by the China Committee. If we could have some indication from you as to when and what amounts are to be drawn under the budget it would help us to make our arrangements with the Trust Company.

I think that I have answered all your questions in this letter. I hope so at any rate.

Very cordially yours,

Sec. Peking University

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PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

OFFICE OF THE TREASURER

April 4, 1924.

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
New York City.

Dear Mr. Moss:

Mr. Gibb has sent me a copy of his synopsis of Construction Bureau, April 1, 1924 Balance Sheet. On receiving this copy I phoned immediately to him saying that I would prepare for your information a statement of my accounts showing drafts on your funds and Chicago covering the building accounts which he is submitting in his statements. You will note that my statement shows local currency and gold dollar currency. Having this statement in both currencies will enable you to reduce any item in Mr. Gibb's statement to gold which you may desire. Since the buildings are not finished I am not at the present time incorporating any of these amounts in Mr. Gibb's statement into my ledger. It will be better to wait until Mr. Gibb's statements are in final shape and audited, before attempting to bring them over into the general ledger of the University. In checking my gold amounts with your balance sheet for February 1924 I find variations in three or four of the accounts as follows:

1. Account 26-K. My account has G. \$2,500 more than you show. This is due to the fact that our draft 132 for G. \$2,500 had not reached you when making your February statement.

2. You will note that in my accounts, accounts No. 26-F, F-4 and X of your statement are all included in one account. There is a variation of G. \$17⁰⁰ between your and my statement. I have not as yet found where this occurs. I have been endeavoring to find time to go thru the various items to locate this difference. When found I shall report to you later.

3. Account 26-N. My account as compared with yours is short G. 6163.82. This is caused by the fact that ~~from~~ up to the time of making my statement I have not drawn from the C.M.B. up to the amount shown in your records. Since making the statement however, I have drawn from the C.M.B. in local currency the equivalent of this difference, so that at the present time my account agrees exactly with yours.

4. Your account 26-F-3 shows \$8000 more than does my statement herewith. This is caused by the fact that my drafts Nos. 110 and 117 for G. 3,000 and \$5,000 respectively have entered into your account there. These drafts were drawn not on account of Science Building 2, but on account of the Women's College buildings, which is shown now as account 26-F-5 in your statement. I have already written about this discrepancy suggesting that these drafts be transferred to the proper account in your books.

5. Your account 26-F-5 contains only a small part of the drafts entering into our Women's college buildings accounts. I am attaching herewith a statement of that account bringing it to date. Some of the drafts and items in my account you have already in your account 26-F-5. In entering from my statement may I caution care so as to avoid entering again drafts that are already in your accounts.

1027

It is hardly necessary to call attention to the fact that Mr. Gibb's statement is in local currency. He no doubt has made this clear in his letter. However, it may avoid trouble to repeat the statement again.

With all best wishes, I am,

Yours sincerely,

J. Franse

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PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

PEKING

April 16, 1924.

OFFICE OF THE TREASURER

Rev. Leslie E. Moss, Executive Secretary,
Peking University,
New York City.

Dear Mr. Moss:

Your statement of special gift receipts enclosed with your memorandum dated January 1st came to hand in due time. It happened that my letter to you on the same subject crossed yours so that I waited until I received your letter replying to mine before doing anything in regard to this special list of gifts. Your letter of February 29th reached me a few days ago. In this letter you suggest how these specials would better be handled. I am prepared to fall into line with your suggestion and have now drawn on you for all the amounts shown in your list, except the one of July 8, 1922 for Warner. In looking thru my report to you for 1922/3 I cannot find that any draft was drawn to cover this G. \$250 for Mr. Warner, nor can I find that any notice was received here that the amount was available. So far as my checking reveals the amount should be returned to Mr. Warner.

Again I would call attention to the fact that I have made my draft #118 dated Jan. 3, 1924 and paid by you in February cover several of the gifts shown in your statement. The statement returned herewith will indicate which of the gifts are covered by this draft. I have done this in order to avoid drawing on you for the entire amount of these specials, and to avoid overdrawing the amount due us on the straight appropriation from the Trustees.

I note your remark that the Conroy gift for Dr. J. F. Li's salary is to cover all of 1924. This will be taken care of by us in the accounts here. I note that the same amount is listed in the schedule of the appropriations from the Board for 1924/5 budget. It may mean that we shall have to make this adjustment year by year, but this will be no great hardship.

While speaking of the budget for 1924/5 I note that T. T. Lew's salary, G. \$1500, is left in brackets and not extended like the other items. It raises the question why a different treatment is given this particular item as compared with the other gifts. It makes the financing of our budget an uncertain matter to the extent of leaving out a moderately large item as the one shown in brackets.

Coming again to the question of the method of drawing on you for these special gifts coming in during the year: I have just said that I shall fall into line with your suggestion that these specials be drawn by separate drafts. Perhaps in most cases this will work no hardship in handling the accounts on the field. However, I would like to point out that it may at times work hardship from this angle; i.e., suppose a number of gifts listed in the budget are late in showing up in your accounts in New York. If strictly adhered to in your plan, then the field would be

1029

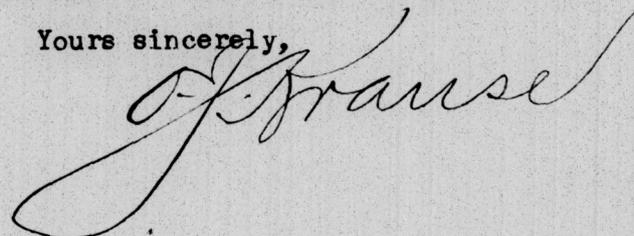
able to draw needful funds for carrying on the work until the gifts arrived. I note that the action of the Trustees authorizes for the field expenditures (up to Mex. \$52,337. In order to make our drawings follow somewhat this total for our budget would it be feasible to draw as I have done during the past year in the ordinary way on our current budget account, and then as gifts come in - say either at any time during the year or toward the end of the year - assign the proper amounts for certain gifts to certain of the drafts which are already drawn, just for example, as I have now allocated certain gifts in your list to our draft #118?

As I understand the accounts in your office this would not entail any extra work in transferring of amounts on your books, except that when gifts are shown as drawn for certain drafts the amount would be transferred from the current special account to our current budget account. From the accounts so far I am not altogether clear just how our Managers' current account fares in the way of credits. In your balance sheet I am able to follow the Managers' current account so far as debits are concerned, but I do not find a corresponding credit account for our Managers' accounts. Doubtless no credit account is open during the year and only at the end of the year in closing our Managers' current account the credits due to the Managers' current account are made to the account carried during the year as the Managers' current account - expense. There is no way of checking up the credit side of our Managers' account with your accounts as the accounts stand at the present time, except as we follow the statement shown in the appropriation sheet sent us year by year. However, since this sheet includes so many current specials, if some of these current specials should fail to reach your office during the current year I wonder what would happen to the credit of our Managers' account. Would our account receive credit at the suggested rate of exchange and the Trustees carry the deficit until a gift is received, or is it the understanding that the Managers' account would suffer to this extent?

Coming back to your letter of February 29th, I note your request for some indication as to when and what amounts are to be drawn under the Agricultural budget. For the moment I am not in position to give the definite amounts. On the current budget I would say in general it will be necessary to draw on the funds about one-twelfth each month to carry these current accounts. In the budget for 1923/4 there are included a number of items brought over from previous years. Unfortunately I have not at hand the separated items so cannot at this time give as full details as I should like. I have asked for the copy which will give me these facts, after receiving which I shall give you more particulars in regard to this budget.

Turning again to the current specials, I would report that I have now drawn on you for the specials in the January and February accounts. My draft #146 will cover the January specials noted in your statement. My draft #147 will cover the specials shown in the February statement. I am not negotiating at once all the drafts indicated in this letter and in the statement enclosed herewith. I am cashing them as I shall require the funds so that a few of the drafts may not reach you on time.

Yours sincerely,



COPY TO MR. GIBB.

PEKING
X✓

April 29, 1924.

Mr. O. J. Krause,
Peking University,
Peking, China.

My dear Mr. Krause:

I enclose herewith copies of the minutes of all meetings held during the month of April.

Executive & Finance Committees - April 3rd.

On page 2 of these minutes you will find a paragraph regarding vent roofs over dormitory doorways which I think states the position of the Committee here, except that most of them were somewhat opposed to leaving out the vent roofs unless there were some really good reason for it. It seemed to them that this was an architectural feature added to provide a break in the long roof lines in the buildings, and therefore, the omission would to a certain extent, disfigure the plans of the architect. They felt, however, that it was a question for the architect to decide.

We have been in negotiation with Mr. Norman Ellis to see whether he could not go out to carry on for us the same sort of work which he did for the Rockefeller Foundation. President Stuart will be able to give you such information as we have at the present on the matter.

It now rests with the Finance Committee to decide whether they can see their way clear to employ Mr. Ellis for the specific task of constructing residences. We felt that if possible, this would be a very satisfactory method of helping to relieve Mr. Gibb of the great amount of additional detail that would be involved in the residence construction.

Trustees' annual meeting - April 10th.

You will note Action T-1719 regarding the matter of adjustment of the figures for the cost of the city site. If we could have these figures from you, it would give us that much additional leverage in the discussion of further payments by the Methodist Board on this account.

1031

Mr. O. J. Krause

Campaign & Finance Committees - April 18th.

Action FC-1730 deals with the budget for the coming year. You will note the addition of Mexican \$15,200 making a total of \$67,537 Mexican for the Managers' Budget for 1924-25. Unless there is some entirely unexpected source of income derived in the future, I doubt if there will be any further additions to the budget over this amount.

With best wishes, I am

Cordially yours,

Assistant Secretary,
Peeking University.

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PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

PEKING

May 17, 1924.

OFFICE OF THE TREASURER

Rev. L. B. Mass,

150 Fifth Ave. New York City.

My dear Mr. Mass: Yours of Apr. 15th inclosing
Statements & vouchers for March is received.
I have gone through the statements and
incorporated the items belonging to us into
our accounts. A new acct - Building Operations
Heating, Light, Sewage & Water Systems, - has been
opened in our acct to correspond with yours.
In this connection, I would call attention to your
Journal voucher # 51 March 31, 24. Is it not a
mistake to credit the \$3605.⁵⁵ to the "Bldg
Operations - Heating, Light, Sewage & Water Systems"
Should the amount not rather be credited
to a "Yenching Trust Funds - Heating, Light,
& Water Systems"? To ~~credit~~ ^{apply} the credit as
done by your vouchers drops the amount
from our ^{capital} accounts altogether! Perhaps this
is what you wish done - however, I do not
see why this amount is not a part of
the capital outlay toward these systems.
I am not entering the amount of this
No # 51 into our accounts as yet, but will
await your word in reply to this inquiry.
The #10817.²⁵ on your Feb 10 #49 I have
transferred from the Bldg operations undistributed
to the new acc named above.

1033

Note that \$7909.00 has been paid in from the Fannin Fund Income. I have been trying hard to get this account, the Agri Dept acct. checked fully to date and brought to date. I shall be drawing on you for the balance to our credit in this account so as to bring the Budget as close to date as possible.

I shall draw on you for the \$500. Special for books for Sociology.

In connection with our Building operations, have you a schedule of appropriations for the various projects to date? Perhaps, I should say authorizations. I mean amounts authorized. To date I have received not a single item on this matter. Amounts that show in my statements as "appropriations" are such as have been passed on to me by Mr. Galt, but in conversation with him, ^{it seems} the figures do not represent definite appropriations or authorizations. If you have such a list, it would be of value to our accts here to have a copy. Very sincerely yours,
O. H. Hulse

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSIEN)
PEKING, CHINA

PEKING

May 17, 1924.

OFFICE OF THE TREASURER

Rev L. P. Mass,

PEKING UNIVERSITY

150 Fifth Ave. N.Y.C.

Dear Mr. Mass: At last I am able, under separate cover, to start the audited Treasurers Report for 1922/23 to you. Already you have had a copy of this report and are acquainted with its details. I must call attention to one error on page four (4). In item 9 on this page the amount in ~~it~~ should read \$6753²⁵; in other words it should correspond with the fold item of line #24. This in turn alters the gold amount in line # 11, which reduces to \$1118.79. This amount as intimated in the note on page four is simply ^{the} difference between the ^{gold} total of lines 1 to 10, and the total of lines 13 to 24 on the credit side of the statement; hence the correction in one item also changes this particular gold item.

In the note on page 4 I raise the question as to whether this \$1118.79 should be applied here or to some other account. Perhaps it may be as well to let the question rest till my report for the current year is ready.

1035

It will probably seem best to let the Harmonic Fund income cover the entire New Year Land acct as contemplated in the Budget for our current year; in that case this year's balance can apply on the City site account, or be transferred to the new Property-Building accounts. But now about this with the report for this year.

The various statements are simple and practically self-explanatory. On sheet 5, is shown in summary form the total operations for the year, showing balances P/7 and balances to carry forward.

On page 9 I have endeavored to show the movement of funds in the Building acct and the Permanent acct. Incorporated in these statements are the transfers from one or more acct to other acct. My thought in showing transfer items is to make it possible to follow more closely our accounts - in fact if thought desirable my ledger acct could be duplicated then by taking the balances of the preceding year and entering the items shown on this page coupled with the Balance sheets affected.

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

LPM 2 May 17/24

OFFICE OF THE TREASURER

I would call attention to the Exchange Variations shown on sheet #13, also the note on the same page. Not having received any comment from you on the manner of exchange adjustment suggested on this page #13, I wish to raise the question definitely on the issue raised there. Our auditors feel the adjustment suggested is correct in principle, and urge its adoption. We should be glad to have ~~the~~ a statement of the reaction there on this matter. I trust the report will be found satisfactory.

Yours very sincerely,
Krause

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燕京大學

Dr. E. M. N.
Return with
suggestion to
J. M. N.

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

June 19, 1924.

OFFICE OF THE TREASURER

Rev. F. M. North, D.D.,
New York City.

Dear Doctor North:

Day before yesterday we had an interesting day's session of the Board of Managers of Peking University. The minutes of the meeting of course will go regularly to the Trustees, when you will know the various matters that were up in our meeting. I desire, however, to speak of one matter particularly on which action was taken. I wish to write because on a certain item I objected to the proposition made by President Stuart. It is that in regard to permitting other mission boards in China to elect representatives to our Board of Managers. In order to state the proposition clearly let me quote paragraph C under Section 6 of the by-laws of Peking University. This section has reference to the composition of the Board of Managers in Peking. Paragraph C says: "Any mission ^{not} cooperating in full shall be entitled to elect representatives on the Board of Managers proportionate to its cooperation".

The proposition raised was that a mission supporting a member of the staff should under this paragraph be entitled to elect a representative. Under this ruling the plan was to have the three British missions in Manchuria elect a member each to our Board of Managers. To me it did not seem that the supporting of a member of the staff on the University could be construed to entitle such a mission to be considered as a cooperating mission. If such an interpretation were made of this paragraph our Board of Managers would in the end be enlarged to such an extent as to be entirely unwieldy. It would mean also that a large proportion of such elected representatives would come from bodies entirely outside of the thought contemplated in the paragraph as I understand it. I suggested in our meeting that to my mind the only interpretation to be placed on this paragraph was that the term "cooperating missions" meant that such missions must have representatives on the Board of Trustees before they can be considered cooperating missions in any sense of the term implied in our by-laws. The conditions for becoming cooperating boards or missions is clearly stated in the third paragraph of the amended Charter.

Again, as intimated in a previous sentence, to open paragraph C of our rules governing the membership of the Board of Managers to bodies furnishing the support and appointing a member to the faculty of the University would sooner or later land us in difficulties that might just as well be avoided. It is the hope that as time goes on various bodies will be prepared to support and send a representative to the staff of the University. If it should be known that this entitled such body or corporation to membership on the Board of Managers, every such contributor would sooner or later be clamouring for the exercise of this right. I grant that the paragraph as it stands does limit the right to missions only, but in practice could the right be limited if the conditions fulfilled are the same?

I pass on these comments on this item of business that you may have it in your thinking in preparation for the action of the Managers referred to the Board of

1038

Trustees, which is to ask for an interpretation of paragraph C, Article 4 of the by-laws of the Trustees of Peking University, which reads as already quoted,

"Any mission ^{not} ~~is~~ cooperating in full shall be entitled to elect representatives on the Board of Managers proportionate to its cooperation."

With very best regards, I am,

Yours sincerely,

J. Krause

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燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

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OFFICE OF THE TREASURER

TRANSFER
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Dear Mr. Moss:

Memo. re Scientific Equipment
acct 24b.

I have restored the $\$189.72$ to
my Science Equipment acct,
so that it agrees with ~~the~~ your
statement returned herewith.

But your ac. 24b. now Apr. 30/24
balance sheet stands at
 $\$8444.83$, which is $\$224.44$ more
than my acct. This amt was added
to your acct. between your Balance
sheet of May 31, 1923, and July 31, 1923.
(I haven't June 30/23 balance sheet here), but
I can find no entries in the statements
of acct to rect to follow this additional
item. Please let me know what it
was, & how I may treat it.

I agree with your statement
re permanent equipment. But when
writing off the amount I did, I went
to those who were handling the funds

here and for the work from them
that the amount I had written
off was current materials used
up from those orders. Therefore
I felt it proper to write off as
I did. However, I am accepting
your statement and restoring
my debt to original amount
to agree with your account.

Amos J. Harris

北京大學

*For final reconcile
see UNN 50 of 9/30/26
and related docs*

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

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TRANSFER

OFFICE OF THE TREASURER

July 9th, 1924.

Rev. L. B. Moss,
150 Fifth Ave.
New York City.

Dear Mr. Moss:- At last I have gone over previous statements for the City property to find where our trouble was. I believe I have got to the bottom now and wish to submit my findings. I have time to report on the City and the New ~~Site~~ Site accounts only at this time.

1. CITY SITE - account, No. 21

Herewith I am returning your sheet for this account with the items debit and credit that are necessary to harmonise our accounts.

a. Note that a debit of \$3000. is shown as necessary for adjustment of the account. In going through your ledger sheets I found this amount charged to your New Site acct under date of June 30, th 1922, as "expended on Field." This amount as shown in my earlier reports was expended on the City Site. It is item 5 of Summary III. sent April 22, 1922

b. Credit item \$2484.00. This amount needs to transferred from your "Oct. 28 1920, Treas B of Mgrs. Note \$25,000." item to the New Site account. The amount represents an expenditure from the L.M.S. remittances to us in the New Site. I spoke of this transfer in my letter of Feb 10, 1923, under Memo III. and IV. but do not find that the transfer has as yet been made in your accounts.

These are the only changes necessary in your City site acct to bring it to the correct balance expended from Univ. funds for the City Site. Namely G\$222,398.15

This you will note still leaves \$1905.34 to be mentioned. In my former letters this same amount showed up, but I had not hit on the proper treatment of this amount. In my Summaries, or rather, in my ledger account for City Site, under date of Nov. 19, 1922 19, Mex. \$14,000. had been entered as representing G\$15,000. when actually it was only G\$13,094.66 that was sent us to cover that amount. I was in the States when that amount was sent out and the entry was made in our accounts here after I got back again. I have now made the necessary correction in my accounts, so that my accounts also show an expenditure of G\$222,398.15 for the City Site.

In connection with the Cite Site it should not be overlooked that there is an additional amount Mex. \$11,475.04 invested in this property which is not covered by funds from NyY., but is covered by an overdraft at the Bank here. This is shown clearly in my balance sheet of last year.

*# Entry in your journal April 10, 1919,
"Treas Board of Managers Draft Ch # 11, G\$13094.66"*

1043

L.B.M. 2 7/9/1924.

2. LAND New Site. Acct No.22a.

Your sheet is returned herewith with the changes noted. The only changes necessary are those already mentioned under the City Site account. Added explanation is hardly necessary.

I would however call attention to the fact that your Land - New Site account covers More than just the Land item. To make up the total of your account it is necessary to include the following accounts *in my ledger*:

1.	Architects fees	G\$2,350.88	x P.S.V.
4.	Equipment Furniture	2 391 92	
7.	New Site Land	65 409 41	
9.	Nan Yuan Land	6 753 25	
	Total	<u>76,905.46</u>	

This you will note is the total of your Land account after the changes suggested have been made in your ledger.

The figures in front of the items above refer to the numbers of the items in my balance sheet for June 30 1923. All items stand exactly as then except No. 7 to which a small item has been added during the year. The amount added represents a small balance shown "unexpended" in my summary III, already referred in this correspondence. All the balance there shown in that summary has since been expended for ~~XXX~~ new site items.

I trust this will clear these two accounts satisfactorily. I am satisfied now that we are finally at rock bottom in the matter so that on these past transactions no further discrepancies can creep in.

Dr. Ward of our Methodist Office wrote me on June 5th about the City Site accounts saying that all data had been sent to me by your office. In reply to his inquiry I am sending him a copy of page one of this letter that he may know the final figure for the City Site.

Very sincerely yours,

J. J. Gause

P.S. I'm working at full speed on the report for 1923/4 - hoping to get it in shape by the end of this week. I may not get it off to you however till after a trip to Bertails book for Monday night next; I cannot delay longer for a set up, even at expense of delay to report. J.G.

July 14, 1924.

Mr. O. J. Krause,
Peking University,
Peking, China.

My dear Mr. Krause:

I enclose herewith the Balance Sheet as of June 30, 1924, and the Cash Statement for the month of June.

You will notice there is approximately G\$11,000 in the Famine Fund Account. My understanding was that the University presented a budget last November calling for the expenditure by June 30, 1924, of Mexican \$63,908 of which amount, Gold \$13,000 or Mexican \$24,700 was to be transferred from the principal of the Famine Fund for use in China.

I wrote to you during the winter, asking that you let us know how you wanted to draw this money, in order that I might inform the trust company in Washington, so that they might have the money in my hands when you should draw it. I have had no reply to this request, but anticipating that you would need at least some of the funds during the year, I requested the trust company to send us Gold \$5,000 of the principal amount during March, which they did.

The rest of the total represents income from the fund which has not yet been drawn by you in China. If you are not expecting to use this money for this last fiscal year, I suppose the only thing to do, is to turn it back to the trust company, asking them to reinvest it. I do not like to do this, since it would seem to indicate to them and to the Committee in China, that we did not need the money which we had asked for. It certainly is not wise for us to carry any such balance as this over from one year into the next.

We have received two scholarship funds which have been invested and the interest of which is to be used for scholarships in the University, the income on Gold \$1,500 to be known as the Mary C. Gardee Scholarship, and the income on Gold \$3,000 as an Anonymous Scholarship. I think there are no restrictions on the use of either of these scholarships.

We have been carrying on our books for some time, the Burt Friant Loan Fund of Gold \$75. You have never drawn but \$25 of this. If

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MR. O. J. KRAUSE

possible, I think you should draw the other \$50, so that the matter might be cleared in our Permanent Assets Account.

I enclose herewith a copy of the agreement with Mr. Robert M. Bartlett.

Very cordially yours,

Assistant Treasurer,
Peking University.

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INTER-DEPARTMENT CORRESPONDENCE

BOARD OF FOREIGN MISSIONS
METHODIST EPISCOPAL CHURCH
150 FIFTH AVENUE NEW YORK

MEMO FOR

J. H. North

DATE

7/16

SUBJECT

Of Krause 6/19/24

1. I don't think the Bo of Managers can make any affiliation on any basis except with Trustees approval; unless they choose to use up their places for cooption for this & even then any agreed basis must pass the Trustees.
2. See the item in the P. U. Constitution attached which as a tentative basis ^{the} Trustees adopted. I think the British missions Krause refers to are only prepared to give a man.
3. The end of Krause's 2^d I is ok as to full cooperation; but I don't know why a mission shouldn't cooperate even if the Board does not; The terms of cooperation should however be the same in any case. *Edw*

1047

July 25, 1924.

Mr. O. J. Krause,
Peking, China.

My dear Brother Krause;

Your favor of June 19th reached me in due course.

I have been able to give it some consideration, but not as much as I think the questions involved really require. I should hope that before any definite action is taken, there might be full consideration of the query which you raise. As I see the matter, I should share in your view. Perhaps I would put the case in some such definite form as this:

First: It would seem to me that the Board of Managers cannot make any affiliation on any basis, except with the approval of the Trustees, even where the places provided for those who are to be co-opted as members of the Board permitted. Any agreed basis should be passed upon by the Trustees.

Second: The terms in the By-laws, which have been under consideration, suggest a tentative basis and a minimum qualification for affiliation. With the election of one Trustee, this basis is a missionary teacher with residence or rent and \$1,000 annually for maintenance or \$5,000 gold annually or \$100,000 gold, for capital purposes.

As far as I can see, the Missions to which you refer have no purpose to cooperate to any such extent and their desire is merely to provide a man on the staff.

The sentiment at the end of your second paragraph is all right, as to full cooperation. Whether it is possible to have a Mission cooperate, where a Board does not cooperate, may be a question. However, the terms of cooperation should be the same in all cases.

I do not wish to have my judgment, as herein expressed, to be regarded as final, since I do not believe that I have the fullest understanding of all that is involved. I should think, however, that if there is any possibility of overloading the Board of Directors, it would be wise to have the matter fully considered here by the Trustees before such action is taken. I have no doubt that Dr. Stuart will agree to this suggestion.

With best wishes,

Yours cordially,

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燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

OFFICE OF THE TREASURER .

August 8, 1924.

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
New York City.

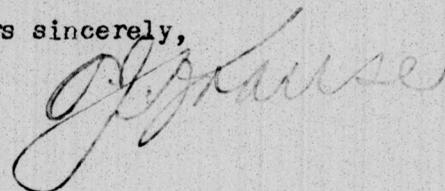
Dear Mr. Moss:

Your cable inquiring in regard to a loan of Mrs. Bashford to Peking University came to hand a few minutes ago. I have sent off a reply to you of which I enclose copy. I believe my reply will/sufficiently clear to allow your handling the matter in a final way at New York.

Mrs. Bashford made this loan to Peking University while it was still handled by the Methodist Mission alone, and in turning over the accounts to the new organization it did not seem the thing to do to turn over this and a few other loans we had incurred while under Methodist management. The note naturally was made in the name of Peking University.

In my cable it is my intention to make it possible for the Board of Foreign Missions of the M. E. Church to clear the account, charging the same to our North China Account. I trust long before this letter reaches you the matter will have been satisfactorily adjusted. I have been puzzling since Mrs. Bashford's death as to just what to do in regard to the matter, but felt sure that in time a call would come for the payment or adjustment of this particular note.

Yours sincerely,



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NORTH CHINA MISSION OF THE METHODIST EPISCOPAL CHURCH

43 HATAMEN STREET, PEKING

G. L. Davis, Secretary
O. J. Krause, Treasurer

Foreign Missions and C. I. M. Codes
Cable Address "Methodist Peking"
Telephone 3699 E.

PEKING UNIVERSITY
PEKING UNIVERSITY

TRANSFER

February 8, 1924.

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
Peking.

Dear Mr. Moss:

I have your letter of July 12th enclosing contracts for teachers and acknowledging my audited report for 1922/3. Your letter of July 14th is also received. In this is enclosed your balance sheet for June 30th, also the cash statement for June. I am not able just at this time to go into details in regard to the items in these statements. However, I note your remarks in regard to the Agricultural Department accounts saying that you had a balance of approximately G. \$11,000 in the Famine Fund account. This is true because of the fact that I was unable to make my drafts against this account early enough to reach you before June 30th. By this time, however, you will have received my draft calling for G. \$9018.65 which will leave a very small balance in your accounts. The fact that we have not drawn the full amount shown in the budget for the year 1923/4 is due to several delays in carrying out projects planned in this budget:

Amounts used.
1. There was not as much building for the department as planned, leaving in the budget unused at this time Mex. \$5,000. 2. The transportation of cattle has been delayed until now, so that the Mex. \$7,000 in the budget has not yet been called for. 3. The travel from U.S.A. for new members of the staff, Mex. \$2400 has not been used. 4. In ~~your~~ ^{new} salaries Mex. \$3,000 was uncalled for. These items make a total of \$19,400. 5. The budget contemplates also refunding to the Board of Trustees the amount they advanced for the Nan Yuan property, viz. Mex. \$13,000, or G. \$6753.25. I have drawn on you for Mex. \$30,607.92, including variation in exchange, so that taking these items altogether it will bring us to the total of \$63,007.92, or practically the entire budget as set up.

I would call attention to the fact that your account 22-A includes the G. \$6,753.25 advanced by the Trustees for Nanyuan land. As already stated, the budget of 1923/4 allowed for the refunding of this amount to the Trustees. Adjustment of this item should be made on your books. I have been expecting in each statement from your office to see this item. Evidently you were not aware of the plan to refund this amount. Therefore, if you will write up against the Famine Fund income the amount advanced for the Nanyuan land you will need to call on the Trustees for still additional funds.

In another cover I am sending you the report for the University for 1923/4. Note that it is still unaudited. It will be audited as soon as possible, when the audited account will be forwarded to you. I am sending this statement that you may have at the earliest opportunity a showing of the year's operations. When sending the audited report I shall go more into detail covering various phases of the report. I wish at this time to call special attention to the Agricultural Department statement. It is not in the form yet to go to the China Committee or to the Trustees of the Famine Fund. It shows the year's operations and the deficits brought forward. In the budget you will note that the whole of the operations for the department from the beginning are listed as a current budget. It is my purpose to combine all the operations of the department from the beginning, in one statement so as to conform to

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February 8, 1924.
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the budget form. This however will take some more time which I have not at present to give. I trust this will help clear up the Agricultural accounts somewhat.

Yours sincerely,

J. Gause
Prof.

PEKING UNIVERSITY

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PEKING UNIVERSITY

UNIVERSITY OF PEKING
PEKING, CHINA

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PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

October 13, 1924.

OFFICE OF THE TREASURER

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
Peking.

TRANSFER

Dear Mr. Moss:

Herewith I am sending you the promised statement of the Agricultural Department in which the accounts for the total operations of the department from its beginning are brought together in the form shown in our 1923-4 budget. Attached you will find a brief statement relating to the various items in the report. In my letter of August 8th (inadvertently dated February 8, 1924) there was indicated the reason for the large undrawn balance in hands of the Trustees of the Famine Fund in Washington. In the statement with my report herewith these same items are again mentioned as incomplete items in the budget and work of the year 1923-4. You will note also that we are asking for the use of the lapsed balance to cover the necessary expenses connected with these projects. Only a day or two ago did I receive from Mr. Chamberlain a copy of the action of the China Famine Fund Committee, and was thus made aware that the use of any lapsed balances from the 1923-4 budget is extended over into the 1924-5 year's work. It is therefore in order to draw the balance due us and make it available for our use as stated in completing the items named.

In my letter just referred to I spoke of G. \$6753.25 advanced by the Trustees for Nanyuan land and it was our understanding this amount should be refunded to the Treasurer of our Trustees in N.Y. I trust that this transaction has been carried through your accounts. In none of the statements received from your office have I noticed that account has been taken of this item in your books. Since working on this report the question has occurred to me whether it would be well for me to make a draft on you for the amount so that you might have in hand a clear voucher for this transaction apart from the statement in my letters. It will do no harm to enclose herewith such a draft. Therefore you will find the draft covering this item herewith in order to get this item clear from our accounts.

I am sure you have a copy of the minutes of our China Famine Fund Committee. In order that you may have their actions covering our Peking University budget I am enclosing herewith a copy of the items referring to our Peking University matters. About a week ago I asked members of our local Department of Agriculture Committee to audit the statement which I am enclosing herewith. Up to this time they have been unable to find time to make this audit. I am compelled therefore to submit an unaudited statement. I might make this further remark in connection with the statement herewith, that it is a statement based on the reports for the Agricultural Department sent to your office for the last three years. A glance at these reports in your hands and a bringing together of the various items will show you that there are no new features entering into this combined statement. This combined statement is necessary as you are aware because of the attitude of our China Famine Fund Committee here, as they did not feel they were authorized to accept a statement which brought forward the large debit balances which our books show. They were quite willing however to include in a combined budget the total amount necessary to cover all the operations of our Department. This remark of course is for your own information. I do not know that our Department of Agriculture has gone into details in this regard in sending their reports home.

Yours sincerely,

Handwritten signature

draft for \$ 6753.25 enc.

Handwritten note: Transfer of

Handwritten notes:
No amount in this account
transfer of amount
by the current account
as we are now
turned by
H. H. H.
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H. H. H.

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THE CHINA FAMINE FUND COMMITTEE

MINUTES of the Second Meeting of the China Famine Fund Committee held at Nanking, China, Monday April 28, 1924, at 3 p.m.

Present: Mr. J. Harold Dollar
Rev. Charles E. Patton
Rev. Frank W. Rawlinson, as Alternate for Bishop F.T. Keeney
Mr. J. B. Powell, Alternate for Dr. D. W. Edwards

And by invitation

Mr. J. H. Reisner of Nanking University
Mr. W. E. Chamberlain of Peking University

Rev. Frank W. Rawlinson was elected Vice-chairman pro tem.

The Minutes of the previous meeting were read, and upon motion duly made, seconded and carried, were accepted as read.

EXTRACT FROM ABOVE MENTIONED
MINUTES.

27. Peking Budget 1924-1925. On motion duly made and seconded it was unanimously RESOLVED that the budget as presented by Peking University for the period up to June 30, 1925 be approved up to a total amount of Mex. \$31,500.00 (Gold \$15,750.00) and the Secretary be instructed to address a letter to the Trustee authorizing the Trustee to pay to the University of Peking as and when required and available its proportion of the income accruing up to June 30, 1925, and of amounts out of the principal as may be necessary, the total of such payments of income and principal not to exceed Gold Dollars fifteen thousand seven hundred and fifty and that a copy of said budget be attached to and made a part of the Minutes of this Meeting.

28. Unexpended Balances Carried Forward. On motion duly made and seconded it was unanimously RESOLVED that the unexpended balances on the following items in the budget of the Peking University for 1923-24 be carried forward, and that the privilege of using the unexpended balances be extended into 1924-1925. All amounts are in Mexican dollars. Exchange is reckoned on the basis of two Mexican dollars to one gold dollar.

Animal husbandry (in spring, including outfit)	<i>None</i> \$3050.
Soils and crops (part time)	1380
Assistants	420
Animal feed	900
Repairs	200
Supplies and incidentals	1000
Travel (A.H. from U.S.A.)	2400
Seed	400
Dairy buildings and equipment (Haitien)	7000
Farm buildings Nanyuan	500
Transportation stock from U.S.A.	7000

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

OFFICE OF THE TREASURER

October 14, 1924.

Rev. Leslie B. Moss, Executive Secretary,
Peking University,
New York City.

Ans. 11/26/24

Dear Mr. Moss:

*has not
the spec?
spec?*

I wish to write in connection with the current special items shown in the monthly statements from your office. We have been having difficulties in getting together in regard to these items in the past. I have come to the conclusion that it will help matters if each time on receipt of your statement I should make a draft for the total amount of these specials, referring to your statement for the details covering the total of such drafts. There is one item in this connection where we may still have difficulties under such a new arrangement, and that is when you on your part charge against Current Special Accounts items of expense. This however can be remedied if instead of charging such items to your Current Special Account they be charged to our regular Current General Account, leaving the matter of charging to its proper special account to us here on the field. I have just drawn on you for the balance of the Current Specials shown in your reports prior to your May statement. Your May statement had only the one current special from Mrs. Straight for Mr. Britton's account. This amount I have not drawn, letting it stand as covering in part the item of \$950 shown in your May statement as paid out on Mr. Britton's account. On making my draft for the new specials shown in your June statement I shall draw only \$50 of Mrs. Straight's special shown in this statement, leaving the \$450 to cover the balance of the item of \$950. I am making drafts therefore for the June and July specials. Memo of these drafts will go forward as usual. Since these funds are already in your hands I am taking it for granted that it will not be necessary to send in addition to the mail notice a cable in regard to these drafts. While I am making my drafts now, they will not be sold for several days so that my notice to you of the drafts will reach you before the actual drafts will be presented for payment. Naturally, I am not able to show on the advice going forward now the amount received in local currency. A supplementary advice will be sent when the drafts are actually sold which will show the receipt in local currency.

Will you kindly let me know if this plan of drawing on you each month for the current specials does not meet with your approval, or whether in your judgment there are reasons why these should not be drawn regularly. The suggestion for making these drafts regularly has come to me from the fact that you have repeatedly had to write asking whether such and such specials had been drawn on by us. I have taken it from these requests that it was best to let these specials be drawn as fast as they are received in N.Y. so as to clear your accounts of them and let the details be handled in our ledger here.

Yours sincerely,

[Handwritten signature]

#194-370
1924-32

*The point is not that
he draw them early - not
this at all - but that they
should be labelled when
he does draw them.*

1057

UNIVERSITY OF MICHIGAN

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UNIVERSITIES
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JOINT OFFICE

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COPY FOR DR. J. LEIGHTON STUART.

November 21, 1924.

PEKING UNIVERSITY.

Mr. O. J. Krause,
Peking University,
Peking, China.

My dear Mr. Krause:

I attach herewith our trial balance of October 31, 1924, three copies of the cash statement, carbons of the journal vouchers for the month, travel statement of Miss Marian Ferrin, the invoice of the John Simmons Company, and shipping and insurance papers on Mr. Bocker's shipment of lumber.

May I ask you hereafter to draw no drafts against current account special on the basis of the cash statements only, but rather upon specific statements and authorizations in letters from us? These will be sent to you usually in connection with the monthly cash statements. In another letter, I shall review the condition of the current account special, in order that we may understand just where we are on it. My reason for asking you not to draw upon the basis of the cash statement is that you have already drawn Gold \$2,500. of the amount given by Mrs. Willard Straight which is not subject to draft from the field as yet. It is entirely possible that you may have confused this with another item given by Mrs. Straight, which makes it all the more important that drafts upon these items should be based upon letters and not on the cash statements.

You will note from the trial balance that at the present date, there is no cash in the building account here. This is due to the fact that in accordance with the authorization of the Finance Committee, instead of borrowing from the bank to carry our campaign overdrafts, we are borrowing from ourselves. We anticipate some additional receipts on building funds shortly, but I must urge that you delay drawing on us on building accounts as much as possible. We here, of course, are endeavoring all we can, to raise the money to offset these campaign expenses and restore the funds to the building account.

You will, no doubt, have noted on previous balance sheets, as on this, the continuance of two Managers reserve accounts. These represent balances left over on the years indicated after we had met your Mexican appropriations and are thereby savings due to our wise policy of overestimating the exchange rate. These reserves you will find, by our enclosed statement, have been applied to offsetting some of the deficits and to reducing the loan from the plant account to the campaign account.

1059

Mr. O. J. Krause.

2

I enclose a copy of a letter which I have written to Mr. Britton concerning the \$200. which he refers to in his letter of October 16th to me, as designated for his departmental use. Whatever the adjustment on this item may be, I am referring the matter to President Stuart, requesting him to confer with Mr. Britton on the basis of the information of what I have provided and to advise you accordingly.

I enclose a statement of the amounts we have disbursed to Mr. Eubank against the Famine Funds, and which are, of course, against the approved Famine Funds Budget for this year. Adjustment should be made with him on any balance or sums advanced, and his account should be checked by you with the statement enclosed.

I note your letter of September 15th to Mr. Moss concerning the deduction of Gold \$30.50 from the salary payments of Mr. Nash to meet insurance premiums. The handling of the matter as indicated in your letter is satisfactory, but you should note that the amount charged against your current budget account will appear in several items, and not as a single total. The cash disbursements for September, 1924, give an example of this.

May I call your attention, in the October cash statement, to the amount starred, \$20.00 from Miss Roberts for Mrs. Hung? This is simply the transfer of a personal item and you are authorized to draw it at once, and pay it to Mrs. Hung. It does not enter into the budget of the University's work at any point.

Cordially yours,

Assistant Treasurer,
Peking University.

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COPY TO DR. J. LEIGHTON STUART.

PEKING

November 26, 1924.

PEKING UNIVERSITY.

Mr. O. J. Krause,
Peking University,
Peking, China.

My dear Mr. Krause:

I want in this letter to answer specifically your letter of October 14th regarding the items on the current special accounts.

First, as I indicated in a previous letter, please do not draw on this account on the basis simply of the cash statement sent you monthly. On all these items, please await a specific authorization which will be sent whenever the matter is entirely cleared at this end. I have already indicated that the draft of \$2,050. against the \$2,500. of Mrs. Willard Straight's fund should not have been drawn. When this draft comes in, we shall charge this item to your current budget account and you should so adjust your entries in Peking.

Secondly, with reference to the items of expenditure which we may have against any of these accounts, it seems to me better to have us charge them at this end against this account rather than to route them through the Managers' account. In this account, they can be treated in the same way as we treat our other expenditures here, by charging them against the Managers' account. The exception which I am making in this matter is the account of the gifts for Mr. Vernon Nash, where so much has already been charged against the Managers' account, that we will not try to disentangle it, but will handle it in the manner in which it has been started.

I enclose authorizations for drafts on these special accounts as they now stand. I have noted upon them in ink the fact that since this statement was drawn up, we have had notification from you of additional drafts, and therefore, the authorizations on some of these items are, in a sense, already exhausted before they reach you. This statement, however, will serve to keep clear our action.

The reason why we had to ask whether you had drawn on us for such and such specials was, I presume, because it appeared to Mr. Moss that you must have drawn some of these specials in the Managers' current account. If you had not done so, then the matter is entirely clear, so that the point about drawing is not so much that these amounts be drawn early, but that we have specific indication on the drafts that they are for one or another of these items.

1061

I presume that whenever these drafts refer to salary items, you may draw them semi-annually or quarterly, but that we leave entirely to you. We do not wish to crowd your bank account, and, yet, on the other hand, we like to keep up our own without embarrassment to you.

Faithfully yours,

Assistant Treasurer,
Peking University.

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PEKING

PEKING UNIVERSITY.

December 2, 1924.

Mr. O. J. Krause,
Peking University,
Peking, China.

My dear Mr. Krause:

Replying to your letter of October 22nd, concerning draft #170, may I point out that Mr. Niant sent this draft to the Board of Foreign Missions with his order for the Century Company and when the order was completed and the cost of shipment added, it totalled \$300.23. The Methodist Board of Foreign Missions instead of presenting to us the draft, presented to us the bill, which we paid. We have the draft, but we did not pay it.

It seems to me, so far as I can see, that there is no advantage in your making out drafts of this kind for transactions through the Methodist Board or through ourselves here in New York, particularly, as the exact amount is not learned until after the whole shipment is completed.

We handle scores of items for books and other things for the University of Nanking on the basis of an effective system of requisitions by which an estimated amount is entered as a provisional charge against the budget on the field, so that they always have a knowledge of the outstanding requisitions. Then, when the order is completed, the bill is paid here, and charged against the Managers' account, the requisition being our protection against overdrawing on the item.

In writing to Mr. Harris, I have indicated to him the advantage of this procedure and I am securing copies of the requisition forms of the University of Nanking for consideration in this connection, if this procedure should seem advisable to you and Mr. Harris.

In conducting the business of the University, I am quite sure that we could save quite an amount on the cost of the books, for we can secure jobbers' discounts, while the University, by dealing directly with the publishers, can secure, I think, nothing better than trade discount. This is a matter to be worked out later, however.

You are correct in the second paragraph of your letter of October 22nd that the draft #171 was for \$10,000. The error was not due to your office, but to our making out the voucher for \$5,000. \$5,000. Drafts have been so steadily your habit, that we slipped up on this item.

Will you please give the enclosed certificates to Mr. Bransford Eubank?

1063

2.

Please also pass the insurance dividend certificate to Mr. Nash.

I enclose herewith authorization to you in connection with the gifts of Mrs. Myron C. Wicks for the salary of T. C. Chao. This is in the current account special and is your authorization for drawing \$333.34 more than you have drawn to date, if you have to draw it.

I enclose herewith the trial balance sheet for November 29th and two copies of the November cash statement together with the supporting bills and journal vouchers. You will have noted that the general famine fund account is \$3,000. overdrawn. You will readily understand that the heavy schedules on which I have been working on the building funds matter have consumed considerable time and I have not yet had opportunity to dig into this famine fund matter, but I hope to at an early date. Incidentally, you are lucky to get these cash statements at this time, as these were the first finished before Miss Lane's nephew came down with scarlet fever, and I do not know how soon I shall be able to get out the cash statements for the other universities for this month.

In this same letter I am enclosing for your use a copy of my letter of December 8th to President Stuart on the whole matter of the building operation finances. I am sure that this will make clear to you the seriousness of the situation.

You will recollect that most, if not all, of the journal entries made here, recording the receipt of funds on the field and authorizing us to make adjustments between our funds here in accordance with the facts of receipts and disbursements on the field, have usually come in letters. I think it would make our practice a little more satisfactory if upon each item of this kind, you would write a separate authorization covering the matter, sending it to us in duplicate, similar to the authorization which I am sending to you now in reference to items in the current account special. We can then file a copy with the journal voucher and not have the information in the letter buried in the voucher file or have the authorization for the voucher buried in our correspondence file. There are a number of items upon which I think you should now send us authorizations for journal entries. They are as follows:

- (1) The \$10,000. received by you on the field from the London Missionary Society for the construction of two residences which I understand are now going up;
- (2) The Bashford Memorial Library Fund of \$6,000. represented, I presume, on the asset side by books in the Library of the same value;
- (3) The D. L. Sheffield Library Fund of \$3,000.

Am I not correct upon these items?

We are following up the matter of the University of Southern California amount, and I will notify you as soon as we can secure results.

Let me acknowledge also your letter of November 7th with the balance sheet of the Construction Bureau of November 1st, and your report showing drafts.

1064

With reference to the relation between your building operations undistributed account and the overhead and materials sections in Mr. Gibb's accounts, let me state that I do not think there is any relation at all between these accounts and that the adjustment of your building operations account should be made without any reference to his, but on the basis of the specific items in the account which, as shown by our letters to you in May and November, consists of specific items paid for here, which must be distributed against individual buildings when the materials are used, on the basis of those specific items.

It is evident from your letter that you are writing off more or less arbitrary sums, as they are in even thousands of Mexican dollars and that they have no particular relation to the actual disbursements in this account. I do not see how it is going to be possible for us to settle this account unless the distribution is made as I have suggested and I know that Mr. Gibb has already distributed in his accounts some of the earlier items at least, in this account. I am therefore not making upon our books the transfers which you have suggested until we come to agreement as to the way in which these transfers should be made. Much of our disbursements in this account consists of materials which have gone into the Woman's College buildings, as I indicated in my cablegrams of December 6th and December 10th and in my letter of December 8th to President Stuart, enclosed. Your cablegram reported that you had drawn at your end on this item from the Woman's College. This means that you have therefore received from us and from the Woman's College double the amount required by these purchases, and that we do not have any record upon our books of the amount that you have received. Your list of amounts drawn, dated October 24th, enclosed in your letter of November 7th, did not show your building operations undistributed account which is, I take it, the same as on our books, diminished by any receipts from the Woman's College. It seems to me that these are the alternative actions:

(1) If you have not secured from Mr. Bowman the amounts necessary to pay for their items or their portion of any items in this account (which because of being utilized in the buildings can definitely be charged against them), then you should notify Mr. Bowman of this amount and authorize him to pay it to us, helping our cash situation very materially. At the time that this is done, you should notify us of the items and amounts, so that we can check these off against the actual disbursements in this account.

(2) If you have drawn from Mr. Bowman the amount to cover these items, you must then send us authorization for a journal entry covering the detailed items as indicated under the above paragraph, crediting your and our building operations undistributed account, charging your account for the Woman's College buildings and charging our building operations account or individual building accounts with an equivalent amount, thus showing that, by buying materials for the Woman's College which they have paid you for, we have, in effect, furnished you with funds for the construction of our buildings. If this amount is charged to the building operations undistributed account again, it will be in the same position as the item already in this account in the last of May, 1924, of \$18,204.68 which was in effect also a transfer of funds, and these two amounts may then be settled on the basis of actual reports by Mr. Gibb upon the cost of buildings.

The reason why I have said above that his overhead and materials items are not related to your building operations undistributed account is because even though the items listed in your account are to be charged against various buildings, at any given time he may have charged off a lot of these items, or he may not, and in addition, Mr. Gibb's overhead and materials sections contain many purchases made in bulk with whatever cash he has available and which will go into various buildings. Moreover, inasmuch as he pools in these funds all

the amounts he receives from you and does not carry a special account for individual buildings equivalent to your represented Mexican disbursement to him, the whole matter of the relation of his accounts to your schedule of amounts drawn is somewhat fictitious. We note, for example, that you have shown as disbursed to him \$74,515.46 Mexican for the Administration Building, while he has disbursed \$41,289.31 Mexican. On the other hand, we note that on Dormitory #2, you have disbursed to Mr. Gibb \$29,419.45 Mexican, and Mr. Gibb shows a disbursement for the dormitory of \$33,061.92 Mexican. Again, on the Winde Building, you have disbursed to Mr. Gibb \$50,927.75 Mexican, while he shows disbursed against the building, \$67,605.30 Mexican. An even larger item is the difference between your disbursement to him for residences and his disbursement for residences.

Will you not let me know your plans for working these out, so that the correct amounts in Gold and Mexican will, in due time, appear as the costs of these buildings? In this connection, may I call your attention to the fact that the disbursements upon the Recitation Building which are for the cost of the plans appear in your account as \$6,805.44 Mexican, and in Mr. Gibb's account as \$6,763.18? As this represents a disbursement here, I cannot see any reason for the difference in the figures and I note that in the preceding Construction Bureau balance sheet this amount was stated as \$6,805.44 Mexican.

I note that in Mr. Gibb's account there appear what I assume to be some disbursements for land. For example, under residences, there appears \$6,348.96 Mexican; under permanent investment, there appears "Property, Land" \$15,593.47 Mexican. If any of these amounts represent parcels under negotiation, they might stay there until the transaction is completed, but where the items are completed, I think that you should send to us authorization for journal entry, transferring to the land account these items and eliminating them from the building operations account. Wherever this land item is for residences, it should be reported separately from the miscellaneous additions to the main campus. It may be that the best place to record this adjustment is over against the \$18,204.58 which represents a cash disbursement not tied to particular materials.

It would seem to me that inevitably you are going to have to make adjusting entries between the various buildings in order to represent the facts of the costs of the completed buildings, unless you keep down the amount with which you charge Mr. Gibb on any one building to a sum known to be within the total completed cost. This will undoubtedly mean that some miscellaneous account will have to do the adjusting and I am hoping that the account will be the cash items which are in the building operations undistributed account and that the actual materials and services items in this account can all be cleaned out against individual buildings.

You understand, of course, that in this whole matter I am quite ready to be corrected on the details or principle, but I have felt that the way to clear up the matter most rapidly was to state how it looked to me, with the hope that if it looked the same to you, we could proceed to clear up the problems involved and come to as fine a result from the accounting point of view as I am sure Mr. Gibb is going to come to in the construction of the buildings themselves.

Faithfully yours,

Secretary, Peking University.

1066

PEKING UNIVERSITY

MEMORANDUM TO MR. O. J. KRAUSE

SPECIAL GIFTS OF MRS. MYRON C. WICK FOR SALARY F. C. CHAO

PEKING

DISBURSEMENTS

1/10 23 To cover campaign expenses as part of 7/1 22 was for this purpose	\$ 333.34
6/9/23 Draft #140	2,166.66
Draft #229	2,500.00
	<u>\$5,000.00</u>

RECEIPTS

July 1, 1922	\$2,000.
January 17, 1923	1,500.
August 13, 1924	2,500.
	<u>\$6,000.</u>

The original pledge was \$1,500. a year for three years. We, however, budgeted for 1922-1923 \$1,666.66 and as she has paid an extra amount we will allow this to stand as the annual figure for three years which totals \$5,000. The extra amount was given to cover campaign expenses and we will hold the balance of the extra amount to that purpose. You have drawn \$4,666.66 and are authorized on the three year budget to draw \$333.34. But Mr. Chao did not come in 1922-1923, I think, and for only a half year in 1923-1924, so that if you draw the \$333.34 referred to you will have in hand the amounts not only to June 30, 1925, but for a year and a half more. We have no assurance that this gift will continue though it may. If it seems to you and Dr. Stuart that some other schedule using the amount you have on hand is desirable, please advise us.

Assistant Treasurer,
Peking University.

EMN/KJL

1067

NORTH CHINA MISSION OF THE METHODIST EPISCOPAL CHURCH

43 HATAMEN STREET, PEKING

PEKING

G. L. Davis, Secretary
O. J. Krause, Treasurer

Foreign Missions and C. I. M. Codes
Cable Address "Methodist Peking"
Telephone 3699 E.

December 26, 1924

Dear Doctor North:

This is to acknowledge your letter of October 28. I would also express my appreciation of having you again at the other end of our University line and I would also join you in the hope that we may keep the University's financial affairs in ship-shape condition. My only difficulty in connection with that work is the difficulty of finding sufficient time to go into all the details to keep these accounts where I feel they should be kept. In this connection I am very happy in the hope that on Mr. Harris' return all these items can go over entirely to him as treasurer and that he will be allowed to give his full time to this important division of the University work. The actual transfer of the treasurer's ledger and accounts to Mr. Harris will probably have to wait until the close of the school year when the accounts can be brought up to date and closed and Mr. Harris' work as treasurer commence with the beginning of the school year.

I note that nothing has been done as yet in connection with the adjustment of the city site account referred to in my letter of July 9. I trust that when you have time to go into the matter you will find my statement perfectly clear and be able to make such entries as are necessary for bringing our accounts into agreement.

✓ I note your suggestion that I draw the balance of the Burt Friant loan fund, so as to clear your account. Already I have done so as you will find as per advice of draft #262 for \$75.00 under date of December 3.

✓ I thank you for calling attention to the fact that the amount to be deducted for Mr. Eubank for insurance premiums is \$9.70 and not \$.70. With best greetings of the season, I am

Sincerely yours,

O. J. Krause
O. J. Krause.

JB/K

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This was supported
by Mr. Harris
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PEKING UNIVERSITY
PEKING, CHINA.

December 26, 1924

Dear Doctor North:

Your letter of November 26 is just received. In this letter you are urging an immediate reply in regard to adjustment of the account known as Building Operations Undistributed. I believe your letter and the questions it raises have already been answered fully in my letter of November 7. In that letter I am reporting adjustments made in the Building Operations Undistributed account. As intimated, in that letter, it is not possible to touch the Building Operations Undistributed account in my general ledger, which corresponds to your own ledger account there until the adjustments are made in the Construction Bureau accounts indicating where the various sums have gone. As stated in my letter of November 7, so long as the Construction Bureau items for Overhead and Materials are more than is shown in my account for Building Operations Undistributed, it seems unadvisable to touch the undistributed account in our books. There is still another check in addition to the Construction Bureau Overhead and Materials account and that is the showing of the individual building account in the Construction Bureau accounts as compared with the amounts shown in my ledger as drawn for these several individual buildings. My letter of November 7 will make entirely clear the process which we are using to keep these accounts up to date.

I believe that the matter will be more clear to you in the office there now since we are sending to you monthly balance sheets for all building accounts showing both the amounts drawn for the various building operations and also the showing of the amounts that have actually gone into the various buildings as reported by the Construction Bureau. From the Balance sheet which I have just sent off showing the accounts to the end of November, it will be seen that the Womans College accounts were practically covered by the drafts already made on their funds in Chicago. Their accounts are entirely covered now by drafts since the making of those balance sheets. The reason why the statements in your hands at the time of writing your letter showed that the Womans College buildings had expended more than we had drawn was the fact that Mr. Gibb had made distribution of overhead and materials. This threw into their building accounts immediately quite a large sum, which had not been sufficiently anticipated in our earlier drawings. As soon as this happened practically all our drafts on New York ceased and we drew on Chicago steadily for our current needs.

In answer to your paragraph suggesting that I should authorize you to make the necessary journal entries showing that we had received capital funds from Chicago and applied them to the expenditures of construction of men's college buildings, I would say that notice of each draft on Chicago is being sent to your office. This has been done now for some time and I notice from your statements that the entries are made in your

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are expended

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PEKING UNIVERSITY

PEKING, CHINA.

Page 2--Doctor North.

ledger as drafts are reported from here. As intimated in a preceding paragraph, these funds drawn on Chicago are duly credited to their accounts and the funds are used in the work of the construction bureau regardless of what buildings the individual dollars go into. The charging up of actual items going into buildings is the work of the Construction Bureau and they are keeping our accounts up to date quite consistently, so that whatever is shown in their Overhead and Materials account represents Undistributed Overhead for the time being and Materials in the process of use in the various buildings.

Yes but
yours is different.

I note your reference to the complete schedule of disbursement on Building Operations Undistributed account and that you are enclosing a further statement of April 30 to the end of October, covering the items entering into this account. May I report to you that these items as they have been reported to us are regularly sent to Mr. Gibb for incorporation in the proper building accounts in his ledger, so that all of the items shown in your statement just received are already incorporated in the building account in Mr. Gibb's ledger and the balance sheet which has been sent you for November shows the building account to date, including all of the items shown in your statement that had been received in the monthly reports to that date. The items since that date have gone regularly to Mr. Gibb and have been treated in the same manner.

The double

In your statement just received I notice the item for architect, six thousand dollars, has been taken out. I note too that your current statement for September shows that the amount paid was \$6880.71. I am wondering why the different amount in your special statement. The amount that has entered into our Building Operations Undistributed account is \$6880.71. As noted in your letter, we are expecting to receive from you the distribution of this amount later.

7
repl.

I am passing on to Mr. Gibb your suggestion "that any items that can possibly be charged against individual buildings before they are actually used in the buildings, be so charged" for his attention. I know that all items that are distinctly charged against individual buildings are immediately charged. I very much question, however, the advisability of charging against buildings materials that may be used in the future in said buildings. I think Mr. Gibb has had experience along this line and found that it is unworkable from a practical point of view.

I note your reply to my inquiry as to the amounts authorized for the various buildings and that you will look into the matter and send such a list for our information and guidance. In regard to the heating plant authorization of fifty thousand dollars, I note that that included the Womens College share also. I would call attention to the fact that I am not drawing on the Womens College direct for the heating plant. All the drafts for this particular item will be on you in New York with the expectation that you will arrange for reimbursements of your accounts

✓
for Chicago

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RECEIVED
U. S. DEPARTMENT OF JUSTICE
FEB 4 1926
J. P. OFFICE

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PEKING UNIVERSITY

PEKING, CHINA.

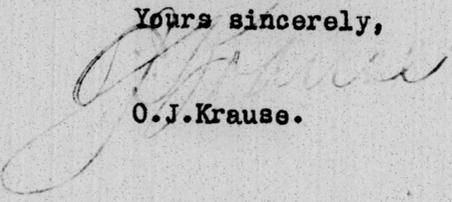
Page 3-- Doctor North.

for this item periodically. I note also that this fifty thousand dollars authorized must absorb all previous authorizations for trenches, engineer's fees and other items entering into this account. All the details in this connection are handled by Mr. Gibb and I am supposing that he has taken all these factors which you mention into account. I note your remark that the heating plant machinery estimate alone is something over sixty thousand dollars Gold, which in itself is more than the fifty thousand dollars authorized.

I notice your intimation that we would receive notification to cease drawing for building operations entirely unless we "arrange for Mrs. Frame to cable Mr. Bowman to pay the necessary amount to you." If I understand correctly the telegrams going back and forth about two weeks ago, ~~she~~ had reference to this particular matter, so that as shown in those telegrams, there is nothing to be drawn from the Chicago office for the moment. Besides as our accounts will make perfectly clear, we are drawing on Chicago for our current needs instead of on New York, thus relieving your accounts from drafts for the moment. It is my judgment that we shall only get all mixed up if there is any attempt at transferring of accounts from Chicago to New York. I have endeavored to keep our drawings so clear and distinct that there would be no possible chance of mistake in our various accounts and I am hoping that we shall be able to continue to keep them clear. The only way to do so, it seems to me, is to keep on the same line of operation as has been the custom to date. To change plans in the middle of our operations is apt to lead to confusion.

I trust that this letter together with my letter of November 7 showing a practical illustration of methods of handling the Undistributed Building Operations accounts will help to understand our finance reports as they reach you month by month.

Yours sincerely,


O.J. Krause.

JB/K

Not if the
Confusion
is already
there.

UNITED STATES GOVERNMENT
WASHINGTON, D. C.

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