Yenching
Corres
Krause, O J. 1925-1927

Peking University

January 28, 1925.

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

Dear Mr. Krause:

A letter regarding Franklin Lee written June 26th, 1924 to Mr. L. C. Porter by Mr. Moss contained this paragraph:

> "The seven hundred dollars was secured from Gamble's brother in Cincinnati, so that the University is only out the amount we have paid for the cablegrams to Mr. Gamble. I shall write Mr.Krause and ask him to take up with Mr. Gamble the question of reimbursing us for the cables."

We can find no record of a letter from Mr. Moss to you on this subject. The cables referred to are as follows:

May 16- Pettus, Peking. Li offer is accepted. Wishes to leave immediately. Are we authorized to advance money to him, and if so to what amount. ($7.10)

May 22- Pettus, Peking. Gamble we are asked to advance G.$1000. We sincerely regret that no funds available for that purpose. Can you advance the amount needed. ($6.10)

June 30- Nassau, Peking. Gamble Lee left a few days ago. Have written you on the subject. ($5.10)

On June 19th the following telegram was sent to Mr. Porter, on which there was a charge of $1.83. Altho the note above referrs only to cables, we thot you might also mention the telegram, so give it as well. The total amount thus expended was $20.13. Will you kindly confer with Mr. Gamble on the matter of reimbursement, and report to us?

"Gamble cables you as follows: Is there any truth in the rumor Franklin Lee is married. Situation very delicate account family affairs. Successful research will be prevented. University opposed to employing if report confirmed. Must cancel. Make best arrangements possible. We leave all in your hands. Lee is married. We have advanced Seven Hundred Dollars. He sails June 28th from New York. You will have to do the deed. We refuse."

Very truly yours,

Assistant Treasurer,
Peking University.

CLL

燕京大學

To E.M.N. for information.

PEKING UNIVERSITY

PEKING, CHINA.

PEKING

February 13, 1925

Doctor J.L.Stuart
Peking

Dear Doctor Stuart:

I have read the letter to you from Doctor North dated January 9 and note that plans are shaping definitely for the transfer of the property to the Methodist Board. In connection with the transfer of the property, it is not enough for the trustees to record the action as noted. It is necessary for them to order their president or treasurer to issue a power of attorney to someone here in Peking to represent the trustees of the Peking University in making this transfer to the Board of Foreign Missions. Until such a power of attorney is in hand, no legal transfer can be effected. It ought not to be necessary to suggest this to Doctor North and yet the fact that their action does not authorize the issuing of such a power of attorney leads me to wonder whether it would not be better to intimate to Doctor North the need for such a document. Before we can execute the proper document with the International Bank this power of attorney is probably necessary because they should want us to show clearly the rights of the Board of Foreign Missions to the property. Mr. Bennet understanding the situation here and recognizing the fact that he is dealing with mission boards, might accept the statement of Doctor North showing the action of the trustees as sufficient for the time being. However, I am sure that he would want to insist on having proper documents from the trustees of the University to make the transfer final.

As I see it for the time being no steps in the matter of transfering the property are possible for us to take. Inclosed I am returning your letter for your own files. I am making a copy of the letter for my file as treasurer of the University, so that there will be available more than the single copy of this particular letter.

Yours sincerely,

O.J.Krause.

JK/K

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

PEKING

OFFICE OF THE TREASURER

February 24, 1925

Doctor Eric M. North
New York City

Dear Doctor North:

Your letter of November 26 has been in hand a little while waiting for attention. Item one in this letter has now been adjusted as per your December 1924 statement. In regard to your item #2, I note that you suggest that it would seem better that items against ~~some of~~ these special accounts be charged against those accounts directly there rather than sending the items out in our regular accounts, handling them here by entering them in the proper accounts. From my experience of about twenty years I would beg to differ from this method of handling these accounts. The sta-tement received from you in Vernon Nash's account shows what happens when attempting to keep two accounts at two ends of the line separated as far as we are. Ever since the arrival of Mr. Nash I have been looking for the items that should have appeared, so as to bring his account to date, but until your statement was received it did not appear that any charges had been made on his account. It keeps our accounts here very much out of date for us to have to wait for specialized statements on sundry accounts affecting the University finances. The statement in connection with the Britton account is also another illustration as to the same uncertainty as to the details of an account until the receipt of your special statement covering his account. If these items had been regularly charged to our current account, they would have entered regularly into our accounts here and the special gifts covering these accounts drawn in the ordinary course of business.

Better card statement

I might as well frankly confess here that I am not satisfied with the present system of statements from your office on our current account. We are left too much in the dark on a number of details until, as in the cases memtioned, we receive special sheets of statements. Then it becomes necessary to take these special statements and incorporate such items as are shown there in our accounts in some way or another. In case we have drawn all the special gift funds covering certain of these special items, it becomes necessary to credit the trustees' current appropriation account with the items that have been paid out on these special accounts, so as not to overdraw the special funds account. I am hoping therefore that as time goes on, it will be found in your work there that it makes for clearness besides economy of effort to have all items affecting our current account pass through the current accounts statement and letting the sifting to the proper accounts be done here, where eventually it has to be done in any case. If the regular monthly statements coming from your office are clear, there is hardly any chance of their being placed in the wrong accounts at this end.

2

other details?

3. From my observation in handling University accounts, I have come to the conclusion that it would be a good thing to have in our University accounts here a full statement of all the resources and funds of the University whether these resources and funds were located on the field here or in New York City. As we are handling the accounts at the present time our annual statement, for example, does not show the full operations or full situation of our University. Practically only our field operations are shown in these annual statements. To my way of thinking, our annual statement ought to cover the entire field of operations of our University, the New York as well as our deta-ils here. My thought in this suggestion is not to increase very much the work of accounts at this end. It would simply mean the incorporation in our accounts of those items of expense and income which now are left entirely in your accounts there. Of course, in regard to the matter of the office budget there, our work here might simply take account of the sum total for the year that is appropriated for the work and leave it at that so far as details are concerned. ~~here~~. When it comes to endowment and permanent funds, it would simply mean that these items as they come out in your monthly statement would be incorporated in our permanent accounts ledger here. In order to begin this, it would be necessary to accept one of your balance sheets as the starting point in setting up the accounts here which are not already in our accounts.

I am writing now in regard to this general question that it may be in your own thinking. As soon as Mr. Harris returns, I shall pass on to him this suggestion that he may be revolving it in his own mind and come to some conclusion on the matter. I am wondering what has been your own reaction on this particular matter since we have been handling these accounts these past several years.

Yours sincerely,

O. J. Krause

O. J. Krause.

Re putting yes in budget arrangement

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

OFFICE OF THE TREASURER

February 25, 1925

Doctor Eric M. North
New York City

Dear Doctor North:

Herewith I am sending the balance sheets for the Construction Bureau and a statement shwoing the amounts drawn in both Yuan and Gold. It happens again in our report that several of the building accounts in Mr. Gibb's statement of expenditures show a larger amount than the corresponding accounts shown in my statement as funds drawn. Again I have brought together the various items in Mr. Gibb's account corresponding to our Building Operations Undistributed account and find that his items total Yuan $234,616.50, while my account shows only $225,294.77. The figures in my account, however, take account of the items which I have written off from this account and have already reported to you.

I would call attention to the Woman's College accounts, which show that Yuan $532,558.27 have been drawn while expenditures total $520,255.37, which indicates that this account is covering for the time being some items as yet undistributed into these buildings.

In this connection I would like to reply to your letter dated December 2, which has to do with the interrelationships of the accounts between Mr. Gibb and myself. I would say that my letter of December 2 6 has given what seems to me a fairly full statement of the situation as it is being handled here, and gives what seems to me is a full reply to the questions you are raising in pages three and four of your letter. However, I shall go into the matter again in the hope that I may possibly state the matter somewhat differently, which, taken with my former letter, will aid to a better understanding of our aim here in handling the accounts as we do.

I note first of all that you remark that you do not think there is any relation at all between our accounts, expecially as related to the "Building Operations account, undistributed," and Mr. Gibb's Overhead and Materials section. It is true, there is no detailed relation between these to when it comes to all the items entering into his and my accounts. There is, however, a vital relation between them when it comes to making adjustments of the items covered by these two sets of accounts. All the items reported to us under the head of Building Operations Undistributed are reported immediately to Mr. Gibb and he in turn charges them against the proper building account, just as soon as the material has actually gone into the building affected. He holds in his Materials accounts any

and Chicago

items that have come out through your accounts until materials have actually gone into one or other of the buildings. This, of course, is also true in the case of all materials purchased locally or with funds drawn from New York, whether the materials are from Europe or America.

It is true that my writing off from the "Building Operations Undistributed" account is more or less an arbitrary matter, but it keeps definitely in mind the amounts shown in Mr. Gibb's accounts as going into the various buildings. No amount is written off until it is seen that it is warranted by the showing of Mr. Gibb's accounts. The writing off in this matter is an attempt to keep our drawings or what may be considered our income items for the various buildings in as close touch with the actual building operations as possible, so as to avoid excessive drawing on one or other of the buildings. I think it should be kept clearly in mind that my statement of accounts is a receipts side of a statement while Mr. Gibb's statement is the expenditure side of the statement. Looked at from this point of view, they will not agree until a building project is completed and all the items in and final adjustment is made between the two sides of the account. The fact that the accounts for certain buildings show that more has been drawn than is shown expended is due to error in judgment as to the rate of progress on certain buildings. Progress as it turns out does not agree with our estimate. It happens also on the other hand that some other projects forge ahead of our estimate. You mention a number of items on page four where there is shown a large discrepancy between the accounts in the two statements. In this paragraph you make the statement that Mr. Gibb does not carry a special account for individual buildings equivalent to my represented Mex. disbursement to him, "that the whole matter of the relation of his accounts to your schedule of accounts drawn is somewhat fictitious." In this connection, I think it would be fair to object to the use of the word "disbursement" to him, because it is in no sense a disbursement. It is simply an advance on account for which the Construction department is responsible to show the proper disbursements as time goes on. I have already intimated that my account is an endeavor to keep track of the receipts for the various building projects and is not at all intended to show the fact ~~that~~ of disbursements as they occur from day to day.

In accounting my statement in our accounts in the final settling up of accounts will simply be the liability side of our ledger showing the funds received for certain projects. Mr. Gibb's accounts when the accounts are adjusted will be the assets side of the ledger and will show what funds have actually gone into the building projects. The transfer which I am making from time to time from the "Undistributed Building Operations" account to the various building accounts is an effort to keep the income side in line with the actual outgo without drawing any funds from you or from Chicago. In other words, it is allocating these funds drawn for undistributed items to the various buildings,

so as to avoid having the "Building Operations Undistributed" account hanging throughout the whole process of building operations and then finally distribute it to the buildings as shown necessary by the accounts of construction.

I note what you say in regard to the recitation building account where Mr. Gibb's account in one balance sheet shows $6763.18, while in a preceding statement it showed $6805.44, which is in agreement with my account. I had not noticed when this particular change occurred in his statement and failed to take note ~~that~~ and find out why the difference. The amount should be as shown in my statement unless it happens that sometime or other a notice of refund of a certain amount came from your office which was passed on to Mr. Gibb, thus affecting his while my own item remained the same as covering the actual amount reported earlier. This particular item I shall take up with Mr. Gibb to know just why the difference.

In regard to items for land and other unauthorized items appearing in Mr. Gibb's accounts, I have not attempted to make drafts on you or to distribute into corresponding accounts in my ledger amounts to equal his expenditures believing that I had no authority to make these transfers. These extra items have been covered by funds drawn definitely for other buildings. The proper way to cover these would be to reduce the amounts I have drawn for certain buildings that are much in excess of actual expenditures to date and allocate these amounts to land account. I have not attempted to report any of these land transactions because at no time have they been complete, so that it should require two or three reports on these particular items and it has seemed to me the wisest plan to let these items stand as they do at the present time until we are fairly certain that the land transactions are complete. When they are complete the item can be reported and a corresponding sum taken as I have suggested from certain buildings or from the "Building Operations Undistributed" account. However, here again I am still of the clear conviction that my "Building Operations Undistributed" ought to keep very close in total amount to the total amount of Mr. Gibb's Materials and Overhead expenses account. The main reason for this is our effort to keep our building accounts individually on the receipts side as near to the actual expenditure on these individual building accounts as is possible. The Building Operations Undistributed account is the intermediate account where these adjustments can automatically be brought into play.

In your next to the last paragraph you are suggesting "that inevitably we shall have to make adjusting entries between the various buildings in order to represent the cost of the completed building unless you keep down the amount with which you charge Mr. Gibb on any one building to the sum known to be within the total completed cost." This is exactly what we realize and we are endeavoring to keep our amounts drawn on the individual buildings below what is the estimated cost of the building

completed. Your surmise as to the adjusting account is correct in that it will be the "Building Operations Undistributed" account. It is for the purpose of this final readjustment that I am endeavoring to keep this Building Operations Undistributed account even with the Materials and Overhead total of Mr. Gibb's accounts.

I hope I have helped to make clear what we are doing in our accounts here, so that you will be satisfied that the outcome will be in harmony with actual facts.

Yours sincerely,

O. J. Krause

O. J. Krause.

PEKING

Peking University.

February 27, 1925.

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

My dear Mr. Krause:

I have now to clear the matter of the Famine Fund accounts. I have before me your letters of August 13, October 11th and 13th, and December 20th. I may preface this letter by saying that under somewhat different conditions and circumstances I have had to write a similar letter to the University of Nanking in an effort to disentangle what appeared to me to be confusion in which they were involved in their request to the Trust Company for funds.

I have taken note of your comment at the end of your letter of October 13th with reference to the matter of the combination of accounts. It does not seem to me, however, that this quite justifies the procedure which appears in your financial statement, and which seems to me to have added considerably to the confusion. If the disbursements of earlier years are to be carried over into the Famine Fund account, I do not believe that on such a budget the income and expenditure from funds other than Famine Funds should be shown. It seems to us here that the responsibility of the University in the handling of Famine Funds is to show them as a clear, distinct and separate budget without confusing them with any other items which the University receives for the work of the Department of Agriculture whether they be gifts of salary, income from student fees, or similar items. Of course if some of these should appear as credits in the Famine Fund accounts, well and good, but from our point of view they are two distinct budgets,- one, the budget of the Department of Agriculture, and the other the budget of the Famine Funds. The budget of the Department of Agriculture will include of course the Famine Fund items, but in the Department of Agriculture budget these items ought to stand separate and distinct from other items and should be labeled as Famine Fund items. This should also apply to all the accounts involved. The Famine Fund items should appear specifically as expenditures against the Famine Fund budget, only so is it possible for us to render a clear and precise accounting for the use of these funds in which the public is probably more interested than in any other fund which the university possesses. We ought to be sure that our administration is in this respect without fault. Of course I know that there has been no misapplication of funds, but our accounting situation ought to be far more clear than it now is. Let me indicate how this applies.

The Famine Funds Committee has voted that unless they take action to the contrary, all specific items on unexpended balances on all appropriations lapse at the end of the fiscal year. In certain cases they provide for carrying forward specific items. This would seem to mean that the appropriations that lapse are not the appropriations in total, but the unexpended balances upon each item of the appropriation. It thus becomes necessary to determine exactly what the Famine Fund Budget items are, and the expenditures against the specific Famine Fund items. Applying this principle it appears, as I shall indicate later, that the total over-expenditure on the items upon which there has been over-expenditure, is $8,901.25 Mex. instead of $6,200.25 Mex. which is the figure you give as the gross over-expenditure. The balance existing upon items which are under-expended are, some of them,- to be carried

over into next year, according to the action of the committee. There is, therefore, nothing to apply upon this over-expenditure. In other words the over-expenditure of specified items on the Famine Fund Budget does two or three things. (1) The Committee may require that the University, as it has over-expended on the budget, must itself find the funds with which to cover this over-expenditure, which means that we are in the hole for $8,901.25 Mex. This would be a perfectly proper action on the part of the Famine Fund Committee, and indicates the seriousness with which we must regard any over-expenditure on these budgets. (2) The Famine Fund Committee may, upon application, authorize the University to apply against this over-expenditure sums drawn from the Famine Funds and spent, but not legitimately spent, for this over-expenditure. (3) The Famine Fund Committee may make an appropriation in the new year to cover this over-expenditure, which would be practically the same as the above (2), for the balance of Famine Funds which you would be forced to show on your books as existing, when these over-expenditures are treated as disallowed on Famine Fund appropriations, would then be the amounts which would be used to wipe off these over-expenditures. Let me show the process by which I arrive at the figure I have given. This will also illustrate the application of the points I have made above.

On Table 1, enclosed, I have, 1st, listed the budget of the department, as I understand it, which includes the items upon which the Famine Fund appropriation for that year of $28,000 gold is to apply. I have then taken in Col. 2 items appearing in your budget of income for that year which are derived from funds from other sources, these total $8,850 Mex. I have distributed these in Col. 2 against certain items on the budget, where it seemed to me they might be made to apply. This is of course somewhat arbitrary, as some one else's judgment might put them elsewhere. I know that the effct would not be greatly altered if they were put at some other point, so long as they are not placed as credits which would have the effect of reducing the Famine Fund budget on items where the committee has voted to extend the credit into another year. Deducting these items from Col. 1, I arrive at Col. 3, which represents the Famine Fund budget totaling $55,508 Mex. which is the amount budgeted by you as expended income from Famine Funds.

In Col. 4, I have listed the gross expenditures as appearing in your statement of June 30th, 1924, with one exception of the items for Animal Husbandry which you give as $80.31 Mex. To this I have added an expenditure of $1,081.56 gold, which we paid here to Mr. Eubank for salary and expenses for the months of May and June 1924. It is necessary that these be included for any clear and accurate statement as of June 30th. The items that go to make up this amount of $1,081.56 all appear on our cash statements which you have received, and may be summarized as follows:
Salary--- $280.60, telegrams,-postage, etc.---- $102.11, travel in assembling cattle, etc.----$698.85, making a total of $1,081.56, This is, at two for one, Mex. $2,163.12, and, added to your figure of $80.31, makes a total of $2,243.43 Mex., which I show as the gross expenditure up to June 30th on Animal Husbandry. Col. 4 then shows the gross expenditures of the Department of Agriculture for the period ending June 30th, 1924.

Col. 5 and 6 show the gross balances on items on which there are balances, and deficits on items where there are deficits. This may be useful to you for checking. The net difference is your $6,200.25 less the disbursements we added here of $2,163.12 making $4,037.13. In Col. 7 I have distributed the actual income, other than Famine Funds, received, according to your balance sheet (which was larger than the income budgeted) against the items for which there was no budget at all, second, against items where it seemed to me a deficit was threatened. I have distributed these as far as they will go.

#3- Mr. O. J. Krause.

Col. 8. I have deducted Col. 7 from Col. 4, so that Col. 8 represents the actual expenditures against the Famine Fund budget. If now, Col. 8 is laid over against Col. 3, we have shown the relationship between the Famine Fund budget and the Famine Fund expenditures.

Col. 9. This shows the balances and Col. 10 the deficits, item by item.

On this basis it appears that the deficits total $8,901.25, and the balances $21,490.93. It is this amount of $8,901.25 that gives me concern. I have indicated above what it seems to me to be necessary to do to settle this.

Taking up now the matter of the unexpended balances carried forward into next year. These are stated in action 28 of the China Famine Fund Committee. They are referred to here as "Items in the Budget", but in some cases the items in the budget are larger, so that I assume these items represent the amount which the Famine Fund Committee is ready to authorize to have carried over, unless it shall have been spent prior to June 30th, 1924.

In Col. 11, I have given what appears to me to be on the basis of the budget of expenditures, as I have worked it out, the amounts which were authorized to be carried over. In the case for example on the Animal Husbandry, we were authorized to carry over as much as $3,050 Mex.,- on this item our expenditures leave a balance of $2,426.57, which we will carry over. In the case, however, of Animal Feed the amount expended on total appropriation is $1,025.80, while the committee authorized carrying over only $900. Therefore I have supposed that the only amount we could carry over was the amount named by the committee. This process I have followed throughout the column, and it results in a total being carried over of $19,892.07 Mex. Your calculations on a rather smaller number of items as appearing in the Treasurer's notes attached to the financial statement of June 30th, show a total of $20,400 Mex. in contrast to our total of $19,892.07 Mex.

The next item that we have to take up is to find out what gold balance there is in the original appropriation from the point of view of the Trust Company, which can be applied upon these carried over authorizations. The following tables show the process of determining this amount. It consists esentially of the balances on hand in New York, Washington and Peking.

Table 2. Status of the Trust Company's account.

Total appropriation	$28,000 gold	
Disbursements to New York Treasurer to June 30th, 1924. . .		$18,058.96
Disbursed for land advanced by N.Y.Treasurer before June 30 but not collected from Trust Co. until Sept.30th		6,753.25
Balance of appropriation held by the Trust Company		3,187.79
		28,000.00

Table 3. Receipts & Disbursements- New York.

Received to June 30th, 1924	18,058.96	
Received Sept. 30th for land.	6,753.25	
Disbursed to Peking Treasurer- draft paid to June 30th. .		6,000.00
Disbursed in New York to June 30th		1,081.56
Draft drawn by Peking in June and included in Treasurer's receipts and therefore belonging in accounts for the year ending June 30th, tho not paid in New York until July 25th		9,018.65

#4- Mr. O. J. Krause.

(Table #3 continued)

Advanced to the Field in 1923 for land		6,753.25
Balance in hands of N. Y. Treasurer		1,958.75
Totals	24,812.21	24,812.21

Table #4. Receipts & Disbursements- Peking Treasurer

Mexican realized on drafts on N.Y.Office (gold $15,081.65)	29,955.21	
Received for Land in 1923 on gold $6.753.25	13,000.00	
Disbursed in N.Y. $1,081.56- realized at 2 for 1 . . .	2,163.12	
Col. 8, Table 1, \includes the amount disbursed in New York but not on the Peking Treasurer's statement to June 30th, namely $2,163.12) . .		42,468.32
Balance on hand in Mex.		2,650.01
Totals	45,118.33	45,118.33

Table #5. Summary of Balances on Hand.

Trust Company, Washington . . . . . (gold)		3,187.79
Peking Treasurer . . . . . "		1,325.00
New York Treasurer . . . . . "		1,958.75
Total		6,471.54

So far then as the Trust Company is concerned all that is available to apply against the authorized appropriations carried forward of Mex. $19,892.07 , or gold $9,946.03, is $6,471.54 gold.

In stating the balances in this form I have assumed that the Famine Fund Committee will allow the over-expenditures on items over-expended to be covered by the sums drawn, and that the University will not be in a hole by this appropriation; but of course if the Famine Fund Committee does not allow this then the balance that is available toward the carried over authorizations is larger by Mex. $8,901.25, or gold $4,450.63, which the University will have to supply from other funds because it has used Famine Funds for this purpose. Or, to put it in another way, the disbursements which are chargeable against Famine Funds will be $8,901.25 Mex. less, and the balance which you would have to show would thus be that much greater. This amount $4.450.63 gold, plus the balance given above,namely, $6.471.54 gold, makes $10,922.17, which is just about enough to cover the carried over authorizations of $19,892.07 Mex.

This shows that it is not a matterof loss in exchange that has produced this situation, but that it is a direct matter of over-expenditure in the budget. If the Famine Fund Committee authorize the covering of over-expenditures from the funds you have drawn to make those over-expenditures, then they will put the Trust Company in an impossible situation, because the Trust Company will then be called upon to furnish from the total balance of $6,471.54 gold, Mex. $19,892.07, which is an impossibility.

Just here let me indicate how the authorization of the China Famine Fund Committee may, in respect to the loss in exchange, also produce an impossible situation for the Trust Company. This is a supposed case. The Famine Fund Committee approves an appropriation of gold $70,000; the budget puts this at Mexican $140,000. The Trustee disburses, say $65,000 gold, which brings on the exchange market to the University, say,Mexican $120,000. The University spends this Mexican $120,000, and the Committee(let us suppose) authorizes the carrying over of the unexpended balance of Mexican $20,000 at "two for one"; this calls for gold $10,000, but the Trustee has available of undistributed appropriation only gold $5,000. The Famine Fund Committee is thus, probably unwittingly, in the position of having instructed the Trustee to pay only gold $70,000, and then to pay out of the gold $70,000, gold $75,000.

#5- Mr. O. J. Krause.

The effect in the case of loss in exchange and in the case of the over-expenditure of the budget are of course the same, because the loss in exchange appropriation means an over-expenditure in Mexican on all the gold amounts assumed to be at two for one, but not actually so. You have I observe protected the loss in exchange situation by getting an appropriation of gold $28,000 to cover what I have calculated to be a budget of $55,058 Mex. No doubt, however, there is some loss in exchange involved in these present accounts.

Returning now to the question as to what to do to get out of the tangle produced by the over-expenditure on the items of the budget. These are the possibilities: 1st, a direct additional appropriation by the China Famine Fund Committee to pay the over-expenditure on these items. There will then be available, as I have indicated above, $10,922.17 to cover the carried over authorizations. 2nd, an authorization by the Famine Fund Committee to allow the over-expenditure to be covered by the amounts already drawn followed by the authorization of an additional appropriation sufficient to cover, with the actual balance in hand $6,471.54, the carried over authorizations. If everything is taken at a two for one basis both ways, the carried over authorization of $19892.07 Mex. will require $9,946.03 gold, leaving (after having applied the $6,471.54) $3,474.49 gold as the amount the Faine Fund Committee should direct the Trust Company to provide. This of course will not cover the loss in exchange.

With this situation in view I venture to make the following recommendations: 1st, that the Department of Agriculture budget be so arranged that, if there be an appropriation by the China Famine Fund Committee to cover some item in the budget, that item be labeled Famine Fund, and that if the budget of expenditure contains items where the total budget expenditure of the department is greater than the amount provided by the Famine Fund Committee, then the Department of Agriculture should show two items. For example, Animal Feed, Famine Fund, $900,- Animal Feed, Other, $300, and when disbursements are made they should be charged correctly against one or the other of these items, and your ledger should show Animal Feed, Famine Fund, as a separate item. The budget presented to the Famine Fund Committee and approved by them would then consist of the Famine Fund items in the budget of expenditure, and unless specially arranged, the other budget of income of the Department of Agriculture and the other budget of expense of the Department of Agriculture would not appear in the budget presented for action by the Committee, tho it might be presented to them for information.

2nd, in order to cover the over-expenditure on over-expended items, the Famine Fund Committee should be asked for an additional appropriation of gold sufficient to meet this, and this should be a separate and distinct appropriation and not tied up in any way with the others. You, I feel, would be better able than I to judge whether or not to put this up to the Committee. It seems to me that it ought not to meet unnecessarily with disfavor for the Department of Agriculture has to its credit the securing of an income from other sources more than twice as large as they budget, and as these cover some $7,600 Mex. of what would otherwise be additional over-expenditure. If it is not wise to ask the Famine Fund Committee for this direct appropriation, then it will be necessary for the Department of Agriculture to find a way in which to squeeze this amount out of the earnings of the department for the year, otherwise there will be insufficient funds available from the appropriation of 1923/24 to meet the items of carried over authorizations. Of course the Famine Fund Committ may be will-

#6- Mr. O. J. Krause.

3rd, I recommend that the apparently inevitable confusion as to the matter of exchange be brought to the attention of the China Famine Fund Committee, and that a clear and definite understanding be reached as to a process by which the exchange problem can be dealt with. In this connection, the universities should be told by the Famine Fund Committee whether they are to disburse the funds on a Mexican basis or upon a gold basis, then of course the Famine Fund Committee must take the responsibility for the adjustment of the exchange loss, or for letting this loss be absorbed by such balances as may remain unused. You will note that this is in effect the case with respect to the budget for the year 1923-1924. If the Committee does not do this, then the universities must perforce add to the budget sumittted to the Committee each year, a forecast of the rate of exchange that will protect them in their expenditures.

4th, I would urge that an understanding be reached with the China Famine Fund Committee as to what is meant by "lapsed balances" on appropriations, and whether the statement refers to the total appropriation or to the items of the budget. Because of the interest of the public in this matter, the authorizations of the Famine Fund Committee should be entirely clear upon this item. It would indeed be an advantage if some way could be developed by which every year specific approval could be given by the China Famine Fund Committee to the over-expenditures incurred, and to the applying to those overexpenditures the balances unexpended. It would seem to me that specific action upon this item would protect the university from possible criticism. This of course should be done early in the fiscal year. It then might be possible to have approved the carrying forward of such balances as appeared and which the committee desired to have carried forward, rather than having this done in April, before the balances were actually known or in the succeeding April nine months after the beginning of the fiscal year. It might be possible for the Famine Fund Committee to have a sub-committee or some arrangement as to action by correspondence that would cover this item.

I am sending copies of this letter with the statement to President Stuart and to Mr. Chamberlain, and beg your indulgence for the long, and I am afraid somewhat involved, analysis I have made. If you will be patient with it, I think you will find in it the germs of some ideas which we certainly will have to work out if we are to be clear in our handling of these extremely important trust funds.

You will no doubt note the bearing of all this upon the amounts which you are free to draw for this year, and the Trust Company is waiting for a statement from me as to just what the authorized carried over funds, unexpended balances and lapsed appropriations are. I, of course, would not venture to make such a statement until after you had cleared the analysis which I have given. When the whole thing is worked out, I think it would be well for you to send me a new financial statement "as of June 30th", or at least stating the items that we are to include in that period, so that I may have the correct data upon which to make my request to the Trust Company for additional payments.

I want to make one correction of what I think must be a misunderstanding. In your notes on the financial statement you refer to the balance in New York as being $755 gold on the 30th of April. I wonder whether you have not confused the April receipts of $755 which appear on the April Cash Statement, with the actual balance of cash as of April 30th which happened to be $9,487.02. Of course this is not significant now, inasmuch as we are working on the basis not of April statements but those of June 30th.

Trusting that you will survive this avalanche of words, I am

Faithfully yours,

EMN/CLL
Encl.

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

PEKING

OFFICE OF THE TREASURER

March 13, 1925.

Has O.K. in there also all the disbursements in our offs.

Rev. Eric M. North, Executive Secretary,
Peking University,
New York City.

Dear Doctor North:

Enclosed herewith I am sending the construction accounts for February. Please note that I have added on the sheet showing the drafts for funds also the expenditures as shown in Mr. Gibb's statement, so as to have them for ready comparison. There are variations again, as previously, and as is inevitable. The building operations undistributed account is nearly even at this time, taking the two items together, 26 F 1 and 26 F 2.

There is quite a difference in the dining hall accounts. The reason for it is already known to you no doubt. It is that we are not drawing on this account directly for funds, and the item in Mr. Gibb's accounts covers work undertaken before definite word had been received that this building could not be proceeded with.

In regard to the dormitories it will be found that the total expenditures and receipts differ by only $10,000.

There is quite a difference in the land account. We have since making this statement drawn on you for G. $5,000 to cover a part of this excess expenditures.

There is a wide margin between the receipts and payments in the land improvements accounts. It will be necessary sooner or later to draw on you for funds to cover this, or let the adjustment of the account wait until the completion of our building program.

The Women's College accounts show $19,500 to their credit on the total of their accounts. After further distribution of the overhead and materials accounts by Mr. Gibb this difference will be wiped out.

It is to be noted that the difference between receipts and expenditures is $13,500 in favor of receipts. This is not a large margin for the large amount of work carried on.

Enclosed herewith find authorizations to incorporate in your accounts amounts received from the London Missionary Society and Princeton in Peking for residences. These amounts came into our ~~Mission~~ Construction accounts and are placed in our residences accounts. I am not keeping these items in separate accounts since it has seemed best to let the amount come under our general account for residences. In your accounts it may perhaps be best to show each amount in its own account, on Credit side

The accounts between this office and yours check O.K. with the exception of one or two. In this statement of course it is necessary to bear in mind that a number of drafts in our accounts had not as yet reached you. In checking the accounts the following items are still missing in your accounts: In my letter of

January 10th I mentioned an item of G. $500 in the Women's College accounts, a seeming error in your accounts. Before this this item will no doubt have been checked by you and corrected, or I shall be receiving word from you that my checking is in error. Then, it seems that draft #156 for $5,000 in the Women's College accounts is still not in your accounts. This item was also mentioned in my letter of January 10th.

I failed to incorporate in my building operations undistributed account the G. $5,328 appearing on your journal voucher #92. This item has been taken care of in our March accounts. My treatment of the item is to take this amount from our building operations undistributed and bring it in to the Women's College accounts as applying on architect's fees paid to you by Mr. Bowman.

Yours sincerely,

G. Krause

March 25, 1925

Mr O. J. Krause
Yenching Ta Hsueh
Peking, China

My dear Mr Krause:

I have your letter of February 26th with reference to the matter of requisitions. I had given Mr Harris a set of requisitions used by the University of Nanking with the suggestion that he take up the matter with you when he returned to Peking. Now that he is not returning I am sending another set to you. In the set of instructions the treasurer referred to is the treasurer in China. It seems to me that these forms fit in pretty thoroughly with the requirements of careful budget control and before anything is done with shaping up requisition forms for Peking, I thought it would be well for you to see these and to give us your comment upon them.

I have also your letter of February 20th with the balance sheet for the Construction Bureau and your comment upon the Building Operations Undistributed Account. As I have already written you, I have surrendered on this subject.

The thing, however, where I feel the most embarrassment is the fact that we do not know at any time here what are the accounts which Mr Gibb has spent for items upon which there is no authorization, that is, accounts for fences, roads and miscellaneous items which are necessary no doubt for advancing the construction of the buildings but which are not covered by any definite appropriation. These items are buried in Mr Gibb's statements and because you do not assemble them as final items on your books they are not reported to us and we do not know where we stand with reference to expenditures of this kind. I have a suspicion that there are a number of land items of the same kind, and it would seem to me that at least every quarter these items, so far as they are of a permanent nature, ought to be reported straight through to our books so that we shall know at least as often as that what amount have been spent for items that are not coverdd by any receipts of authorization.

You say in the paragraph in the middle of page 3 that you have not attempted to make drafts upon us or to distribute in corresponding amounts in his ledger, amounts to equal his expenditures because you have no authority to make these transfers. You have as much authority to make these transfers as to purchase the land and ~~make ex-~~ penditures, and the lack of authority it would seem to me ought to operate to bury these items in undistributed charges or charges floated against buildings. It would be our distinct preference that the expenditure-

reported completely without reference to the matter of authorization. The authorization affects the making of the expenditures in the first instance but not the necessary accounts which should show completely on all our books what expenditures have been made. May I therefore urge that you assemble these items and report them up to the present date and then and thereafter quarterly.

I much appreciate your patient attention to the complicate matters contained in all these items.

Faithfully yours,

Secretary

EMN/JW

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

OFFICE OF THE TREASURER

March 26, 1925.

Dr. Eric M. North, Executive Secretary,
Peking University,
New York City.

Dear Doctor North:

Your "avalanche" dated February 27th reached me night before last. A glance at your statement told a story of an expenditure of considerable time and thought on our agricultural budget. I have gone through your letter and have examined the statement which you sent but have not had the time to follow out in every detail the figures you show in the statement. I realize I believe fully the object of your remarks and agree very heartily in the effort to have our agricultural department budget so clear that there can be no question whatever on the part of our China Committee or any other persons who may be interested in it. However, I do not yet feel that separating our budget into one covering our local income and another covering only the famine fund side of it should be necessary for the proper accounting of these funds. My understanding of the situation has been that the Famine Committee is approving a total grant to our budget supplementing the local budget, and that it has not been our thought that appropriations were made in detail and that each item was definitely appropriated. These items at best are estimates and necessarily will vary from the estimates shown. We have been going on the theory stated and have considered that so long as we keep our expenditures within the total budget authorized there would probably be no question in regard to the matter.

There is one exception, however, to this, and that is where items are listed under Capital Expenditures for Property or Equipment. These items should not ordinarily be automatically transferable to the current budget. Dr. Galt, the chairman of our committee on Agricultural Department, has just been in to go through this whole matter, and together we have been to see Mr. Bennett, a member of our China Committee, for suggestions as to how we should handle the matter. From our conversation with Mr. Bennett I have gained the impression that the Committee has thought of our budget as a total one and that lapses should cover excesses within the budget. The impression gained is also that our budget should be a combined one, somewhat as it is at present, so that our total operations would be shown, including local income and famine fund income and appropriations. The plan is to take up the questions you raise with the China Committee at its next meeting early next month for definite instructions in regard to handling these matters.

The question you raise in regard to exchange is vital, and actions of the China Committee have not been clear on this point. This will also be taken up at this meeting so there can be no question as to the meaning of the appropriations. In looking back at their action last year in one place the amount is stated to be Mexican on the basis of two-to-one, while in another connection the amount appropriated is stated definitely as a gold amount. In practice we have been going on the supposition that the appropriation is a gold one and that we can only draw to the total amount of the appropriation in gold and not the total at two-to-one for Mexican.

These remarks are merely in the nature of an acknowledgment of your letter and to indicate that your questions are receiving attention and will be definitely covered by the coming meeting of the China Committee after which full report will be made by Dr. Stuart and others who will have the matter clearly in hand.

Yours sincerely,

D. Brauser

Ok of the F+C so understands

Dr. Stuart is sure will be able to give us a satisfactory report at next meeting of the China Committee

PEKING

PEKING UNIVERSITY.

May 14, 1925.

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

My dear Mr. Krause:

I enclose herewith the Employment Agreements for Mr. Paul A. Anderson and Mr. Roy C. Tasker. They each have their signed copies, and we have signed copies in this office.

There are a number of important matters raised by your recent letters, and I shall clear them up as quickly as I can, trying to get most of this material to you before the closing of your books on June 30th. I can see that a number of items have given you extra trouble, and we shall try to see if it will not be possible to arrange the methods of our budgeting, especially in connection with special gifts in a way more satisfactory to you.

Cordially yours,

Secretary,
Peking University.

EMN/KJL
ENC. 2

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

PEKING

OFFICE OF THE TREASURER

May 10, 1925.

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

Dear Doctor North:

Your letter of April 10th with balance sheet for March 31st and cash statement for the month of March came to hand O.K. Your new form of balance sheet strikes me as very acceptable. I seem to find my way through it much easier than I did through the old forms.

I have checked all the building operations accounts with our ledger and find that we agree in all the accounts except three. Your account 22 B, Land Improvements, stands at $9860.68 while ours shows $8860.68, a difference of $1,000. Your account 26 Z stands at $8809.80 while ours shows $9809.60, also a difference of $1,000 on the other side. I am wondering why there has not been a shift of this $1,000. So far as I could find no voucher or other reference accompanied the statement to give me a clue to the variation in these two accounts. In account 26 M, Residences, we differ by 6¢. I note in your statement for January, 1925, entry "Seattle Hardware Co. $921.57" seems to have been taken in totaling as $921.51, while in our accounts here the item has been taken as $921.57. This causes a difference of 6¢. Kindly let me know the correct amount for this item.

In checking our accounts I find that our bookkeeper in posting entered an item of G. $5,000 to account 26 F 3 which should have been entered to account 26 F 5. This correction has now been made and the correct amounts will appear in our next statement for the Construction Bureau accounts. I found also an error of $10 in adding the gold column for 26 F 5 in my ledger. This correction will also appear in our next statement.

Mr. Wiant and I were checking our current account together yesterday and in the rough casting up of the accounts for our present school year it looks as if we were facing a deficit reaching perhaps $20,000 Mex. I have not been able to go into the accounts fully to be absolutely sure that this is going to be the actual situation. My impression is that there are still some current specials which we ought to be able to draw on so as to avoid any deficit at the end of the year. In this connection your section in the balance sheet dealing with our current general account holds out a ray of hope that while having a seeming deficit in the accounts so far as the actual budget arranged for for the year is concerned, it would appear that with balances in hand there and a balance in hand here from previous years it should not be necessary to carry over a deficit, taking all the credits available into account. Naturally, I do not favor using up accumulated credit balances unless we are absolutely compelled to do so. Some time ago in going over our resources Dr. Stuart spoke of the Hall Estate grant of G. $10,000, $5,000 of which had been voted as applying on our 1924/5 budget. Dr. Stuart at that time suggested that he felt that if we absolutely had to use the whole of that amount it would no doubt be made available for this present year. With that item and some balances brought forward from previous years we may be able to pull through O.K. However, until all the accounts for the year are in it is difficult to say just what the actual result will be. I am speaking of the possibility of a deficit that it may not take you unawares if later we shall have to report a deficit.

Yours sincerely,

A. Krause

Jacket [illegible] not [illegible] in your acct.

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

OFFICE OF THE TREASURER

June 12, 1925.

Ans'd in letter 7/15

Rev. Eric M. North, D.D.,

New York City.

Dear Doctor North:

A line or two in connection with the current account between us and your Office: Again in working thru the accounts to check up as closely as possible the idea that has been with me for some time has emerged anew. It is in the form of a question whether it would not be possible for your Office there to write into the Managers Current Account the credits coming thru special gifts for our current budget as fast as they are authorized, so that in our current account both debit and credit would appear definitely in one single account. A still better way as I have worked thru these accounts year after year it seems to me would be if at the very beginning of the year your Office there should place to the credit of the Managers Current Account the total amount authorized, including both regular contributions to the current budget and the special gifts that it is estimated will be received during the year for the current budget.

I do not see how our work out here can be managed very long on our present basis where only a certain part of the authorized budget is available at the beginning of the year. It goes without saying that after once the budget of expenditures is authorized there is very little chance that there will be much reduction during the year on that budget, and to be compelled constantly to follow the receipt of special gifts for the current budget and not be able to draw on current budget account until such gifts are actually sent in makes difficult going at times. Fortunately for the present school year the gifts have come in early in the year so that there has not been any serious difficulty up to the present. But I can see that our present methods are apt to be very unsatisfactory as time goes on. I am passing this question on for your consideration.

Yours sincerely,

Graves

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

PEKING
Rec'd

OFFICE OF THE TREASURER

June 16, 1925.

Write say no adequate answer to earlier letters re famine fund above.

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

Dear Doctor North:

Referring to my statement of March 4th in regard to the general Famine Relief Fund Account in which I reported having drawn G. $14,545.24, I would report that I have drawn since draft #341 for $2,000, and herewith you will find advice of draft #361 for G. $2,392.37 which completes the amount due us on this account according to our figuring here.

A tentative casting up of the accounts of the Agricultural Department leads me to believe that this department will close in good shape, having perhaps a small balance to go forward to the new account.

Yours sincerely,

G. Franklin

14545.24
2000.
2392.37
$ 18937.61
6752.25
25690.86

20

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

PEKING

OFFICE OF THE TREASURER

June 18, 1925.

Rev. Eric M. North, D.D.,

New York City.

Dear Dr. North:

Herewith find the Construction Bureau accounts for May 31, 1925. The accounts as you will note are running fairly even. Mr. Gibb's Building Operations Undistrubuted Account is considerably less this time than my drawing account. I shall be charging up to one of the buildings a sum approximating the difference between the amounts shown in our accounts. Report of this transfer will follow in due time.

Our Science Building No. 1 has overdrawn the receipts considerably and I am calling on the China Medical Board here for a remittance of $10,000 Yuan to cover this difference. It is to be noted that the total amount drawn for all accounts is about $10,000 more than Mr. Gibb's expenditures show. A partial explanation of this is the fact shown in my note, viz. that certain drafts shown in my receipts column belong actually to our June accounts.

Yours sincerely,

[illegible]

COMMITTEE ON BUDGET OF THE TRUSTEES
OF
PEKING UNIVERSITY.

150 FIFTH AVENUE - NEW YORK CITY.

JUNE 29, 1925 - 3.30 P. M.

Kindly notify Secretary
of any corrections.

Members of the Committee: *F. H. Warner
*E. A. Evans
*G. T. Scott
W. R. Wheeler
J. L. Stuart ex officio
*E. M. North " "

The members whose names are starred above were present; J. H. Lewis was also present.

The meeting was called to order by F. H. Warner, ex officio chairman.

The By-Law covering the powers of the Committee was read, as was action T-1848, April 9, 1925, giving the Committee on Budget power to increase the appropriation of M$67,607.38 made by that action, as justification might appear.

The Secretary presented a revised budget of anticipated expenditure and income as appended to these minutes, and after consideration, it was

B-1887 VOTED that the Board of Managers be requested to suggest an arrangement of pro-rating the charges of general administration against the colleges and schools of the University.

B-1888 VOTED that note be taken that the amount available for field appropriation on the new estimate based on assured income from endowment and designated gifts had increased from M$67,607.38 to M$91,559.00

B-1889 VOTED that the field be notified that the total appropriation available from the Board of Trustees for the year 1925-1926 is M$91,559.00, and

that the field be requested to adjust their budget of expenditure in the light of this, so that the budget balances.

The meeting adjourned.

ERIC M. NORTH
Secretary.

PEKING UNIVERSITY.

Budget - Trustees' & Managers'

Amounts Required from Trustees

(Division 1)

Travel allowances not required in China

			Mexican
A. Administration			22,025.00
B. Physical Plant			(none)
C. Arts & Sciences		$ 66,471.00	
Less:			
Eng.	$ 3,600.00		
Outfit	1,100.00	4,700.00	61,771.00
D. Library			5,416.00
F. Contingent			2,000.00
G. Spcl. Obj. not educl.			12,269.00
Total Mex.			$103,481.00

(Division 2)

A. Dept. of Agri.	(separate)
B. Leather	974.00
C. Dormitory Op.	(none)
D. Dining Hall	2,000.00
E. Residence	3,000.00
F. University Bookstore	(none)
G. Summer School	250.00
H. Moving	800.00
I. Transportation	1,000.00
Total Mex.	$ 8,024.00

Total Divisions 1 & 2	Mex.	$111,505.00

Amounts Received by Trustees.

	Gold	Rate	Mexican
General Income:			
Co-op. Boards	$ 11,500.00	2.00	$23,000.00
Invested Funds:			
Hall	3,298.69		
James	5,000.00		
Sackett	65.97		
Less C.O. $3,000.	8, 364.66		
	3,000.00		
	$ 5,364.66	1.75	$ 9,388.00
Designated Income			
For Nash	3,000.00		
Ennis	530.00		
Bartlett	1,142.00		
Mrs. Straight	1,000.00		
Mrs. Torrence	5,000.00		
Mrs. Thompson	1,000.00		
Mrs. Jenkins	10,000.00		
	$ 21,672.00	1.75	$37,926.00
Total Income			$70,314.00

Special

School of Theology

Budgeted	17,493.00	
Less - not required	3,000.00	14,493.00
		$ 14,493.00

Postponement of Quinsew Chengs coming.

Income from Investments			
Harkness (now)	2,440.89		
" (new)	2,500.00		
	4,940.89		
Designated			
Mrs. Owen	3,000.00		
Dr. Coffin	1,800.00		
Mrs. Wick	2,400.00		
	7,200.00		
Total Income	$ 12,140.89	1.75	$21,245.00
			$21,245.00

* Hope it will be more later.

COPY TO DR. STUART

TRANSFER

PEKING UNIVERSITY.

July 11, 1925.

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

My dear Mr. Krause:

I enclose herewith the Employment Agreement for Mr. Harold E. Shadick who is to come out as a teacher of history.

It occurs to me that Mr. Tasker may discover before he gets to Peking that Mr. Anderson has the expectation of a $500. outfit allowance, while he himself has only $100. You will note that this is because the contract with Mr. Tasker is for three years, and that with Mr. Anderson for five years. Of course, if the Andersons should return in three years, they ought to make adjustment, and similarly, if the Taskers should stay for five years, adjustment should be made with them.

The sailings of the new members of the staff are as follows:

Mr. and Mrs. Roy C. Tasker from Seattle, August 19th - President Grant for Shanghai

Mr. and Mrs. Paul A. Anderson from Vancouver, August 20th - Empress of Russia for Shanghai

Miss Dorothy Crane from San Francisco, August 22nd - President Pierce for Shanghai

Mr. Harold E. Shadick from Seattle, August 31st - President Madison for Shanghai

I am also enclosing a supplement to the Employment Agreement between the University and Miss Dorothy Crane, as I found that in error I had stipulated Delaware, Ohio, instead of Birmingham, Alabama, in the original agreement, in reference to travel expenses. Please attach this to your copy of the original agreement.

Cordially yours,

Secretary,
Peking University.

ENC. 2
EMH/KJ

PEKING UNIVERSITY. July 14, 1925.

MEMORANDUM TO PEKING ON THE BUDGET OF 1925-6 AS SENT BY PRESIDENT STUART DECEMBER 9, 1924.

Notes on Minor Adjustments.

1. Sheet 2; C II, 2b and c. E. O. Wilson salary and rent chargeable to Construction Budget and J. M. Gibb included here. Drop $5,220; put in $6,125. For calculation of amount collectible from C.M.B. Appropriation #2717 E. O. Wilson would have to be included instead of Gibb; but you cannot credit Gibb's support on Sheet 9 without charging it in on Sheet 2. If you charge Gibb to Construction you will have to credit him there also, which will leave nothing in current to cover E. O. Wilson.

2. Sheet 2; CII, 5b. Terman is charged as $2,780 and credited on Sheet 9 as $3,780. Sheet 2 should read $3,780. There is a slip also in addition of 5 Education. Revised total: $14,260.

3. Sheet 3; 8, Geography, etc. Error in addition; total should be $9,400.

4. Sheet 4; Physics. Error in addition; total should be $14,380.

These alterations make new totals on Sheet 2 - C is now $237,876; II is now $177,359.

5. Sheet 6; E Library I should be $1,500. and not $2,500. as charged on Sheet 1 B VII d. This makes Library total $5,416 and not $6,416.

6. Sheet 7. Revised total Division One $339,290.

7. " 7 Div. Two B I should be $2,500. as charged on Sheet 1 B VII f. and not $1,500. This changes Sheet 7 B Total to $8,500.

8. Sheet 8 Unless I Transportation is an item which is supposed to be self-supporting it would seem to me to go into Division One.

9. Revised totals of Budget of Expenditure:

Division Two	$ 99,550.
" " One	339,290.
Grand Total	$438,840.

10. Sheet 9 Budget of Income C II c2 W. W. Davis should be $10,055 see sheet 3, 7 a and sheet 4, III 5.

PEKING UNIVERSITY. JULY 14, 1925.

PARTIAL SCHEDULE OF AUTHORIZED DRAWINGS ON BUDGET OF 1925-6.

(To be replaced by a more complete schedule later.)

	July	August	September	October.
General	G$ 1,375.	875.	800.	1,750.
Less Home Admin.	250.	250.	250.	250.
	1,125.	625.	550.	1,500.
Designated Items				
Mrs. Wick (Theol.Sal.)	2,400.			
Mrs. Torrance (Chinese Sal.)	5,000.			
Harkness Fd. Inc. (for Theol. Sch.)			600.	
Total Designated	7,400.		600.	
Monthly Total	G$ 8,525.	625.	1,150.	1,500.
Cumulative Total	G$ 8,525.	9,150.	10,300.	11,800.

The Treasurer of the Board of Managers is authorized to draw the amounts named in the cumulative total after the middle of the month indicated - less drafts already charged against the July amounts. ~~Let~~ that about $3,500. has been paid out for travel advances, outfit, etc., in July on New Staff; this leaves about $3,300. actually available for draft.

PEKING UNIVERSITY. July 14, 1925.

SUGGESTED REARRANGEMENT OF CURRENT SECTION OF LEDGER AND BALANCE SHEET.

BOARD OF TRUSTEES.

General Section.

New No.	Old No.		New No.	Old No.	
31	141	General Current Exp.	131	131	Bd. Receipts A.B.C.F.M.
36A	143A	Home Adm. Central Office	132	132	" " L.M.S.
36B	143B	" " Incidentals	133	133	" " M.E.
			134	134	" " Pres.
			135	135	" " C.M.B.
			136	-	Designated Items
			137	136	End. Inc. Unrestricted
39	40	General Current Cash	138	140	Int. on Bank Balances

Famine Fund Section.

51	146B	F. F. Expenses & Drafts	151	146A	Famine Fund Receipts
59	46	F. F. Current Cash			

Special Section.

77	-	Man. Adj. A/C 1924-5	171	-	End. Inc. Undistributed
78	145	Accts. Receivable	172	41	Suspense
79	39	Special Cash			

Campaign Section.

81	142	Campaign Expense Current	181	137B3	Campaign Rec. Undesig.
	a. Salaries	d. Cables Tel. & Tel.	182	137B3a	" " " Lion Fund
	b. Rent	e. Publicity & Postage			
	C. Travel	f. Miscellaneous.			
83	141	Deficit Current 1919-21			
84	142	" " Campaign 1921-4			
86	142K	Office Equipment			
87	38	Petty Cash			
88	38A	Post Office Deposit	188	144	Accts. Pay. Loans fr. Pl.Fd.
89	42	Campaign Cash	188B	144	" " Loans fr. Spec.Fds.

PEKING UNIVERSITY. July 14, 1925

NOTES ON REVISED FORM OF BALANCE SHEET.

New No.

31 General Current Expense. To this account would be charged all general drafts on current accounts, all drafts on authorizations covering items in Account #136, all bills paid chargeable to this section for field purposes.

36A&B Home Administration Central Office & Incidentals - Same as old 143 A & B.

39 Current Cash General - Cash account for this section.

131
132
133 Board Receipts - Same as before.
134
135

136 Designated Items. - To this will be credited all gifts of income for designated purposes item by item; including restricted income from endowment funds and scholarship funds. Drafts for items in this account should be marked to show the specific item being drawn; these drafts will be charged to #31. Where income on these is assured, authorization will be given at the beginning of the year. When not assured, notifications will be sent as soon as available.

137 Endowment Income Unrestricted. - Only endowment unrestricted as to use will be entered here. Restricted endowment as Harkness Fund for School of Theology will be entered in #136.

138 Interest on Bank Balance. - Old #140.

Famine Fund Section - Comment is not needed.

Special Section. - This section is chiefly for New York use to adjust suspense and mixed items without interfering with the General Section.

171 Endowment Income Undistributed. - All endowment income from consolidated investment is entered here first; and then distributed (after clearing any accrued interest items) to special items in #136 and to #137.

Campaign Section.- Nothing need be said as it does not affect Peking operations.

71 Mgr Appropriation 1924-5 for current acct '24-'5

PEKING UNIVERSITY.

July 14, 1925.

Mr. C. J. Krause,
Yenching University,
Peking, China.

My dear Mr. Krause:

In this letter I will take up first the new form for the Current Accounts Balance Sheet and then the Budget for 1925-26.

1. New Form of Current Balance Sheet.

Enclosed is a schedule showing the rearrangement and notes on each item which I think make it clear. The division into sections is carrying further what we have already done. The account numbers are new. In operation, account #31 will represent what you have drawn for current work including "specials" at any given time. We will keep track of the Mex. equivalent and thus know how you stand on the total authorized to you in Mex.

2. General Budget Procedure.

I note your suggestion that we put the Designated Gifts to your credit at the beginning of the year as in your letter of June 12th. We would like to do so, but it is impossible for us to authorize this. The Methodist Board underwrites certain designated gifts because they have others coming which they can assign if some fail and at that they have trouble enough. The best that we can do is to state at the beginning of the year the Mex. amount we are prepared to guarantee that you can have from us during the year - this includes the designated items we are sure enough of to risk guaranteeing. But we cannot put to your credit the whole budget to be drawn before we receive it. Furthermore, most of these designated items are for salaries which you only pay month by month and as far as cash is concerned, a couple of salaries available early in the year should carry several salaries till the other guaranteed designated items become available for draft. We ought to see that there is enough hin hand to keep you going.

Of course, where an assumption is made by, say, Dr. Stuart, or Mr. Lewis, that a designated gift will be available and a man is secured and put salary, we cannot undertake responsibility until either the cash is in or the Budget Committee or the Trustees here authorize its being underwritten. Even then, it would have to be subject to the limitations of the preceding paragraph. I think one of the dangers is a verbal impression from a hoped for donor that doesn't really insure the gift; there have been four cases of this kind in the last two years - two of which cut us down about $3,000. on income we should have had to protect our guarantee or to meet your expectations beyond the guarantee.

To meet these difficulties, it seems to me that the best thing we can do (outside of Mr. Lewis's efforts to raise more funds) is to give you a schedule showing just when and how much you can draw on General Current and to keep you advised promptly of any additions to the authorizations.

The best thing you can do on the field is to limit your budget to the amounts guaranteed by the Board of Trustees; then, if additional amounts do come in, well and good. It is very important that no deficit be incurred. We are still carrying here the balance of the deficit on Current Managers' Account (not Campaign) for 1919-21 - G$6,610.32!

3. Budget for 1925-26.

I am sorry not to have gotten this to you earlier. If I had, it would have been less. I enclose first a memorandum of errors which appeared to us to be on your budget as sent forward by President Stuart under date of December 9, 1924. I enclose a statement of the Appropriation of the Board of Trustees for the Budget 1925-26 with notes. The General amount appropriated is Mex.$70,314.00 for general and designated items other than the School of Theology and the Department of Agriculture. This amount consists of Mex.$32,388.00 for general uses in the General Section and Mex.$37,926.00 for designated uses. For the School of Theology the amount available, otherwise unrestricted, is Mex.$8,645.00; restricted to salaries, Mex.$12,600.00; total, Mex. $21,245.00. For the Department of Agriculture, outside of Famine Funds - an amount to be reported later when we are assured of the special gifts. (I think G$1,000.00 is certain; but of this - later.)

You will note that the Theological School Budget of income is more than the budget of expense. This led to the vote in the attached minutes to raise the question of spreading the charges. I am not in sympathy with this myself, but the time for me to speak is after the judgment of the field is expressed. Naturally, however, if a School is away ahead and the general budget is shy, it would be helpful to have some of the overhead charged to the schools, etc.

You will also discover that the amount on the first section is short of your request for appropriation by about M$40,000. We hope that a large part of this difference is due to the expected extra expense of operation on the new site, which will be saved this year, to a considerable degree.

When the proper committee has revised the budget for the year, will you please see that we are sent a full copy (corresponding to the Mission "Redistributions"), so that we can know just what basis you are operating on. If it could be parallel columned with last year's, this would be very helpful.

4. Schedule of Drawings on Budget.

I am not quite ready to give the full schedule of drawings for the year, as some of our investments are being changed, and I do not yet know the dates when interest will be paid on the new ones. I enclose a partial schedule which will be replaced by a fuller one in a month or two. You are authorized to draw after the middle of the month indicated the cumulative total at the bottom of the column (less amounts already drawn), but in the case of the Designated Items please state on the draft or on your advance notices (which are much appreciated) what designated items, if any, and how much on each you are drawing. Please note that the heavy disbursements here for outgoing staff, etc., much reduce the actual amount you can draw for July.

5. China Medical Board's Appropriation #2717.

I wrote you and Dr. Stuart on May 6th asking whether you preferred the C. M. appropriation to be paid here or in Peking, but have not heard. The C. M. B. has

written indicating their preference to pay here. Under these circumstances, I will wait a week or two more, and if I do not hear from you, will write them and suggest that the payment be made here, quarterly, in the first month of the quarter, at the rate of exchange for the day (which they much prefer) and that on the completion of the fiscal year, we will certify to them, on basis of facts to be furnished by you, the amount spent by the University on the three departments, and if we are not up to the amount agreed for their maximum payment, will credit the balance in hand from them to the next year's appropriation. They will regard the amount they pay in any one year as an advance until we certify our side of the bargain; they then enter the advance as a payment. This is the way a similar matter is handled at Hankow and as the C. M. B. are used to it, it seems the most practical. The amount involved in this will appear in the later schedule of Authorized Drawings. It will give us funds here to meet purchases of supplies and equipment also. In drawing this, draft should be tagged as for this particular thing. Of course, we here do not guarantee to furnish anything more than the Gold amount the C. M. B. pays us - any loss in exchange between what they pay and you draw, will have to be borne by you; any gain is "velvet". There'll not be much either way.

Hoping that these procedures will facilitate your work for the University - which is very much appreciated, especially by those as close to it as I am - and welcoming any suggestion for improvement, I am

Faithfully yours,

Assistant Treasurer,
Peking University.

EHH/KJ
COPY TO DR. STUART

ENC. 5

August 1, 1925.

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

My dear Mr. Krause:

Your letter of July 16th referring to the Famine Fund accounts is noted. There is, however, no possible way of our verifying your statement as to the amount due you as those points in my letter of February 27th ("the avalanche!") which the Famine Fund Committee actions did not answer (and they answered a number) have not been covered by any letter from you. I do not think you have quite caught the point that the Trustee Bank thinks of these matters in terms of the exact appropriations year by year and that as a matter of fact the disbursements under the 1923-24 appropriation have not yet been cleared. I realize that with Mr. Harris' inability to return you have been much held up but hope that you will be able to clear this soon. The Bank wrote me a few days ago asking for some explanations and I gave what I could and staved off the rest, which must come from you. Without these we may get into an embarrassing position.

The following is my analysis and notes on it. If you can give the amounts asked about I can clear the rest with the Bank.

TRANSFER

Peking University

August 5, 1925.

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

Dear Mr. Krause:

Enclosed herewith you will find Trial Balance as of July 1st for the Current Section of Accounts, after adjusting the current accounts to the new arrangement. Also, Trial Balance and Cash Statement (the latter in triplicate) for the month of July (to July 31st, 1925).

Please note that in the Famine Fund Section, contrary to the letter I last wrote you on Famine Fund accounts, we have changed the account numbers, so that 51 and 151 are now to be the accounts for the appropriation of 1925/26, and accounts 52 and 152 are to be accounts in which we will clear the receipts and expenses of 1923 to 1925.

You will note that in accordance with earlier correspondence, account #77 starts off with a deficit of $1,327.25, but on the 31st of July we show a balance of $9,355.61, your draft #372 for $8,000 and a couple of smaller drafts being drawn on this account. We have nothing here to apply on this except account #176- Special Cash Reserve $4,074.68. If you can apply these special gifts against the accounts for 1924/25, send us authority to do so, and we will wipe out that much of the deficit. The list is as follows:

Gift of C.T.Ennis for salary of Thos E.Ennis		$530.00 ✓
Mrs. Perry Owen for Theo. salaries		1500.00 ✓
American Board on Bartlett's salary		1142.00 ✓
" " " Porter's "		749.90 ✓
Higginson Scholarship		55.00 ✓
A.D.Wolfe for Nash	36.00	
L.E.Letholt for Nash	26.78	
Kansas City Club for Nash	35.00	97.78 ✓
Total		4074.68

If any of these gifts should be transferred to the year 1925/26 so that you may draw them in this account, notify us and we will transfer them to #136.

You will note the large expenditure during the month of July in the Managers' Current Account #31. The cash statement will give you the full details. This should have a bearing upon the drafts you draw on us as as per our previous authorizations. We hope before very long to send you a

#2- O.J.Krause.

new schedule of drawings, which may help out this situation somewhat.

I think no comment is needed on the Endowment and Plant Sections. You may have had authorizations for some of these previously.

We are sending also under this cover journal vouchers #147 to #156, inclusive, and invoices covering disbursements.

Cordially yours,

Assistant Treasurer.

CLL/encl.

Pertuh Beach
Aug. 12, 1925.

Dear Stuart:

At last the Report for the Regent is ready. I tried hard to get it finished before leaving Peking, but on account of Owen being laid up for the Summer I came out a few days earlier than I had planned. ~~to do~~.

Unfortunately, we were not able to find the report for last year. Owen had a very hard time ~~for~~ where ~~the~~ our copy was. It has therefore been necessary for me to put in the amount to bring forward from such other data as I had available. I think I have used the right balance. Please check the balance I bring forward in Peking, with last year's report so as to verify my figures. Note that the amount in the statement this year includes the Women's College balance, as shown in foot note. If the amount I bring forward is incorrect then perhaps you & Dr. North can make the proper adjustment. If there is not possible, then it will be necessary to send me the amount shown as the balance in last year's report, to me & I shall

then have to see where I have made my error here. Otherwise, I am confident the report is correct.

I trust this reaches you still in good time to make the affidavit before leaving N.Y.

I trust too you will have had at least a brief lay up during the summer; and that those interests on account of which you took the trip are working out into your best expectations.

We are here till the 20th when we take to return to the city. Owen is doing well, still has slight rises in temp. each day. but otherwise he looks perfectly well and he feels fine; we do not anticipate being here much longer than the 20th on his acct.

With best regards,

I am, Yours very sincerely

J. Brown

燕京大學

PEKING UNIVERSITY

PEKING, CHINA.

September 5, 1925.

Rev. E. M. North, D.D.,

New York City.

Dear Doctor North:

Enclosed find again our Construction Bureau statement for July 31, 1925. I regret that the vacation period has caused delay in starting this report off to you. You will find the statement covering the usual items and running along in regular fashion. I have added at the bottom the few items shown in Mr. Gibb's statements which I had not formerly included in these statements. Believing that it makes for accuracy of checking these sundry items have now been incorporated in this monthly statement. You will note that these sundries are not converted into gold currency. I believe it will simply be a waste of time to convert these sundry suspense items into gold at the present stage of the work.

It is to be noted that the building operations undistributed account as shown in Mr. Gibb's statement totals less by about $45,000 than my statement of receipts so that generally speaking a distribution from your and my B.O. undistributed account might be effected at this time. However, it is also to be noted that the building operations H.L.S. and W. account in Mr. Gibb's statement totals about $30,000 more than the amount shown in my receipts column. Taking the two accounts which are somewhat inter-related, the difference is not a large amount and it is for this reason that I have not just yet attempted a distribution of this difference. I shall be taking up the matter with Mr. Gibb with a view to reducing this undistributed portion in the accounts as early as possible.

There is one other item which I believe you will have a question on, and that is the item of Science Building No. 2 in the Women's section of the statement, where the expenditures shown in Mr. Gibb's statement are about $7,000 Mex. more than that shown in my receipts column. And the total of the Women's College expenditures shown about $13,000 more than our receipts for their work. Since making this statement, however, we have drawn several drafts on the Chicago Office which will more than cover the difference shown in the statement. This has relieved the drafts on your office for three or four consecutive weeks. In all other respects I believe the statement will be perfectly clear.

Yours sincerely,

J. Frederick

燕京大學

CLF/HR

Mr Warner

PEKING UNIVERSITY

PEKING, CHINA.

September 5, 1925.

TRANSFER

Rev. Eric M. North, D.D.,

New York City.

Dear Doctor North:

During the vacation period and since my return at the end of August several communications have been duly received from your Office. These relate to the current budget accounts and also to the closing of the accounts for last year. I have not been able to furnish all details of last year's report as yet. We are in practical agreement in the matter of closing the accounts; however, I shall need to take time to go thru these matters in detail. I have been holding off also in order that I might have with me in finishing up the details for last year and in taking up the details of the new year the person who would be helping in these matters.

Doctor Stuart has no doubt reported to you the arrival of Mr. Stephen Tsai to take up the work of Assistant Treasurer, with a view to later taking up the entire work of the Treasurer. Since the arrival of Mr. Tsai I have been urging very strongly that Mr. Wiant who was Assistant Treasurer last year be allowed to give a portion of his time this year as Acting Treasurer, so as to become fully acquainted with all the details of the accounts as between here and New York. Mr. Wiant could then later take this work over to the Assistant Treasurer's office and pass over to Mr. Tsai these details. My thought in this is that since the work of the Treasurer, naturally, assumes large importance in my own thinking I have felt that Mr. Tsai's inexperience and youth make it essential that someone else be familiar with all the details entering into our accounting system as between here and N.Y. My thought was that in this way I could leave two individuals on the field more or less conversant with this work.

I find now that the Deans Committee is unwilling to have Mr. Wiant take any part in this program. Only last evening I saw Mr. Wiant and again emphasized my own position in regard to the matter. He is planning to report to me again on the final attitude of the Deans. If I find they are still unwilling to have Mr. Wiant become familiar with the work of the Treasurer I shall be compelled to have Mr. Tsai take up this work with me at once so as to be prepared to take the whole work over in the spring when my furlough comes. Our plans are to leave here in March, so whoever takes the accounts over at that time will be faced with the necessity of adjusting and closing the accounts for the school year.

I have just now learned that the Chinese members of the University who are especially interested in the administration of affairs have not approved of placing the full responsibility of the Treasurer's work in the hands of a Chinese. They feel as I understand that it is not time yet to take such a radical step. It will put a burden on one of their number which it will be impossible for him to carry satisfactorily; and their feeling is, so far as I can judge, that to make a beginning now and have it fail means a real set-back to their aim in pushing Chinese leadership in all these matters. I have urged too in our meeting where the question was up, this same point. I have also warned Doctor Stuart that to make this radical

change at the present time when all the funds, except those actually paid by the students in attendance, come from America seems most unwise. In my judgment our constituency in America is not yet prepared to accept such a change, and when definitely known by our people I fear there will be reaction. This will be doubly true in case of inefficiency in handling the accounts on the part of someone from among the Chinese taking over the full responsibility of Treasurer.

I am exerting quite a good deal of pressure upon the Deans to allow Mr. Wiant to start in this work with me, especially so because to make a start with Mr. Tsai who will then consider that the entire work will be placed in his hands will cause him to feel very much put out if afterward we should attempt to bring in Mr. Wiant or anyone else to take up the responsibility of Treasurer.

I hope very sincerely that Doctor Stuart has taken up this question very definitely with your Office in N.Y. so that your office and the Board of Trustees may understand fully what is attempted here in regard to this important work; also that they may have opportunity to face the problems of such a change. I feel very strongly that a change in this office should receive the full consideration of the Trustees and have their full approval before there is made any radical change. I have not thought of writing earlier in regard to this situation trusting that Dr. Stuart has all along made clear the plans and changes which he has been desiring made and I have not wished in any way to offer any hindrance to a change that I thought earlier was desired as well by the Chinese as by Dr. Stuart. Finding, however, that there is this strong feeling on the part of the leaders among the Chinese in the University, and knowing my own judgment to be against the change, I feel I must speak at this time.

An additional reason for speaking is the fact that the brief association I have had with Mr. Tsai inclines me to feel he is too young a man and too inexperienced for so important a work; and for his own sake as well as for the sake of the large interests of the University I dread to think of forcing on him the entire responsibility of the treasurership. I feel convinced also that Mr. Tsai has had very little technical training as regards accounting, which to me is an absolute essential in handling the accounts for the University. As I have intimated to you earlier, I have not handled these accounts as I think they should be handled when once a full time Treasurer is in charge. I mean by this that as I see it all the items going into your statement in N.Y. must somehow be incorporated in our accounts here, so that when making an annual report it will show the full financial workings of the institution. You realize as fully as I do that heretofore and up to the present we have not attempted to make a full statement in our annual reports. We have not even in our Treasurer's accounts taken into account the amounts paid by the various boards for the support of their representatives on the staff of the University. This should absolutely become a part of the accounts. I have not attempted it because there are too many pitfalls in "proxy" or second-hand accounting. I think you will understand what I mean by these terms. I am sure too that your experience in checking up the accounts in N.Y. with ours here is added illustration of my feeling of difficulty in doing accurately the accounting for items not regularly going thru our cash and bank accounts.

and have not had the time at my disposal to follow details carefully myself

Having two persons in the University who will be conversant with the whole range of the Treasurer's work will enable the one later taking over the whole responsibility to fall back on this second person to confirm his own judgment in case of any doubt in regard to certain details. It is also a safety measure it seems to me to have two men at hand with this knowledge in case the man handling these accounts should for one reason or another be temporarily incapacitated.

I am sending a copy of this letter to Dr. Stuart that he may have definitely before him my reaction on these matters; not that they are new to him, because we have conferred on the subject and I have early given him my own views.

Yours sincerely,

D. Grant

PEKING UNIVERSITY.

September 30, 1925.

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

Re 'City Site' item, see folder "City Site" for schedules and O J Krause - 10/20/25.

My dear Mr. Krause:

Your cablegram of September 5th concerning certain books on international relations was received, and we at once ordered and shipped twenty-five copies each of Willoughby's "Government of Modern States" and of Hall's "International Law".

Please note that Willoughby's "Foreign Rights & Interests in China" is out of print, and unobtainable. I saw Professor Willoughby in Baltimore, and he did not know himself, where any copies could be secured.

Let me also note that some drafts have come through from you which have not been signed upon the face, although endorsed upon the back. This was the case of drafts #385 and #386, and one earlier than this. This is a small item, but we desire to avoid any technical difficulties which might arise.

You will be glad to know that the processes and the figures used in determining the Gold cost of the City Site have been approved by Mr. DeVesty and the Accounting Department of the Board, and I think also by the Treasurer. The accepted figure is Gold $222,398.15, plus the Mexican overdraft of $11,475.04. I have proposed to Dr. Ehnes that in working this out, instead of including the Mexican amount which we are carrying as an overdraft in a Gold settlement, this amount either be paid by the Mission to the University's account in the Peking bank, or the overdraft be transferred to the Mission's account in the bank. If the settlement were made in Gold, it would be made at the day's rate at the time of final settlement, so that as far as the University is concerned, it makes no particular difference, one way or the other, as you would immediately convert the Gold in Mexican, again.

In completing the analysis, there was one point where I could not follow with exactness your transaction; all the others were duly located. There was a difference between the property list and the Mexican cost of the property of $5.54, Mexican, which the Board agreed to overlook. This difference I can trace as being in the G$10,000. Mexican $18,814.50 received from the Presbyterian Mission, appearing in line #12 of the statement numbered one in your letter of April 22, 1922, and listed in your report of June, 1921, page two. Of this $10,000., there was needed $3,000. to make up the Gold cost figure and the proportional part in Mexican would be $5,644.35, which made the Mexican received $5.54 more than the Mexican $378,332.28 appearing in column 14, line #3, of your letter of April 22, 1922. However, as far as we are concerned, the problem of determining this figure is now completed, and you will shortly receive the journal

entries of our books which correct the figure for the City Site to agree with G$222,398.15, less the payments of $75,000. Gold already made by the Board.

Cordially yours,

Assistant Treasurer,
Peking University.

EMN/KJL

燕京大學

PEKING UNIVERSITY

PEKING, CHINA.

October 14, 1925.

Rev. Eric M. North, D.D.,

New York City.

Dear Doctor North:

Since writing to you on September 5th in regard to the plans for Treasurer of Peking University I have to report that the Deans Committee later approved of Mr. Wiant's taking up work in the Treasurer's Office. Action approving this plan has not as yet been taken by the Executive Committee of the Board of Managers. It has been suggested that this might be delayed until the return of Dr. Stuart which will be within another two weeks or so. I have not pressed for this action. However, Mr. Wiant has been with me in the office about two weeks taking hold of the work as carried on by myself. I had hoped to get my earlier letter off in time to reach New York before Dr. Stuart left for China. This I find I did not accomplish. I am holding the matter open for full discussion with him on his return.

There has been a request from our Shanghai Office that I relieve Brother Main for three or four months while he returns to the States for a brief furlough. If that should be done it will mean that I shall leave here some time in January, so that it is absolutely necessary that Mr. Wiant continue in the office with me for as much time as he is able to give to take over the work at that time. I believe Dr. Stuart will see the reasonableness of my position and yield to the request to have Mr. Wiant handle the work of the Treasurer until a proper solution of the matter as regards turning over the accounts in full to Mr. Tsai is ~~concerned~~ reached. Mr. Wiant is not a trained accountant and is simply taking over this work to fill in for the time-being. If it should prove necessary later to continue this work in the hands of a foreigner steps should be taken fairly early to secure the proper man for the work. I have no word from Dr. Stuart since his return to America as to whether this matter received attention on his part while there. I am hoping that it did come up and that some steps have been taken toward a final decision in the matter.

Yours sincerely,

J. Frauser

燕京大學

PEKING UNIVERSITY
PEKING, CHINA.

PEKING

October 15, 1925.

TRANSFER

Rev. Eric M. North, D.D.,

INDEXED

New York City.

Dear Doctor North:

No go to file

Just a line in reply to your memo extract from letter to Dr. Stuart dated May 6, 1925 in reference to the China Medical Board appropriation #2717 for our current budget. In this memo you suggest that it would be better for the payment to be made in Peking rather than have a part of it held in New York for purchases chargeable against the Science budget. I agree with you that the whole appropriation would better be paid to us here on the field in Mex. and that any purchases by your office chargeable against the Science budget might very well be charged against our general funds for the current budget. Adjustments in such cases would automatically be made in the ~~Trustees'~~ Treasurer's Office here.

I am not sure whether Dr. Stuart reported this concurrence of our own judgment with yours in regard to the matter. I regret that I am late in giving my reply to your inquiry. I trust it is not too late for helping in the situation.

Yours sincerely,

E. D. Krause

燕京大學

PEKING UNIVERSITY
(YENCHING TA HSUEH)
PEKING, CHINA

OFFICE OF THE TREASURER

December 12, 1925.

For Trus. Coll. Action

Rev. J. L. Stuart, D.D.,
Chairman, Board of Managers of Peking University,
Peking.

Dear Doctor Stuart:

Owing to our early return to the States on furlough I desire at this time to present my resignation as Treasurer of the Board of Managers, to take effect January 1, 1926. It has been to me a real privilege to have been permitted to serve the University in this capacity. I have not served the University nearly as adequately as it has been my wish to do, nor as the position demands. Failure in this matter has been due to the fact that this service was taken on in addition to my duties as Treasurer of the M. E. Mission, so that time and strength were not equal to the full demands of both positions. A number of important details have not been undertaken by me because as already intimated there has not been time to undertake them. These relate to a fuller incorporation in our accounts here of details now carried only in the accounts of the Trustees in New York. To do this at all satisfactorily requires time for a careful study of the accounts from New York, so as to avoid confusion in our accounts here. Our reports as stated in our Board meetings at different times do not now cover the full operations of the University, owing to the fact that a part of the details are only carried in New York. I feel it is becoming increasingly important that these details should come into our accounts here for a fuller and more perfect understanding of our University finances.

Several times during the past three or four years there were hopes of my being relieved of this work, but each time our hopes were disappointed. I have coveted and now covet for the University the full time of someone qualified by training and experience for this increasingly important service, and trust that such a person may be found very early.

In closing I desire to acknowledge the loyal support and help of those who have served as Assistant Treasurer during these years, among them Mr. Gibb, now our efficient Director of the Construction Bureau, Mr. Walters, Mr. Harris, Mr. Wiant and Mr. Tsai. Mr. Tsai began his work as Assistant Treasurer in June. I wish especially to express my appreciation of his enthusiasm for the work and his readiness in grasping its details. I feel, however, that it would not be fair to him or to the University to ask him to assume the position of Treasurer at this time. In my opinion he lacks training in the technical part of accounting and experience in handling accounts, to assume the full responsibility of the position of Treasurer.

Respectfully submitted,

J. Frauenfelder
Treas.

December 22, 1952.

Mrs. L. L. Gerard, D.D.,
Chairman, Board of Managers of Berkley University,
Berkley.

Dear Doctor Gerard:

Quite so not early receive of the Board on Thursday I decide at this time to resume some of the duties of the Chancellorship, but only on a very temporary basis, pending the selection of a successor. It has been decided to have a special meeting of the Board on Friday, January 9th, at which time the matter will be discussed and a decision reached. I shall be very happy to have the Board meet at my house at 2:00 P.M.

As I have said, I do not feel equal to the burden of the Chancellorship at this moment. I have been ill for some time and am still very far from well. I am sure that the Board will understand my situation and will be willing to wait for a permanent Chancellor until I am able to resume the duties of the office. I know that the Board will be willing to do anything that I can do to make the transition as easy as possible, and I am sure that I can be of some assistance in the selection of a successor.

Sincerely and faithfully,

Mrs. L. L. Gerard, D.D.,
Chairman, Board of Managers of Berkley University,
Berkley.

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Sincerely and faithfully,

PEKING UNIVERSITY

February 26, 1926.

Mr. O. J. Krause,
Methodist Episcopal Mission,
Peking, China.

My dear Mr. Krause:

I have learned through President Stuart of your resignation as Treasurer of the Board of Managers and I am writing this note just to express my own personal regret that this has become necessary because of the course of events and your changing responsibilities. I greatly wish that it were not so and confess I do not look forward to the period of adjustment which necessarily will follow your departure from the University with as much assurance as I wish I could feel.

I shall welcome the opportunity to see you in New York when you come on furlough and to counsel with you on many items, but chiefly to see face to face one with whom I have had such pleasant correspondence as I have had with you in the last five years.

Cordially yours,

Secretary, Peking University.

EMH/L

COPY FOR DR. STUART

March 15, 1926.

Mr. O. J. Krause,
Methodist Episcopal Mission,
Peking, China.

My dear Mr. Krause:

I take pleasure in conveying to you the following action of the Executive Committee of the Trustees of Peking University in accepting your resignation as Treasurer of the Board of Managers:

> VOTED that the resignation of Mr. O. J. Krause as Treasurer of the Board of Managers be accepted and that the following minute be entered upon the records:
>
> The Executive Committee of the Trustees of Peking University in accepting the resignation of Mr. O. J. Krause does so with high appreciation of his skillful service as Treasurer of the Board of Managers from the formation of the union in 1916-1917-1918 to December 31, 1925. His ability and good will in handling the many involved matters concerned causes the Executive Committee to regret his resignation very deeply.

Cordially yours,

Secretary.

EMB/L

CORRESPONDING SECRETARIES
RALPH E. DIFFENDORFER
JOHN R. EDWARDS
SECRETARY—COUNSEL
FRANK MASON NORTH

Board of Foreign Missions
Of the METHODIST EPISCOPAL CHURCH

150 Fifth Avenue
NEW YORK CITY
CABLE ADDRESS, MISSIONS PHONE, CHELSEA 2130

PRESIDENT
BISHOP LUTHER B. WILSON
TREASURER
MORRIS W. EHNES

Jan 26, 1927.

Dr. Eric M. North,
Secretary, Peking Univ.
150 Fifth Ave., New York City.

Dear Dr. North: Your favor of the 20th reached me yesterday. My recollection is that the formal transfer by transfer deed was made July 1st 1925. I recall that in one of your letters you said something to the effect that the legal date might be considered March 1st 1926 - the date action was taken by the Trustees, but that, I suppose, is simply a matter of interpretation.

Cordially yours,
P. Frame

TRANSFER

Peking University

February 18, 1927

Mr. O. J. Krause,
1432 Milvia Street,
Berkeley, Cal.

My dear Mr.Krause:

In handling the Construction Bureau and Building Accounts in Peking Mr.Wiant has run across a problem upon which your previous practice would give us much help. You will recollect that there was an account known as the "Building Operations Undistributed Account" over which we had quite a little correspondence. Mr.Wiant has now distributed the items from this account and has done it at a rate of two to one. My judgment is that an arbitrary rate of two to one will have the inevitable effect of leaving either a gold balance or a gold deficit in this account after all of the Mex. has been distributed, and that it will not bring us out exactly on the dot in making this distribution.

Will you kindly advise me as to just how you calculated the rate at which distribution was made when you were in charge of the books?

It is my own judgment that the distribution from this account should be made on an even pro rata for both Mex. and gold. Let me illustrate what I mean. If there is in the account $150,000. gold representing say Mex.$315,000. and we were distributing Mex.$5,000. to some other account, the amount of gold to be distributed would be 5/315 of $150,000. A process like this would then mean that the buildings would be equitably charged, and also we would be free of having any outstanding loss in exchange that would have to be distributed in an indeterminable manner at the end of our operation. Will you please give me your judgment upon this, as well as let me know how you did it before?

Faithfully yours,

Secretary
Peking University

EMN-H

1146

COPY

1432 A. Milvia Street,
Berkeley, Calif.
Feb. 23, 1927.

TRANSFER

File this copy "Krause"

Dear Dr. Gamewell:

Your letter Feb. 11th awaited us on our arrival here a week ago. In it you ask in regard to Mr. Fuller's qualifications for the position of Treasurer of Peking University. I believe Mr. Fuller is very well qualified to handle the work of Treasurer of Peking University. His business experience in the U. S. before he came to our Mission, now his experience in our work; first, at Tientsin, and then last year in handling the accts of the Mission, which brought him in direct touch with many phases of Mission accounting, as, the current accts, some personal accounts items, property items, such as would naturally arise in the work of stamping our deeds. It has also given him experience in working with and through committees as regards finances. He has a pleasing personality, and one that is adaptable; these are important items, as you are well aware.

So much as to his qualifications.

I would on the other hand raise a few questions as to the office of Treasurer of Yenching (Peking) University on the Field. You are aware, I am sure, that it has been Dr. Stuart's plan and hope to find some Chinese person who is qualified to take the position of Treasurer. This in many ways is desirable, provided the right person can be secured. The question then arises, how long could this position be held by an American a foreigner. Since receiving your letter, and earlier, on receiving a letter from Dr. Stuart saying that he was in conference with our Mission on securing Mr. Fuller, or myself, I have thought considerably on the matter. As an indication of my reaction, let me give you a remark I made to Mrs. Krause on the subject; it was, that if I were to take up that work with the University I would do so on the basis of having some strong Chinese person as treasurer, and I would take the position of Accountant, or perhaps Auditor, with the understanding that the usual responsibilities going with such a position go with it in this case. With the Board of Trustees in N. Y. City, I have some to feel that some person appointed by them, or rather elected by the Managers and approved by the Trustees to the position of Auditor, who might function somewhat as the representative of The Trustees and act as the financial intermediaty between Trustees and the Field Treasurer (a Chinese person). In such case, the Treasurer would be more directly responsible to the Managers, and their representative in financial matters. The responsibilities or duties of an Auditor in such a case as this are already pretty well defined in American practice, I believe, so that simple rules of relationships between the Treasurer's office and that of the Auditor's could easily be drawn up. I mention this matter, particularly because if it is the thought of the Univ. to retain a foreigner in the position of Treasurer only a few years, perhaps five or so at the most, it should be made plain to any one accepting the position, to avoid serious dis-appointment especially on the part of a young man who has a reasonable right to look forward to holding such a position for a number of years - in this case, I would say permanently - if work is done acceptably. I am offering the suggestion of auditor as giving a chance for continuous supervision by one person over the financial concerns of the Univ. on the Field, and allowing the election of strong Chinese men to the position of Treasurer, as may be necessary from time to time. However, I should like to know the reaction of Dr. Stuart and the men at Peking most interested before feeling sure that such a course is desirable.

The relayed cable re our return to Peking came yesterday. We are happy to receive this word, as it is reassuring.

We appreciate your word of approval of our return to our post in Peking. We are just back from a visit to San Francisco, when we obtained vizas of our passport by the Chinese & Japanese Consuls; also arranged for our S.S. ticket etc. Everything, I

believe, is now O.K. for our start next Tuesday, Mar. 1, on the Tenyo Maru.

The book you mention, for Mrs. Krause, came in this morning, she appreciates it very much, and is inclosing a line to Mrs. Gamewell. I trust she is fully recovered and able to be about as usual.

With best regards to Mrs. Gamewell and yourself, I am

Very sincerely yours,

(Signed) O. J. KRAUSE.

L.

A copy of this letter has been

INDEXED

1432A. Milvia St.,
Berkeley, Calif.
Feb. 26, 1927.

Dr. M. North
Secretary Peking University
150 Fifth Ave., N.Y. City.

Dear Dr. North:— Your letters
15th & 18th received.

TRANSFER

In regard to Mr. Britton's salary agreement, and his interpretation of it, I would say that I recall very well his coming to my office and our conference over the matter. Dr. Stuart had had a conference with him before that, if I recall correctly. My impression at that time was very distinctly that he listened to my explanation and seemed to accept our statement of the case, that the amount specified in his contract was Mexican currency. No new agreement was ever written, so far as I know or recall. I remember that Dr. Stuart and I handled his

Travel Expense account in what I considered a very generous manner. He did this realizing his disappointment on the salary matter. I cannot now give just the details entering into this Travel account settlement, that made it liberal. I am sorry you are up against this question, because, as I thought all along, the matter was all settled and finished.

In regard to our Building Operations Undistributed account in Peking, your formula is what I have been using, if by the phrase, "If there is in the account", you mean the "balance" mex. and gold in the account, and not the mex. and gold totals of the

account. I am satisfied that you mean the "balance" in the account, (Mex & Gold.). This I believe answers your inquiry. As you say at any other way, or arbitrary rate will leave a gold balance unexaminated.

We are all ready now for our start on the Kansas March next Tuesday Mar. 1, at noon. Mrs. Krause & I are in fine trim physically for the ~~to~~ return and anxious to get to our post. Our son remains in Phila. for finishing his art work.

With kindest regards,

I am,
Yours sincerely,
S. Krause

COPY

1432 Milvia Street,
Berkeley, Calif.
Feb. 26, 1927.

TRANSFER

Dr. E. M. North
Secretary Peking University
150 Fifth Avenue, N. Y. City.

Dear Dr. North: -

Your letters 15th and 18th received O.K.

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With kindest regards,

I am

Yours sincerely,

(Signed) O. J. KRAUSE.