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HUA CHUNG (Central China) COLLEGE
WUCHANG, CHINA

Office of the Treasurer

March 2, 1939

Mr. B.A. Garside, Executive Secretary
Associated Boards for Christian Colleges in China
New York City

Dear Mr. Garside:

A letter dated the 14th of December from Mr. Lobenstine Treasurer of the Hua College Board of Trustees reached me a few days ago saying that you had written me in regard to a report as to how the college had used the US\$3,000 from the Rockefeller Foundation which it had received through the Associated Boards.

The following expenses were on the recommendation of the Standing Committee of the Board of Directors of the College charged to this:

The expense of moving the college from Wuchang to Kweilin	C\$6410.82
A deficit in the departments of Physics and Chemistry incurred because of the fall in exchange. Apparatus was ordered in 1937 on grants in C\$ and then not delivered till the spring of 1938, and meanwhile exchange had fallen.	
	<u>2500.00</u>
	C\$8910.82

This amounts to US\$1466.52 at the rates which I obtained when I was selling, part in July and the remainder early in October.

These were the only expenditures against the money from the Associated Boards during the academic year 1937-38.

I am sorry over the long delay in submitting this report but mails have been very slow in reaching me here.

(Signed),

Yours sincerely,
JOHN L. COE
Treasurer

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CO-OPERATING UNITS
BOONE COLLEGE
GRIFFITH JOHN COLLEGE
HUPING COLLEGE
WESLEY COLLEGE
YALE-IN-CHINA COLLEGE

HUA CHUNG (CENTRAL CHINA) COLLEGE
WUCHANG, CHINA

室 長 校
OFFICE OF THE PRESIDENT
XXXXXXXXXX
Treasurer.

March 2, 1939.

Rev. E. C. Lobenstine,
49 W. 49th St.,
New York City.

Dear Mr. Lobenstine,

Thank you for your letter of Dec. 14th which arrived here this week. I have not yet had the letter from Mr. Garside asking for the report on the money received from the Rockefeller Foundation. I am writing him today in regard to the matter. I am sorry over this long delay in the matter but mails have been very irregular in coming in here to us.

The report which I am sending him is as follows:
The following have been charged to this grant in accordance with the understanding of the Standing Committee of the Board of Directors of the college that this was to be used for expenses prior to Aug. 31, 1938.

The expenses of moving the college to Kweilin	C\$6410.82
A deficit of the departments of Physics and Chemistry incurred in purchasing apparatus on various grants which was caused by the fall in exchange. <i>(The grants were in C\$ and apparatus ordered in summer of 1937 and not delivered till spring 1938)</i>	C\$2500.00
	<hr/> C\$8910.82

These two expenses were approved by the Standing Committee in October.

This amounts to US\$1466.52 at the rates which I obtained when I was selling, part in July and the remainder early in October.

The balance of US\$1534.48 of this grant from the Rockefeller Foundation I am carrying forward to the current year in accordance with the fourth paragraph of your letter to Mrs. Coe of Oct. 4, 1938.

The final accounts for the original moving of the college to Kweilin only reached me a week or so ago having been on the way since sometime in October.

The general situation here in regard to the college property is much the same as when I wrote to the Secretary of the Board of Founders in December except for the fact that the number of refugees on the compound is now about nine hundred instead of the several thousand that were here at that time.

Yours sincerely,
John L. Coe.
Treasurer.

On second thought I am enclosing my letter of Mr. Garside with this as his letter may have gone to Dr. Wei in Kweilin and ~~the~~ Dr. Wei may have replied in which case, will you please forward this to Mr. Garside with an explanation if that is so. JLC.

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Hua Chung College,
Hsichow,
April 7, 1940.

Mr. O. S. Lyford,
230 Park Ave.,
New York, N. Y.

Dear Mr. Lyford,

I hope that all of the explanations which I have sent with the balance sheets and financial reports for 1938-39 are clear. I have already studied the careful analysis which you have made of the college finances during the last few years and hope to find time later to correlate my recent reports with this.

My present plans are to remain at the college for about a week longer, during which time I hope that most of the work in preparation for the next year's budget will be completed and also ~~xxxxxxxxxxxxxxxx~~ a fairly close estimate made of the finances of the college during the current year.

I will pay a visit to the Diocesan School after leaving here and then proceed as rapidly as conditions will permit to Shanghai after that. Then it will be a matter of securing a sailing across the Pacific and I hope to be in the United States by sometime in the summer. My address there will be 1611 Morton Ave., ~~xxx~~ Ann Arbor, Mich. and Dr. Wood at 281 Fourth Ave. will be able to give you word of my sailing. I will be glad to clear up any points which are not clear and will be at the services of the Board of Founders if they are required. I am sorry that these reports have been so long delayed in preparation but circumstances over which I had no control prevented my making this trip earlier.

Yours sincerely,
John L. Doe.

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HUA CHUNG (CENTRAL CHINA) COLLEGE

WUCHANG, CHINA

TEMPORARILY IN HSICHOW

VIA TALI, YUNNAN, CHINA

室 長 校

OFFICE OF THE PRESIDENT

April 7, 1940

OPERATING UNITS
BOONE COLLEGE
GRIFFITH JOHN COLLEGE
HUPING COLLEGE
WESLEY COLLEGE
YALE-IN-CHINA COLLEGE

Oliver S. Lyford, Treasurer
Hua Chung Board of Founders
230 Park Avenue
New York City, U. S. A.

Dear Mr. Lyford:

On my way to Hsichow I met Mr. Lobenstine in Shanghai for a short time. He was able to give him several pieces of information about Hua Chung finances, which I presume he has passed on to you, and I will not repeat them here, as they will appear at a later stage in this report.

On My arrival at the College I discovered that the account of Receipts and Expenditures for Hua Chung College from August 1, 1938 - July 31, 1939 was drawn up by Mr. Tan without the assistance of a letter which I had sent him in June and without the Budget as recommended by the Board of Directors in June 1938 for that academic year. The letter which I had sent in June in respect to previous balances and in regard to the allocation of funds which I had sent from Wuchang was apparently lost in the mails; I had sent a copy of this in September, which had not been incorporated into the report. Several copies of the Budget for the year 1938-39, which had been sent to Hsichow, had apparently been lost. Also shortly after my arrival in Hsichow the balance of the amount due from the government for the calendar year 1939 was received by the College; this had been very much in arrears, and as a result this was not allowed for when Mr. Tan's report was drawn up. I have, therefore, thought it wisest to go over that report, and have made a complete financial report for Hua Chung College for the Year 1938-39 in the same way as it has been done in previous years. There is also appended to this report a statement of the receipts and the use of the money for emergency purposes received from the Board of Founders.

This statement follows very closely the statement that Mr. Tan sent you of the same date, the main changes being that the amount spent for Rent in Kweilin charged to the Emergency Fund is considerably less, as the money paid by the units for rent had not been credited against this account. I have also transferred the item of "Music" from the account of "Moving Kweilin to Hsichow" to the account "Moving Wuchang to Kweilin"; the expenditure that now appears in the account is that incurred in bringing in two pianos and some chemical supplies from Hongkong to Kweilin and should, therefore, be charged against the initial move rather than the second move.

~~That~~^{To} this account of the two moves I have added a deficit on the General Budget for the year 1938-39, and the expenses incurred in looking after the College property in Wuchang during that period. (It is interesting to note that when the Budget was drawn up for the year 1938-39 it was estimated that tuition income from 200 students would be necessary in order to balance that budget; so the Board of Directors at

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April 7, 1940

their meeting in June 1938 made a budget estimating an enrollment of 100 students and asking an appropriation from the Emergency Fund of NC\$10,000. to cover the smaller enrollment. The actual average enrollment was about 120, which produced a tuition income of \$11,816.48. So So the Board of Directors would have expected NC\$8,000. necessary to cover this smaller enrollment. Actually the deficit to be covered from the Emergency Funds is NC\$4,991.59.)

In November 1939 the Executive Committee of the Board of Founders took action that any funds borrowed during the previous year in order to assist with the move should be repaid in the currency in which they were borrowed. I have, therefore, changed the figures which Mr. Tan gave for his balances in the various funds in the Yale School of Science, Harvard-Yenching Foundation, and the Johnston Fund back into U.S. currency, and debit this amount against the Emergency Fund.

During the year a total of US\$16,500. was received for the Emergency Fund. My report shows that U.S.\$12,276.43 was exchanged directly into local currency dollars and U.S.\$5,500. was exchanged into Hongkong dollars. All of this was done in order to provide sufficient funds for the College in cases of emergency. Thus on July 31, 1939 the Emergency Fund status was as follows:

Credit, Hongkong	\$18,490.01
Debit, N.C.	\$26,268.35
Debit, U.S.	\$ 1,276.53.

At the average rate for which Hongkong dollars have been sold for National currency during the past few months, this credit in Hongkong dollars will wipe out both debits and leave a credit balance of approximately NC\$~~85,000.~~ ^{27,572.16}

I also enclose an account of the the U.S. dollar Balance Sheet for Hua Chung College, as of July 31, 1939. This takes in all balances from Wu-chang. I have already commented on the debit balance of U.S.\$1,276.53 in the account of the Board of Founders for their Emergency Fund.

The credit balance of \$278.57 arose from funds which were sent to the Board of Directors several years ago from the Board of Founders. \$100. of this was for building funds, and the remainder was at the discretion of the Board of Directors.

In regard to the credit balance of \$1,807.58 in the Johnston Fund, I wish to make the following comments. This sum is the balance remaining on hand from two grants which have been received from Miss Johnston for the School of Arts. According to your analysis of the Hua Chung College financial requirements, page 15, I note that four installments of \$5,000. each have been paid by Miss Johnston to the Domestic and Foreign Missionary Society of the Protestant Episcopal Church. The first \$5,000. marked in your report as applicable in 1935-36 was actually used by the College in 1936-37, and so reported to the Board of Directors. The second \$5,000. was received in the fall of 1937 in Hankow and was used for the year 1937-1938. The third and fourth grants of \$5,000. each have not to the best of my knowledge ever been received by the College, and I expect that they are still in the hands of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church, 281 Fourth Avenue, New York City. During the year 1936-1938 a total of

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April 7, 1940

U.S.\$3,391.54 was not used of this fund. During the year 1938-39 a total of NC\$9,540.31 was used; I have converted this into U.S.\$1,583.96 and debit this against the balance in my hands, and so this Balance Sheet shows a balance Sheet of U.S.\$1,807.58. This balance, with the U.S.\$10,000. in New York, should leave a total credit in this fund of U.S.\$11,807.58.

The credit balance in the Procter-Johnston Land Fund is the amount remaining from the \$45,000. which has been sent out. Enclosed with this letter is a copy of the expenditures from this fund since its inauguration. You will note that there is a debit balance in the Chinese account which can be covered at any time from this credit in the U.S. dollar account.

In regard to the balance in the Yale School of Science Account, I wish to make the following comments. The balance shown of \$9,636.55 does not show the true balance in this fund. In the first place, in the spring of 1939 cheques for \$3,000., which were sent by Dr. Hutchins to Dr. Wei, were lost in the mails. These cheques were replaced in the fall of 1939, and would form an extra credit for this account, making a total of \$12,936.55. But in the budget for 1938-1939, as I have noted in my report for the Yale School of Science for that time, there was the sum of \$1,607.60 which was not spent then, but which was to be held over for the year 1939-1940. Subtracting this from the above total gives the sum of \$11,028.95 as the total reserve for the Yale School of Science.

The items for Scholarships, Science, ^{Museum,} Music, Relief Fund, and President's Reserve represent balance of special funds which have been sent to Dr. Wei at various times.

The balance in the Thorne Fund represents the second thousand dollars given by Yale from the Thorne gift. This has been designated by the Board of Directors for use by the Chemistry Department for research. The first thousand dollars given by Yale from this Thorne fund was designated by the Board of Directors in the spring of 1937 to be turned into Chinese currency and held as an endowment for scholarship funds, the proceeds of which were to be used for students from Yali Middle School.

After paying all the balances for the Practice School for 1938-39 there is still a balance of \$125. from the appropriation made in 1937-38. The appropriation from the Reformed Church for the Practice School for 1938-39 was not received until September 1939, and I believe the Executive Committee has recommended that a large portion of this be used for the Music Department.

The debit balance in the Wei Travel Account arose because of an misunderstanding between the College office and Dr. Wood in New York, and since the first of August has been cleared up.

The money which was in the National City Bank of N.Y., Hankow, on August 1, 1939 has since been transferred to the Special Funds of the American Church Mission under the account of Hua Chung College, which are held in New York. I considered it wisest to do this rather than leaving the money in Hankow, as we cannot be sure when we shall face currency control there.

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April 7, 1940

I also enclose a copy of the Balance Sheet for the National Currency Account held in Hankow as of August 1, 1939. The credit balances in this account are mainly small balances which have accumulated from year to year in the College. The balance against Yale in this account consists of money which is accumulated for the repair of the Yale houses. I think I earlier mentioned the debit balance of NC\$3,298.33 in the Procter-Johnston Land and Building Account. This is covered by the credit balance in the U.S. currency Account, and I have not changed the extra money because I did not desire to have any more local currency on hand than necessary. In regard to the other two debit balances in this account, I had written to Dr. Hutchins in 1938 in regard to these, and I presume that because of the stress of circumstances in China he has not been able to take these up.

The debit balance of NC\$3,500.26 against the "Mrs. Reynolds' House" arose in this way; when Mr. Bergamini was making plans in the spring of 1937 for the building of Yen Hostel Extension and the College residence on the City Wall, it was suggested that the Mrs. Reynolds' House be built at that time in order to give accommodation to the faculty members. Mr. Bergamini thought that it would be possible to put up double house for a very little more than the funds that were available for the Mrs. Reynolds' house. However, during the summer of 1937 prices of materials rose considerably, and as a result the total cost of that double house exceeded the money available by the above mentioned amount. I took the matter up with Dr. Hutchins, and I understood him to say that he would later let us know what was to be done about it.

The debit balance of NC\$4,420. in the "Land Purchase Account" (Tu Shih Yin) is the cost of the land under the Jeme House and the Mr. Reynolds' House. This land was originally purchased by the College in the spring of 1934, and by the action of the Board of Directors was to be paid for by the units which erected houses upon it. The Methodist Church has already paid for one-third of the cost of this land under the house which they erected on one part of the compound. In 1936 the Board of Directors authorized me to pay off the loan which the College had originally contracted to pay for this land, and to charge 5% interest to the units which had erected the houses. The cost of the land under the two Yale houses was NC\$5,200, and the interest for the past three years I have credited against this cost. Dr. Hutchins at one time discussed with me the possibility of the College paying for this land, and the Board of Directors authorized the College to pay for this land upon certain terms. However, Dr. Hutchins never let me know whether or not Yale was going to accept those terms and ask the College to pay for it.

In one of your letters to Dr. Wei you mentioned the matter of the withdrawal of U.S.\$1,952.34 from the National City Bank of N.Y. in Hongkong in September 1938, for which Dr. Wei was not able to explain at that time. That sum of money was paid to Dr. Huang P'u and was made up as follows: sabbatical year of travel, \$800; half-year's salary at two to one, \$997.50; and a deposit of Dr. Huang's, \$154.84. This withdrawal is covered by funds which were in my hands in Wuchang, and in making up the U.S. dollar Balance Sheet for the College this item entirely disappears.

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Oliver S. Lyford, Treasurer -- 5

April 7, 1940

The Balance Sheet for the Chinese Currency Account in Hsichow is also with this letter. The majority of the credit balances in this account appear in some of the statements which I have given you, and the few debit balances represent advances which have been made and will cause no difficulty.

In regard to the Government Grant, I wish to make the following comments:

Mr. Tan reported to you that NC\$12,600. had been received by the College. However, the Government was considerably in arrears in their payments to the College, and since I have been in Hsichow they have paid up the total that they had promised for the calendar year 1939, viz.: NC\$20,000. To Mr. Tan's figures I have merely added the sum of \$6,770., which is the amount of the Government Grant which would have been used for salaries between January 1, 1939 and August 1, 1939. As this money had not actually been received before August 1, 1939, it is necessary for me to show this as a debit balance.

I trust that all of these explanations are clear to you, and I will later send you a letter of comment in regard to the financial operations of the College during the current financial year.

Sincerely yours,

John L. Coe.
Treasurer.

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1611 Morton Ave.,
Ann Arbor, Mich.
July 11, 1940.

Mr. Oliver S. Lyford,
100 Brookside Ave,
Plandome, Long Island.

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Dear Mr. Lyford,

Thank you for your letter of July ninth.

I sent the original of that letter to Francis Wei (the copy of which I sent you on July 5th) by air mail and clipper.

I have been wondering if it might not be a good plan for you to send me say five dollars from the college money which you have with which I could cover postage on clipper letters to Francis Wei. I would of course render an account later for this. If that seems wise to you, it could be sent when you send the \$21.40 for the expenses of my two trips to New York, the account for which I think I left with you when we talked after the meeting in New York.

You ask what I gave Dr. Hskung a ~~xxx~~ proxy for. I did this matter on the request of Dr. Wei and in the strict sense of the word is not a proxy but rather a representative to sit on the college senate and one or two of the internal committees of the college of which the treasurer is automatically a member and also to give Dr. Wei advice on financial matters when he asks for it. It does not involve the handling of money or supervision of the keeping of the accounts of the college. The main purpose was to a substitute on the college senate which Dr. Wei was anxious to have. I however felt that it would probably be wisest if he were not to act in this capacity on the executive committee as appointed by the trustees and wrote Dr. Wei to that effect.

I returned to Ann Arbor yesterday morning after visiting old China friends in Vermont the end of last week. I hope within a day or so to be able to get at some of the figures which we discussed in New York and make the suggested division. It would be helpful to me if you could send me your copy of the budget study for 1939-40 and 1940-41 which I worked out in New York, and then you presented to the Board of Trustees. I did not keep a copy and if you could send me yours, I would make another for you. I can if necessary remake it from the detailed budgets I have here, but if I could have it, I would save considerable time.

I hope that you are getting settled in well, in your new home.

*Yours sincerely,
John L. Coe.*

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1611 Morton Ave.,
Ann Arbor, Mich.
July 15, 1940.

Mr. Oliver S. Lyford,
Plandome, Long Island.

Dear Mr. Lyford,

Thank you for your letter of July 13th.

I am afraid that I may not have been entirely clear in regard to the matter of the proxy and the names of some of the members of the staff of Hua Chung College. The name of the man who has been raising a good deal of trouble at the college and is a member of the department of Chemistry is T. G. Djang. It has been suggested that if possible Dr. Wei would do well to dispense with his services. The name of the man who has received my proxy for certain internal matters of the college is Dr. David S. Hsiung who is a professor of Physics and is on the support of the Reformed Church. As far as I know Dr. Wei has not had trouble with Hsiung and I know that Hsiung has helped him considerably during the past year. (Personally I would not have given a proxy to Djang under any circumstances and Dr. Wei never suggested it.)

I did not know that Dr. Wei intended to make the deposit which you referred to in the joint account in New York. I assume that ~~they~~ the drafts referred to in your letter were drafts issued by Dwight Rugh to Hua Chung College. Dr. Wei evidently did not think it necessary to exchange them in China and also thought it wiser to deposit them in New York rather than in Hongkong and so sent them there. I do not think that they represent the total sum received by the college from the Yale Mission during the current (1939-40) academic year as I know that the Yale Mission through its New Haven office had paid some bills for the college which were to be deducted from the amount due to the college. My guess would be that the total paid by the Yale mission would be US\$10,000. and this represents merely a portion of it. I would also assume that there were no costs involved in the matter unless the National City Bank of New York had charged you for the collection of these from the First National Bank of New Haven. The Treasurer of the Yale Mission in China (at present Dwight Rugh) has simply written these checks on the First National Bank of New Haven. If the matter has been handled as heretofore and, it does not involve him in any expense.

Yours sincerely,

John L. Coe.

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July 15, 1940

Mr. John L. Coe,
1611 Morton Avenue
Ann Arbor, Michigan

Dear Mr. Coe:

This letter is in further reference to your letter of July 11th and the matters which we discussed when you were here.

I hand you herewith/^{check}for \$26.40, being \$21.40 for traveling expenses and \$5.00 to cover postage, etc. I wonder if you should not have a larger advance than this and report to me once a month regarding the expenditures made from this small fund?

I am advised by the New Haven office that they forwarded to you a copy of the minutes of July 2nd meeting and I assume there was attached to your copy of the minutes copies of pages 1 and 2 of the budget study for 1939-40 and 1940-41 (pages one and 2 only). To be sure, however, that you have a complete record I am handing you my set of three pages and request that you return these pages after you have finished with them.

You will remember that we omitted page 3 because of the question as to how much of these extraordinary expenses could properly be charged against the balances in the Special Grants. Also there is the question as to the part of these extraordinary expenses which shall be charged against the Rockefeller gift.

I shall be interested to hear from you as to the probable reactions of Dr. Wei to the minutes of the meeting of July 2nd. I hope he will comprehend correctly the spirit in which the various actions were taken. I understand that the revised minutes which were sent by clipper mail to Dr. Wei from New Haven on July 6th were exactly like the minutes circulated to the Founders and of which you received a copy.

Referring to the Budget for 1939-40, I hand you herewith a copy of preliminary report of Hua Chung College which I, as Treasurer, made to the Associated Boards on September 22, 1939. You will see that I will have considerable explaining

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July 16, 1940

to do in the revised report which I shall have to make to the next meeting of the Finance Committee of the Associated Boards. I have an extra copy of this preliminary report, so you may keep this copy for your files.

I hand you original letter NY 7 dated March 2nd, 1940 from Dr. Wei to me, with two statements attached thereto. I call your attention particularly to the first statement which gives an analysis of moving account from Kweilin to Hsichow. This breaks down the cost of moving and if you can reconcile these figures with yours I think it will be more satisfactory than the larger lump sum for moving which appears in your report. Please return this letter of Dr. Wei when you have finished with it.

I also enclose original letter of March 2nd, 1939 from you to Dr. Lobenstine. I ran across this letter in going through the files and thought possibly it might be of assistance to you now. Please return this letter after you have finished with it.

I also enclose the original of Francis Wei's letter NY 10 of May 24th to me, together with the minutes of the 15th meeting of the Executive Committee Pro Tem. I thought there might be something in this letter which could be of assistance to you. Please return it after you have finished with it.

Before the meeting on July 2nd we made up a hurried consolidated cash statement as of June 27, 1940. I hand you herewith a copy of a typewritten statement which I have prepared therefrom. This statement includes the deposit of June 27th to the account (joint) of the College. Possibly, I am wrong in adding this amount to the figures which you gave me but I cannot spot this amount as appearing in your figures. I'll be glad to have you check this over and report any correction which should be made. For your convenience I am enclosing two copies of this statement so that you can keep one and return the other to me with corrections.

I enclose original of your letter of July 1st to me from Boston. You will remember that we considered it necessary to enlarge this letter to cover the matters indicated by pencil thereon. I'll be glad if you will send me such a revision of this letter.

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July 16, 1940

Referring to the vote of the Executive Committee that a Balance Sheet be prepared, you will remember that we then thought it would be impracticable to make up a complete Balance Sheet including the physical assets. But it seems to me that with the information which you have we are now in position to make up such a complete report with notes to indicate any figures which are approximate. For instance, you now have the exact cost of land and buildings purchased in the last few years and I presume you know the approximate cost of any buildings built by the College on the campus of Boone Middle School previous to the donations by Mrs. Proctor and Miss Johnston. We can also put in a nominal amount for the value of the lease by Boone to the College of the land and buildings which the College uses.

The cablegram which I sent to the College on July 2nd was worded as follows:

FOUNDERS MEETING TODAY SENDS CONGRATULATIONS
SUCCESSFUL COMPLETION ANOTHER YEAR APPROVED BUDGET.

If there is any question in your mind as to the necessity of certain items of the work involved in preparing the report which I have suggested, please do not hesitate to say so. In such reporting there is usually more than one way to meet the necessities of the case and as a usual thing the man making a report sees where time can be saved if he has the privilege of suggesting an alternative procedure.

Yours very truly,

Oliver S. Lyford

8 Enclosures

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July 16, 1940

HUA CHUNG COLLEGE
 CONSOLIDATED CASH STATEMENT
 As of June 27, 1940
 Includes cash of the College
 and of the Foundation

	<u>U.S. Currency</u>	
<u>College:</u>		
In National City Bank, June 22	\$12,985.25	
(A) Deposited June 27	6,103.05	\$19,088.30
Held by Dom. & Foreign Miss. Society:		
(B) In New York	\$15,000.00	
(C) " " "	5,338.20	20,338.20
<u>Foundation:</u>		
In Bank of the Manhattan Co.		5,810.19
(D) Total Cash on Hand		\$45,236.69

- Note (A) -- Four drafts on First National Bank & Trust Co. of New Haven on which National City Bank made collection and credited to the Joint Account in New York.
- Note (B) -- Payments made to Dom. & For. Miss Society by Miss Johnston for the account of Hua Chung College and held in New York subject to order of Francis Wei.
- Note (C) -- Balance of current receipts held by Dom. & Foreign Miss. Society subject to requisition of Dr. Wei or Mr. Coe through the Shanghai office of the Dom. & For. Miss. Society.
- Note (D) -- This entire amount has been received for operating expenses except \$1,200.00 which is a balance in the Proctor-Johnson Building Fund.

SPECIAL AND GENERAL FUNDS
 and the
 APPROXIMATE BALANCES
 which there should be in each

<u>Johnston Fund</u> -- for addition to the staff and equipment of the School of Arts		\$15,000.00
<u>Yale-in-China</u> -- for the School of Science - Balance	\$15,700.00	
" " " " " " - "	6,103.05	21,803.05
<u>Associated Boards</u> - Sustaining Fund - Balance		2,750.00
<u>Harvard-Yenging</u> - For Dept. of Chinese Literature - Balance	\$ 1,800.00	
?	2,500.00	4,300.00
<u>Prattice School</u> - Balance		900.00
<u>Thorne Research Fund</u> - Balance		1,000.00
<u>Proctor Johnson Building Fund</u> - Balance		1,200.00
		\$46,953.05

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1611 Morton Ave., [10]
Ann Arbor, Mich.
July 18, 1940.

Mr. Oliver S. Lyford,
Plandome,
Long Island, N. Y.

Dear Mr. Lyford,

Thank you for your letter of July 15th with its enclosures and the check for \$26.40.

I have received the copy of the minutes of the July 2nd meeting from the New Haven Office. I have made a copy of page 3 of the budget study for 1939-41 and will return the three pages of that which you have sent me. ✓ A

I have prepared a report as to the use of the US\$3,000 from the Rockefeller grant for the emergency fund of the college for the year 1939-40. The figures are based upon the estimates which I made in Hsichow this spring and may have to be revised slightly later. I am sending you two copies of this in case you feel it wise to send this to the Associated Boards immediately. ✓ B?

I think that Dr. Wei will comprehend correctly the spirit of the meeting of July 2nd and I think he will feel that his hand has been strengthened in carrying out the difficult task he has in front of him. I did not write more frankly to him in my letter commenting on the minutes as I am never quite certain as to whether there may or may not be leaks in his secretarial staff. ✓

*Some amount to
from plant books*
I have worked over the moving account from Kweiling to Hsichow using as a basis Dr. Wei's letter of March 2nd and the figures he sent you at that time. You will note that I have at the bottom shown how this account can be fitted into the accounts for the years 1938-39 and 1939-40. I enclose two copies of this in case you desire to send one to the Associated Boards. ✓ C

In reference to the consolidated cash statement as of June 27, 1940 could you give me the following information?
(1) In the balance of \$5,810.19 in the Bank of the Manhattan Co., how much of this represents funds received from the Associated Boards and how much represents other funds belonging to the Central China College Foundation? ?

(2) In my estimates for the year, I assumed the \$7,600 had been received from the Associated Boards. How much has actually been received and does it form a portion of the balance in the Bank of Manhattan Co? *(also how much has been paid out to the Associated Boards for expenses)* ?

I will not attempt to make a revision of the consolidated cash statement until you can let me know about the above two questions but with that information I think that it will be possible for me to do it quickly.

? I enclose also a revision of my letter of July 1st as you asked. ✓ D

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Mr. O. S. Lyford- July 18, 1940. page 2.

I have not yet completed the working over of the proposed budget for 1940-41 to see how much of the extraordinary expenses ~~xxxxxx~~ can be charged ~~xxx~~ against the balances in the special grants. I hope to have this completed within a few days and as soon as I have, I will send you a copy.

I am returning to you the three pages of Hua Chung College/ Comparative Budgets, Dr. Wei's letter to you of March 2nd, 1940; my letter of March 2, 1939 to Mr. Lobenstine; and my letter of July 1, 1940 to you. The others which you sent me I will return later when I have finished with them. I also enclose my revision of the letter of July 1, 1940 and also two copies each of extraordinary expenses for 1939-40 chargeable to the Rockefeller gift of US\$3,000 and a revised breakdown of the expenses for the move from Kwei'in to Hsichow.

Yours sincerely,

John L. Lee

*Frances Hiss letter of May 24
Consolidated Cash Statement*

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1611 Morton Ave.,
Ann Arbor, Mich.
July 22, 1940.

Mr. Oliver S. Lyford,
100 Brookside Ave.,
Plandome, Long Island.

July 26

Dear Mr. Lyford,

Than you for your letter of July 18th and also for the copy of your letter of July 18th to Dr. Wei.

In reference to the query in the third paragraph of your letter in reference to the balances in the special grants according to Mr. Tan's report of July 31, 1939 I can supply the following information. The first four items-Yale-in-China, Johnston Fund, Harvard-Yenching Fund, and Associated Boards- were changed from C\$ to US\$ in my revision of the July 31, 1939 report and the estimates which I made of these funds for July 31, 1940 are in US\$ and presuppose that there will be little or no balances in C\$. Thus these figures would not appear in a report for July 31, 1940. As for the other three items- Ministry of Education, China Foundation, and British Boxer Indemnity,- these were carried over to my revision unchanged in regard to the last two and changed for the Ministry as I explained in my letter of April 7. I have not yet attempted to incorporate these figures into the tentative balances for Aug. 1, 1940 and will have to wait word from China as to what these balances are. In working at the matter of this balance sheet, it is my plan to draw up as soon as possible a tentative one for the US\$ account which is largely in this country. That should show us the approximate condition of the various funds from this country such as Yale-in-China, Harvard-Yenching, Johnston etc. Then when I have further information from the field draw up also a balance sheet showing the condition of all of the funds held in China including such funds as China Foundation etc.

I have also been working ahead on the question which was raised at the meeting in New York, namely that of how much of the extra expenses of the college could be charged to the special grants such as Yale-in-China, Johnston Fund etc. I think that there could be no question but that where a faculty member is receiving an extra subsidy on account of the high cost of food, that where possible the unit which supplies his salary should pay this extra for him. (I might say that this is a point upon which Dr. Wei and I do not agree. His opinion expressed to me was that a unit of the college should only be called upon to pay what it would normally for a man if the college was operating in Wuchang under normal conditions and that anything extra should be found from the emergency funds from the Associated Boards. It seems to me that where a unit makes an appropriation to the college in US\$ as does the Johnston Fund that it ought to be willing to pay at least the extras needed for the man upon its support. It is making a good deal upon the extra high exchange.) In the budget for next year there is an item of C\$12,000 for extra allowance to ~~XXXXXX~~ staff on account of the high price of food. I have gone over the figures Dr. Wei sent you in his letter of May 24th and figure that slightly more than C\$6,000. of this can be paid by Yale-in-China, the Johnston Fund, and Harvard-Yenching on the basis that those funds pay the extra needed for men on their support.

Provided the amount covered by the unit which supplies his salary as a credit to the unit and the unit which supplies his salary as a credit to the unit.

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Mr. O. S. Lyford, July 22, 1940 page 2.

I would also suggest that the other units be approached to see if they will do likewise for the people on their support. This would amount to about C\$750 for the year.

If the above procedure is carried out, it would reduce that item in the budget by at least C\$6,000. This would therefore reduce the amount to be provided (according to page 2. of the comparative budgets of Hua Chung College) from C\$69,635 to under C\$63,000. There then comes of the question of attempting to divide this remainder out. I do not find any particular items in either the administrative budget or in the extras budget of page 3 which stand out for division. They all concern the operation of the college as a whole. Would it be wisest to apportion this among the different sources of income on the basis of the number of men to be supported by that source during the year or on the basis of the ratio that the income from the unit bears to the total income of the college? In some ways I think the first way might be more satisfactory. Then after this was done, so much could be charged against Yale-in-China, and so much against the Johnston Fund. I do not think from what I know of the other sources of income of the college that it would be possible to expect or even hope for any other payments. If you can let me know which way you think would be better I will work out the figures.

I think that one action should be taken by the Board of Trustees to help this and that is that where possible the source which supports a man on the college staff should try to pay the extras which are needed for him on account of war conditions. That will of course not cover all of the amount of C\$12,000 which has been budgeted for extra food allowance because some of those who have the larger families and lower salaries are those employed as clerks etc. of the administrative staff.

There is this serious problem which will have to be faced by the Board of Trustees that there is very little income aside from tuition income which is available to use for the general administration and operation of the college. While the college had over two hundred students and could count on a sizeable income from tuition it could get along. But with tuition income largely gone for some time to come, and with the cost of administration and operation increasing because of war conditions, and also the tendency to increase the office staff even in the face of a lower enrollment, the college is going to be very much up against it. As long as there are funds coming in from the Associated Boards we can carry on, but those are not going to continue forever. Meanwhile there are some people at the college who feel that as long as these funds are coming that they should be used even at the risk of expanding the staff too much. They say it will be easy enough to cut down when the funds dry up but I wonder if it will be as easy as it sounds.

I hope to get a letter away to Francis Wei sometime towards the end of this week and if you have any special word for him I would be glad to include it, if you can let me know.

Yours sincerely,

John L. Coe.

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~~XXXXXXXXXXXX~~
1512 Brooklyn Ave.,
Ann Arbor, Mich.
July 28, 1940. [5]

Dr. F. C. M. Wei,
Hua Chung College,
Hsichow, Yunnan.

Dear Dr. Wei,

Thank you for your letters of May 29th and June 6th both of which arrived this past week.

I had heard that Bishop Tsu was taking two nurses to the college when I was in Shanghai. I hope that they have arrived here this and have proved satisfactory in every way. I trust that you have been able to make satisfactory arrangements for a doctor. I also hope that the present one with his benefactor have left. One wonders just what will happen when the benefactor decides to drop the doctor as is bound to happen sooner or later.

I hope that the apparatus which you sent for from Hongkong has gotten through all right to the college. I was sorry not to be able to do more about it there, but felt that until I knew if it was wanted by the college there was no use in taking it over.

Good that there were a good number taking the entrance examinations for the college. I hope that a number will actually enroll in September and I am quite sure that if it is necessary to help with the transportation that the Board of Trustees will back you on that.

One thing which I forgot to mention in my earlier letters has just occurred to me. You remember that I agreed to make arrangements for some money to be sent to the north for Mr. Ma. I left the designated amount with Mr. Walker in Shanghai and asked him to send it north. However I am not quite certain as to the exact amount which may have been sent north as he was not certain of the rate for FBR notes in Shanghai at that time. It may have been that it was not possible to get quite as many northern dollars in Shanghai as the money equalled in Shanghai dollars. Will you please explain this to Mr. Ma. I left Shanghai before the business had been completed by Mr. Walker's office.

When I was in Boston last month and early this month I saw Mr. Foster a couple of times. He does not seem very certain as to what he wishes to do and talked of possibly returning to the college. When I talked with him, I could not discover whether or not he thought the college wished to have him return. In case you have not already done so, it might be well for you to write to either Bishop Gilman or Dr. Wood expressing the desires of the college in this matter. I think that he has an idea of sailing for China sometime in November.

When I was in New York I saw Dr. Casselman for about an hour. He had had one or two letters about the financial matters of a certain gentleman and was a bit distressed about it. I tried to give him as clearly as I could the whole picture which was back of part of it. I stressed the point with him that I did not think there had been any deliberate dishonesty but that there had been altogether too much talking done by the recipient of the specials from this country. Also I told him that I thought the recipient was not always very careful when it came to the matter of handling money. I am sorry that I forgot to mention this in my earlier letter to you as I think that Casselman was

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J.C.W. F.C.M.W. 28/7/40.

[2]

going to write to his man about the matter and some remarks may be made to you. I have also heard through other correspondence that the visitor at the college had been making trouble with this man in regard to financial matters. I must say that I could not have much sympathy for either man in that dispute. From what I observed while at the college, I do not see how either the visitor could prove that his patron had misappropriated the money which had been given him, or how the patron or helper could prove that he had not misappropriated the money which had been entrusted to him. The thing is that no one who is in his right ~~senses~~ senses should ever get himself involved in financial dealings with the ~~the~~ visitor.

I have already written you in regard to the meeting with the Executive committee of the Board of Trustees and feel that they are back of you. There was one thing which was expressed in the meeting of the ~~XXXX~~ Committee and that was that if possible the college should not expect too much continuous support from the Associated Boards but should rather think of carrying more on its own appropriations and reserves.

I did not have an opportunity to bring up at the meeting, the question which the Temporary Executive committee in Wsichow asked to have brought up that of final adjudication of the items asked for in your letter of March to Mr. Smith. I have that in mind and will see that something is done in regard to it at a future meeting.

In your letter of May 24th to Mr. Lyford, we were not quite certain whether you meant that tuition and medical and physical education fees were to be cancelled next year at the college and you were still asking for the same amount as before (\$12,000) in the budget for scholarships and student assistance or not. I took it that you did and so left the figure that way. I also felt that the wisest thing was to show that these fees would have supposedly come in, as in a normal year and then showed the same amount out as an extraordinary expenditure. I do not feel that it is wise to simply cancel all such fees without making a note that they are cancelled and the same idea should be brought home to the student body in some way or other.

I am expecting to stay on here at Ann Arbor the rest of the summer and the early part of the fall. Then I will be east probably near Boston for a good part of the fall and then back here in December for a bit before sailing in January.

I have had no recent word from Bishop Gilman as to what he desires me to do after my return from furlough.

Hope that all is going well with the college and that you will have a good enrollment in the fall.

Yours sincerely,
John C. W.

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1512 Brooklyn Ave
1611 Morton Ave.,
Ann Arbor, Mich.
July 29, 1940 .

Mr. Oliver S. Lyford,
100 Brookside Ave.,
Flandome, Long Island.

Dear Mr. Lyford,

Thank you for your letter of July 27th. I believe that it contains all the information which I asked for last week and it should enable me to complete a tentative balance sheet shortly. As my mother is in the process of moving during the first part of this week, I am afraid that it will be a few days before I can get the figures worked over. From now on please address me at 1512 Brooklyn Ave., Ann Arbor, Mich.

I had two letters from Dr. Wei last week. One was written the 29th of May and the other the 6th of June. He said that about 250 ~~and~~ students were taking the special entrance examinations in May for the students from the affiliated middle schools. Of course this gives no indication of how many will decide to enter Hua Chung in the fall but it at least shows that there was some interest. Also there were 15 at the school at Chennan taking the examinations. He did not mention how many there were from Yali taking the examination.

From his letters I gathered that Dr. Wei felt that things were running smoothly except for the fact that Shipman apparently was causing more trouble, especially in regard to the college physician.

I enclose a copy of my last letter to Dr. Wei which I sent off to get this week's clipper. I think that most things are clear in that letter except for the paragraph which I have marked on the second page. I will give you more information in regard to this matter when I write later.

Yours sincerely,

John L. Coe.

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1512 Brooklyn Avenue
Ann Arbor, Michigan
August 5, 1940

Mr. O. S. Lyford
100 Brookside Avenue
Plandome, Long Island

Dear Mr. Lyford:

In your letter of July 26 you raised the question of the procedure to be followed in case Dr. Wei should be incapacitated. According to the action of the Board of Directors of the College taken several years ago, the procedure is as follows:

In case of a temporary absence of the President or inability to serve the senior Dean of the College automatically becomes Acting President. In case the President is likely to be incapacitated for a considerable length of time, the Secretary of the Board of Directors is to be notified, who will then call a meeting of the Standing Committee of the Board to consider the wisest course. Thus there is automatically an Acting President at all times when the President is not able to exercise his duties.

My suggestion for handling this matter during the time when the Board of Directors is not able to function is that the same procedure be followed, and in case Dr. Wei should be incapacitated from serving as President, that the matter be brought to the attention of the Standing Committee of the Board of Founders as soon as possible, which committee will then take such measures as it shall see fit. At the present time I do not think that it would be at all wise to suggest that a nomination for the presidency should be handled through the Executive Committee Pro-tem in Hsi-chow, as this Committee is composed of faculty members.

As there is a considerable sum of money which can be drawn through the Shanghai treasurer of the American Church Mission, I do not think that a delay in getting the signature of the new president to the bank in New York would cause any difficulty. In fact, I am quite certain that if the money actually in the hands of the American Church Mission treasurer was not sufficient, it would be possible to overdraw on that on the understanding that it would be covered in New York. I am sure that this would be possible if I were in China.

I agree with you that the Joint Account in the National City Bank should not be any larger than necessary. I would suggest that a goodly portion of the money now in that account be placed in another account, and arrangements made with the bank in case Dr. Wei should make any sudden demands on this account. I do not remember that Dr. Wei said very much to me about this matter, but in the light of all considerations I think it the wisest thing to do, and I am quite sure that he will agree.

Chinese
In reference to the question of the extra maintenance allowances for the members of the staff because of the high cost of living, I think the easiest way to handle it would be as follows: that the Board of Trustees or its Executive Committee take an action, stating that it is their opinion that this extra expense should be met as far as possible by the supporter of the individual faculty member. In the case of the appropriation from the Yale Mission, from the Johnston Fund, and the Harvard-Yenching Fund, it is at the discretion of the Board of Directors or the Board of Trustees as to how this money is to be divided for use during the year.

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August 5, 1940

Therefore, if the Board has taken the action I suggested above, the College in drawing up its budget for the year would have to place these allowances against that income for faculty members on those three supports. In the case of the faculty members supported by the other units, the matter could be handled much as suggested below:

First. In regard to the two English missions, the London Mission does not at the present time have, and is not likely to have in the future, any Chinese workers in the College to support. The English Methodist Mission has give the College the salary for one Chinese teacher; I think the question of extra allowance can be handled with part of the money in that salary which was not used last year.

Second. In the case of the American Church Mission, Dr. Wei is the only one who would come under this ruling at the present time. Unless more of his family should join him in Hsichow or the cost of living increase a great deal more, I doubt if anything would be necessary, but if it is that matter will have to be handled through Bishop Gilman in China.

Third. As for the Reformed Church Mission, they are supporting two Chinese teachers at the College at the present time, Dr. Huang and Dr. Hsiung. (From things which have occurred before I would not consider it wise for the College Trustees to approach Dr. Cassleman directly in this matter, because as I understand it the question of alteration of appropriations for the Chinese work of the mission is always taken up and discussed at the meeting of the mission in China. Several years ago when an extra appropriation for the College was secured directly through the Home Board, I understand there was some feeling in the mission in China in regard to it.) I would, therefore, suggest that this matter be taken up through the representative of the mission at the College, viz.: Dr. Taylor, who will then take up the matter with the mission in China. I realize that this is a somewhat long and cumbersome procedure, but in the light of past events I feel it is the wisest way.

I see that in drawing up the Budget for 1940-41, which was presented to the Executive Committee of the Board of Trustees, that I made one mistake in the number of foreign appointees to be asked for from the American Church Mission: i.e., in the detailed budget it was proposed that there be two married and two single workers, and I see that when I made up the figures that I wrote one single instead of two; with that correction the total will be ten. I have already discussed this question with Dr. Wood, and there should be no difficulties about this.

On Page 4 of your letter of July 26 you asked me about the balance on T'an's Cash Account. When I checked over the books, I found that everything balanced except there were a few dollars Chinese currency on hand which could not be accounted for. I assumed that this small sum had accumulated through the making of change and handling the various travel accounts. Therefore, when I completed the books, I merely assumed that this was a portion of the refund on the travel account, and thus reduced the expense in that account by a few dollars. So, as of August 1, 1939 there is no item, "Miscellaneous" on the books.

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August 5, 1940

In my last letter to you of July 29 I referred to one matter in my letter to Dr. Wei, which I said I would explain to you later. In March 1939 Dr. Wei sent to the Board of Trustees an estimate of Emergency Needs for the College. I believe that he also sent an explanatory letter, which was lost, and a copy of this was only received in the United States sometime later. These estimates were as follows:

- 1. Moving.....\$6,000.
- 2. Subsidy to students to assist moving..... 2,000.
- 3. Standard reference books needed for the library.... 750.
- 4. Reference books for English and Economics..... 750.
- 5. Machine Shop..... 1,200.
- 6. Biology and Chemistry Departments for equipment.... 900.
- 7. Power Plant..... 500.
- 8. Exchange..... 550.

All of these amounts are in U.S. currency.

I believe that the above was later approved by the Board of Trustees, but by August 1939 Dr. Wei discovered that the cost of the move from Kweilin to Hsichow was considerably in excess of his estimate, and so some of these other items were not covered. It was only after my visit at Hsichow and a study of the accounts that I was able to work out how much of a balance was left, which was sent from the Associated Boards for the year 1938-1939. This balance I estimate is in the neighborhood of Ch.\$25,000. That obviously is not enough to cover Items 2-8 mentioned above.

This matter was discussed at the meeting of the Executive Committee Pro-tem in Hsichow when I was there, and it was voted that this matter be referred to the Board of Trustees for adjudication. As far as I can see, Items 2, 4, 7, and 8 either have been covered in other ways, or are not needed. I think that at the next meeting of the Board of Trustees this matter should be brought up and either a portion of the money asked for be voted for the Items 3, 5, and 6, or the matter be definitely closed. I will be glad to discuss with you at a later date the questions of how much should be given for these three items.

I have drawn up a tentative Balance Sheet for the U.S. dollar account of the College. In the Item #2 for Yale-in-China the amount on hand is the same as my estimate of April, viz.: \$15,700. The \$6,000. which Dr. Wei sent you in checks recently should not be added to my earlier figures, for when I made the figure of \$15,700. I took into account all of the money which I expected would come from Yale (\$10,000) during the year 1939-40. Concerning Item #3, in the Associated Boards Sustaining Fund the item of \$2,750. is the amount I estimated would not have been exchanged by the College before the end of July, on the basis that the College received \$7,000. from this fund.

The Harvard-Yenching monies I have divided into two, viz.: \$1,800. which is the amount I estimate will be left over from the \$4,000. which was sent the College in September 1938. The \$500. under "B" was sent Dr. Wei by the Harvard-Yenching people sometime in the autumn of 1939 for the purchase of Chinese books for the Foundation. I believe that this \$500. has not been used, and if it is not used, will have to be returned to the Foundation.

Foundation

Item #7 I have called "Central China College Fund" to the amount of \$2,767. I have done it for this reason. From your letter of July 26 I have as-

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August 5, 1940

sumed that the amount on hand in the Central China College Foundation Account in the Bank of Manhattan is \$5,767. I understand from your letter of July 26 that \$4,000. from the Associated Boards for 1939-40 has been placed in the Joint Account in the National City Bank. I have assumed that \$3,000. of the balance in the Bank of Manhattan is needed to make up the \$7,000. which I have incorporated in my tentative report for 1939-40, as being received from the Associated Boards for the use of the College. The remainder of this balance in the Bank of Manhattan, viz.: \$2,767., I have not attempted to classify at the present time.

Regarding Item 7

In Item #8 the sum of \$278. is under the name of "Board of Founders Special. This represents funds which were sent out to China sometime ago from the Board of Founders, which the Board of Directors have never used. I believe that \$100. of this should go to the Building Funds of the College, and I think the rest would be available for general running expenses if needed.

Regarding Items 8-11

Items #9-12 represent small funds which are at the disposal of the President.

Regarding Item 12

Item #13, "Yale's Sabbatical Reserve", is the amount which the Board of Directors in June 1938 voted should be set aside in the 1938-39 budget for this purpose.

Regarding Item 13

Item #14, "Miscellaneous," cannot be broken down until I have further reports from China. During the current year from the budgets of the School of Science and Arts a considerable sum of money (about \$4,500.) was budgeted for equipment and books. In my estimates for the year I assume that this will either be used or carried forward in these accounts. Because of the difficulties of communication I question whether all of this money will have been used by the first of August, and so expect that this "Miscellaneous" balance will be made up largely of these things.

Yours sincerely,

John L. Lee

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~~St. L. Johnston~~
 Cash Balances sheet for US\$ a/c for Central China College. *Rec'd int. Am. Cons letter of Aug 5*

Operating Accounts
Joint Account
in New York

Balance in National City Bank - <i>July 2, 1940</i>	19,088.	18,558
" held at 281 Fourth Ave.	15,000.	15,000
Balance held at American Church Mission Shanghai	5,338.	4,131
Balance in Bank of Manhattan - <i>Drum Hook Account of Central China College Foundation</i>	5,767.	5,767
	45,193.	43,456

1. Johnston Fund for School of Arts	15,000.
2. Yale-in-China balance for School of Science	15,700.
3. Associated Boards Sustaining fund	2,750.
4. Harvard-Yenching A.	1,800.
" " B.	500.
5. Thorne Research Fund	1,000.
6. Proctor Johnston Land and Building Fund	1,000.
7. Central China College Foundation	2,767.
8. Board of Founders special	278.
9. President's Discretionary fund	200.
10. " Relief Fund	252.
11. Scholarships	75.
12. Science Museum	200.
13. Yale Sabbatical Reserve (<i>set aside in 1930-31</i>)	607.
14. Miscellaneous	1,957.
15. Practice School	900.
Total of Operating Accounts	45,193.
16. Balance in Proctor Johnston Land and Building Fund	4,207.
	43,456.

All amounts are carried for this preliminary estimate to the nearest dollar and there may be some changes when final figures have been received from China.

The amount under 3. from the Associated Board includes only the amount which will probably not be exchanged by Aug. 1. In addition to this there should be about HK\$13,000 in this fund and C\$40,000. The later figure is subject to change as some the expenses during the last few months may have been heavier than I estimated in April. Also of the C\$40,000, about C\$25,000 represents the balance as of July 31, 1939 and may be subject to use in accordance with Dr. Wei's letter of March 1939.

John L. Coe
Aug 15, 1940

As stated below in the note pertaining to item 3, there are sums available in Hong Kong currency and National Currency which belong in the Sustaining Fund. These sums together are equivalent to about U.S. \$2,250. With this addition, the total in the Sustaining Fund is approximately U.S. \$ 5,000, and the total of balances of all grants for operating purposes is \$ 45,706

1512 Brooklyn Avenue
Ann Arbor, Michigan
August 19, 1940

Mr. O. S. Lyford
Plandome, Long Island

Dear Mr. Lyford:

Thank you for your letters of August 16 and 17, together with the enclosures of the letters from Dr. Wei. As I would like to study these letters of Dr. Wei's a little more before commenting on them, I have taken the liberty of making a copy of them and am returning those which you sent me herewith. I expect to be away from Ann Arbor for several days this week, so will not attempt now to answer your letters in full. I will do so when I return here on Saturday.

In my letter of August 5 in regard to the question of an Acting President, I am afraid I was not quite clear. What I should have said is that the Senior Dean would merely act until the Board of Directors or the Board of Founders had had an opportunity to consider the matter, and it is, of course, within their power to appoint anyone they choose as Acting President. In the question of the Senior Dean the matter should state, "Senior Dean of ^{the deans} ~~one~~ of the three Schools of the College." Dr. Taylor's position is that of Dean of the Faculty and does not come under this heading.

In reference to the question of sabbatical leave and Dr. B. K. Chen, I will draw up another letter in the light of Dr. Wei's letter to you concerning that matter. I shall try to see that you have it sometime next week.

I note that you talk of an Executive Committee meeting in September. Can you tell me the time of the month that the meeting is likely to be? It is probable that I may be in Boston or vicinity by the latter part of September, and if the meeting should be at that time and you wish me to do so, I would be glad to make an effort to be present.

Sincerely yours,

John L. Lee.

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1512 Brooklyn Avenue
Ann Arbor, Michigan
August 26, 1940

Mr. O. S. Lyford
Plandome, Long Island

Dear Mr. Lyford:

In answer to your letters of August 16 and 17, I will add the following to my letter of August 19. The College funds which are in the Chinese banks in Kunming and Hsiakwan can be drawn on either by Dr. Wei or Mr. Tan, so there should be no difficulty there. If funds are sent by the Shanghai treasurer of the American Church Mission, they are sent to the bank at Kunming, which can be drawn on by Mr. Tan. I think that the account in the bank in Hongkong is subject to Dr. Wei's signature only, but because of present conditions, I believe that most of the money has been withdrawn from that, so that should not make any difficulty.

In drawing up the budget for 1940-41, the figure which I put in for subsidies for the faculty and staff on account of the high cost of living included both the first and the second subsidies which Dr. Wei referred to.

When I checked Mr. Tan's accounts, I did not find any accounts or headings under which discrepancies might have been buried. Mr. Tan's accounts seem to be correct, as I wrote you earlier. The principal difficulty in checking the accounts was in the accounts which had been rendered by various people for money that they had used during the moving of the College.

Your suggestion in reference to the emergency needs reported in March 1939 is a very good one, but I feel that the Executive Committee should take this action to cancel the request. I would suggest that the two following items be added to the budget for 1940-40:

1. U.S. \$500. for Reference Books for the Library. (This only to be drawn in case we discover that books are still being sent to the College).
2. U.S. \$300. for Equipment for the Machine Shop. As far as I know all of the other items in this request have been covered. I know that the library is handicapped by the lack of reference books, but I would question the advisability of spending this money until we are fairly certain that they would reach the College. When I was in Hsichow, this question of library books was discussed, and I know there is a serious lack. In the case of the Machine Shop I know that the College has already spent a considerable sum of money for this equipment, borrowing from some of the money which the Physics Department had earmarked for other equipment.

I note that Cheque #13 for U.S. \$300., written by Dr. Wei on March 2, 1940, has not yet been presented to the bank for payment. The next time I write to Dr. Wei I will take this matter up with him, as I think there is a method of getting that through.

I do not think that your reducing the size of the balance of the Joint Account in the National City Bank will cause any difficulty or misunderstanding in China.

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Mr. O. S. Lyford -- 2.

August 26, 1940

You ask about the U.S.\$1,000. which was paid to me as treasurer of the College on February 16, 1935. This money was a portion of the money received by Dr. Wei for his lectures in the U.S.A. during 1934-35. I believe that the action of the Board of Founders was that this money be sent to China to be turned over to the Committee which was supporting a chair in the Department of Chinese. This money was exchanged by Mr. Warnshuis in New York and received by me in March 1935. I turned it over to the treasurer of that Committee. I believe that the accounts of that Committee have been submitted to the Board of Directors at various times. | ?

In Dr. Wei's letter of June 27, 1940 to you, I note that he brings up a number of extra expenditures to be charged to the Sustaining Fund. I do not believe that of all these should be charged to the year 1939-40, as for instance, the Food Subsidy for the months of August through October. I also think that some of them had already been taken into account when I drew up my tentative balance. I will go over later the question of the Sustaining Fund and try to work out the expected balance, as I think it will be somewhat more than Dr. Wei indicated.

Sincerely yours,

John L. Coe.

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1512 Brooklyn Ave.,
Ann Arbor, Mich.
Sept. 4, 1940.

Mr. O. S. Lyford,
100 Brookside Ave.,
Plandome, N. Y.

Ans of

Dear Mr. Lyford,

Thank you for your letter of Sept. 2nd. My plans for for this month seem to be much as follows: A bit after the middle of the month I hope to leave here to pay a visit down to my brother in Virginia. After that I would head north in the direction of Boston. If a meeting of the executive committee is set for late this month and you wished me to be present I would try to work that in with my plans. I would also plan to stop over in New York for a few days to go over any other questions about college finances which you wished to consider. I then plan to spend October and a portion of November near Boston with my wife's family. Then return here (Ann Arbor) about Thanksgiving time and be here till I leave in January for the coast. We have a sailing for the middle of January. I would be willing to make any changes necessary to help out for the college.

I have gone over your letter carefully in regard to questions and will try and have an answer in your hands by the first of next week giving the figures which you have asked for. I hope that before the meeting in New York, we will have further word from Francis Wei in regard to some matters. I am sorry that in one of my earlier letters to him I did not suggest he cable you shortly after the beginning of the academic year his enrollment. I agree with you that if there is not a considerable increase in the enrollment at the college that it is going to be hard to present a good case to the Associated Boards for support.

Yours sincerely,

John L. Coe.

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1512 Brooklyn Ave.,
Ann Arbor, Mich.
Sept. 6, 1940.

Mr. Oliver S. Lyford,
100 Brookside Ave.,
Plandome, Long Island.

Dear Mr. Lyford,

I enclose herewith a copy of the faculty who will presumably be at the college this fall, giving them by departments and also giving the source of their support. I have included all called for in the budget proposed by the Executive Committee pro-tem though I trust that they will not be appointed in the case of the new ones. I also enclose a sheet showing as far as I can make out the actual number of faculty in each department for 1938-40 and the number proposed for 1940-41., with notes explaining any increases.

I have worked over the sheet which you sent me of comparative budgets for 1938-41 and enclose it herewith. In reference to the increases I have the following comments:

~~1. Administration- higher salaries and higher cost of maintenance~~
~~2. School of Arts- restoration of 5 % cut in salaries, and some salary increases. Also increase in the number of the staff particularly in the Dept. of Chinese where they are pushing research under the Harvard-Yenching.~~

- 3. School of Arts- restoration of 5 % cut in salaries, and some salary increases. Also increase in the number of the staff particularly in the Dept. of Chinese where they are pushing research under the Harvard-Yenching.
- 4. School of Arts-Equipment and books, part for Harvard-Yenching and the remainder from the Johnston Fund to build up departmental libraries to some extent.
- 5. School of Education salaries- restoration of 5 % cut, and increase in a teacher for geography.
- 6. School of Education equipment and books-question of how much can be used of practice school money and book money due to conditions.
- 7. School of Science salaries- increase due to restoration of 5 % cut and salary increases.

~~8. School of Science~~

1. Administration- Item 1. as given in the summary does not show the true story as there are a number of items relating directly to administration under the first heading on page 3. Combining these the figures for 1938-39. would be C\$13098.74/ for 1939-40 would be C\$23595. and for 1940-41 would be C\$25,303. There is no question but that the costs of this have gone up during the last two years. The increase for 1940-41 over 1939-40 is accounted for mainly by salary increases and the expectation of having two nurses in the infirmary. I feel that there are three things which must be recognized in this connection: first, that income from Chinese sources which formerly could be used to cover these costs ~~xxx~~ is now practically non-existent, secondly that during the move the college somehow acquired a larger administrative staff than it had previously and considerably more costly, thirdly, I pointed out to the Executive Committee in Hsichow this fact but they seemed inclined to be reluctant to cut on it at the present time. I think that Dr. Wei fully recognizes this fact but was not able to push it hard at the moment. Also as long as war conditions continue

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the costs of administration are likely to be high.

In working over a revision of the budget I have in the cases of the Harvard-Yenching, Johnston Fund, and Yale-in-China added the amount which would be necessary to cover the ~~xx~~ extra allowance for food for the men on the support of those. I have thus decreased the amount on page three by the same amount. I have also added a line ~~xx~~ on ~~the xxxxxxxx~~ page three to bring a reconciliation of the amount needed to balance the budget. This still works out at about C\$63,000 and it might be possible to reduce it a thousand more if some rents should be switched over from emergency expenses. However I do not have that much information on hand at the present moment.

I have not included anything in regard to the government grant as I have not received information as to how much it is and how it is to be used. Probably it is only for the calendar year 1940 and so that would only affect this budget for five months. It would undoubtedly provide for science equipment, and one or two salaries which would relieve either the Johnston Fund or Yale-in-China. It would not affect the larger question of our deficit.

I believe that Dr. Wei told me that last year the Board of Trustees had given the executive committee in Hsichow permission to use the money which had been budgeted for salaries not used and also the surplus on exchange for other needs. I wonder if it might be well to put certain limitations upon this in view of the considerable number of positions which may not be filled.

As for the items for Machine Shop and Library Reference Books, I have not incorporated them in the budget as they are extras and my suggestion would be that C\$3,000 be given to the machine shop and that US\$500 be held for library reference books both to be charged to the surplus in the sustaining fund as of July 31, 1940.

I think that your suggestion is a good one that the balances in the Associated Boards sustaining funds be held in reserve to cover possible falling off in income from the various units. As far as I can see now the principal difficulty probably will be with the two English Missions where the Methodist Mission at present has one married man at the college (Dr. Wei has asked for another English teacher but I am not at all sure that one will be appointed) and an appropriation of C\$3400 per year, the London Mission is supporting one married man and a single teacher of English and a Chinese \$ appropriation of C\$1200.

Yours sincerely,

John X. Lee

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Hua Chung College Faculty, probable for 1940-41.
School of Arts.

Dept. of Chinese.

- L. P. Pao- Harvard-Yenching
- K. N. Yu- 1/2 Harvard-Yenching, 1/2 Johnston(to be gov. if received)
- C. F. Ling general college budget
- Fu Harvard-Yenching.
- Assistant Professor- Harvard-yenching.
- Lecturer- Harvard- enching.

Dept. of Foreign languages.

- w Miss Bleakley- London Mission, part time registrar. L
- w E. P. Miller- American Church Mission. A
- forei ner to be appointed by Methodist Mission. M
- " " " " " American Church Mission. A
- w Mrs. R. E. Lo- Johnston.

History

- w L. Constantine- Methodist Mission. M
- F. S. Mas-- Harvard-Yenching

Sociology

- pr fessor to be appointed- Johnston J

Economics- Commerce

- K. C. Chang - Johnston J
- 2 nd senior man- Johnston J
- Lecturer- foreigner to be appointed American Church Mission A
- P. L. Tang- Johnston J
- J. I. Tang- " part time in Treasurer's office J

Philosophy-Religion

- F. C. M. Wei American Church Mission-part time President A
- C. F. Lo- Johnston J
- E. Hsu American Church Mission. A

School of Education.

- Dr. Hwang- Reformed Church Mission R
- w Dr. Taylor " " " R
- w Miss Zenk - " " " R
- Dr. Hu - Johnston (government grant if available) J
- w Mr. Anderson- London Mission L
- new appointee for music
- new appointee for geog/raphy
- two assistants for practice school- Reformed Church Mission. R

School of Science- (all appointees on Yale unless otherwise noted)

Biology-

- * B. K. Chen or succesovor.
- K. H. Yu
- S. F. Wu
- assistant ~~xxxxxxxxxx~~

Chemistry

- * T. G. Djang
- T. W. Zee
- * S. W. Wan
- D. B. Hu

Physics

- R. P. Bien
- D. S. Hsiung- Reformed Church Mission R
- Assistant Professor to be appointed(probably done in May)
- C. Y. Hsu
- W. P. Chu

Mathematics

- C. S. Shen
- also machinist, storekeeper in Chemistry, and collector in Biology,

9 new appointments

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~~xxxxxxxx~~ Administrative and clerical staff not noted in the depts.

Librarian- salary will probably be supplied by American Church Mission.
Assistant Librarian. H. T. Li
Warden Women's Hostel Miss Hsu
Warden Men's Hostel, supplied by American Church Mission as he also acts A
as chaplain Carl C. F. Liu
Clerk in Dean's office to be appointed
Chinese secretary to president- J. T. Wang
English " " " G. Wang
Clerk in Registrar's office- G. T. Doe
- Business Manager to be appointed.
Physician-
2 nurses.
Instructor in Physical education T. P. Shao.

all of the above on the general college budget except as noted.

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Hua Chung College staff, 1938- 1941.

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	actual 1938-39	actual 1939-40	proposed 1940-41.
Administration, clerks, doctor, librarian etc.	9	10 ¹ / ₆	13 ¹ / ₆
School of Arts			
Dept. of Chinese	4	5	8
" " English	3	2 ² / ₃	4 ² / ₃
" " History	1	2	2
" " Sociology	0	0	1
" " Ec.-Com.	3	2 ¹ / ₃	4 ² / ₃
" " Phil.-Rel.	1/3	1/3	2 ¹ / ₃
School of Science			
Dept. of Biology	3 ² / ₃	4	4
" " Chemistry	5	4	4
" " Physics	4	3 ¹ / ₂	4 ¹ / ₂
" " Mathematics	1 ¹ / ₂	1 ¹ / ₂	1 ¹ / ₂
technicians	3	3	3
School of Education	4 ¹ / ₂	5 ¹ / ₂	6 ¹ / ₂

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60 plus.
John Coc

Notes:

Administration numbers increase because of additional clerk being hired, and two nurses.

School of Arts. Increase in Dept. of Chinese due to pushing of research under Harvard-Yenching.

Increase in Dept. of English will not give more instruction as department has gotten along with volunteer teachers to a considerable extent this past year.

History Dept. increase due to fact that Mr. Constantine was on furlough during 1938-39 and 2 is the normal number.

It has not been possible to get teacher of Sociology during the past two years and Dr. Wei is trying to get one for next.

Increase in Economics Dept. due to desire to build up the dept. which is weak.

Increase in Philosophy religion due to fact that Dr. LO is transferred from School of Education and Bishop Huntington has sent Edmund Hsu, (the later does not involve the college in any financial obligation).

School of Science,

Only marked increase is in Physics, where the dept. felt it should have another senior man to replace Dr. Kwei. However one of the two junior men at present on the staff probably will not return so this number should be cut down. Each department in science would need another junior man if the enrollment of the college were doubled but otherwise the staff proposed for 1940-41 should be able to handle 150 to 200 students without difficulty.

In the above no tabulation has been made of the administration officers as they have remained the same.

← School of Education, low in '38-'39 because of Dr. Hwang's furlough increase in '40-'41 because of request for geography teacher.

1512 Brooklyn Avenue
Ann Arbor, Michigan
September 11, 1940

Mr. Oliver S. Lyford
Manhasset, Long Island

Dear Mr. Lyford:

Thank you for your letter of September 8, and also thank you for sending on the copy of Mr. Rugh's letter of July 25. I was very much interested in this, and am returning it herewith. Probably John Runnalls has arrived in this country, and he should be able to throw a little more light on things at Hua Chung.

Yesterday morning I received a letter from Dr. Wei, dated August 13. Dr. Wei seems to be a bit distressed over the cut in the Yale-in-China appropriation for the year 1940-41. I have already written him about this, and I shall write him again showing the point of view in this country. Dr. Wei also says that he has reported to Mr. Smith about the question of the termination of B. K. Chen's appointment in the College and some other matters in regard to the School of Science. I trust that this will be on hand before the meeting in New York. From the tone of Dr. Wei's letter I feel that there was probably something else beside the question of Dr. Chen's sabbatical leave which led to the action of the Senate, but I do feel that the question of sabbatical leave may have been a contributing cause. Dr. Wei also told me that Dr. Djang has resigned as head of the Department of Chemistry, but he is apparently staying on at the College. Dr. Wei says that he is pleased that the Executive Committee pro-tem has been reorganized, but makes no comments as to the personnel of the Committee.

I have not incorporated into the tentative balance sheet the balances of the British Boxer Indemnity Fund and the China Foundation grant, as I am not certain as to what these would be as of the end of July. These sums in any case are earmarked for equipment for the School of Science and would not help us out in our general problem of covering the general administrative needs or the emergency needs of the College.

I am sorry, but apparently I made a mistake in my figures of August 5 on the preliminary balance sheet. The item of Hongkong\$13,000. should have been Hongkong\$1300. Thus the probable balance in the Sustaining Fund would be US\$2,750., Hongkong\$1300., and Ch.\$40,000. At present rates of exchange the total in the Sustaining Fund would be approximately US\$5,000. This may be reduced somewhat in the Chinese currency account when the final figures are in from the College. The Sustaining Fund balance can be accounted for as follows:

Approx. Balance, Aug. 1, 1939.....	US\$1,800.
Received from English Missions, 1939-40 for Emergency Purposes.....	1,200.
Received from the Associated Boards Sustaining Fund 1939-1940.....	7,000.
	<u>US\$10,000.</u>
Less Expenses charged to Sustaining Fund, 39-40....	<u>5,000.</u>
Balance.....	US\$ 5,000.

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September 11, 1940

I have been in correspondence with Dr. Sherman recently, and I hope to see him about the 19th of September to talk over some of the College problems.

When I was in Hsichow the Chinese currency balance of the College was approximately Ch.\$130,000. My understanding was with Dr. Wei that there would be no more exchange business done until this balance had been very materially reduced. My guess would be that the College would have at least Ch.\$50,000. on hand as of July 31. Probably \$10,000. of this would be accounted for in money which was on deposit for members of the staff and student body.

The amounts provided for 1940-41 for equipment and books are new appropriations, and I do not yet know how much was used in the year 1939-40. On looking over the figures I discover that in the School of Science US\$1200. which was to be held for Reserve for Sabbatical Leave was placed by mistake in the total for equipment. Thus the total for Equipment for the School of Science for the year 1940-41 in the Consolidated Statement should be Ch.\$33,600. instead of \$48,000.

In the School of Arts US\$500. which was to be put aside for Sabbatical Leave was also included in the sum for Equipment and Books, so that the sum there should be Ch.\$4200., instead of Ch.\$10,200. To the Ch.\$4200. should be added Ch.\$14,000. for research in the Chinese Department from the Harvard-Yenching Foundation, as per my letter of September 6.

I am afraid that I made these mistakes when I was in a hurry drawing up the figures in New York.

Sincerely yours,

John L. Cox.

School of Arts - Equipment, Books & Special Research

<i>Equipment & Books</i>	<i>R.C. \$ 4,200</i>
<i>Research - Chinese Dept</i>	<i>" 14,000</i>
<i>Reserve for Sabbatical Leave</i>	<i>6,000</i>
	<i>24,200.</i>

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1512 Brooklyn Ave.,
Ann Arbor, Mich.

Sept. 16, 1940.

Mr. O. S. Lyford,
100 Brookside Ave.,
Flandome, Long Island.

Dear Mr. Lyford,

Thank you for your letter of Sept. 11, 1940.

In my summation of the staff for 1940-41 I made one error. The number for Economics Commerce should be $4 \frac{1}{3}$ instead of $4 \frac{2}{3}$. Also in making up the list I did not include in any of the three the item of administrative officers of $2 \frac{1}{6}$ (this covers Dr. Wei etc.) if this is added I think it will bring the totals all right. ?

In the extraordinary expenses class B- for 1939-40 the item for repairs at Hsichow should be \$8,500. which was the figure on the earlier sheet. The mistake in the total other than this probably goes back to the time when I made up the figures in New York. ✓

I discussed this whole question of the Chinese Dept. at length with Dr. Wei when I was in Hsichow. I wondered how it was possible for them to push ahead with research but he seemed to feel that they were doing so. For one thing the vicinity of Tali is the location of an old kingdom about which relatively little is known and I know that they were beginning to work along that line. I also know that when the college left Wuchang that one of the members of the Chinese department had taken along a large number of old books upon which he was working. I also know that reports were being sent in to the Harvard-Yenching people. Dr. Wei is much interested in this and also I think knows considerable about it so that I doubt if he would encourage useless work. ✓

I agree with you that it might be wise to terminate the power of the President and Executive Committee in Hsichow to use the surplus in exchange. Of course the way the motion was made by the Board of Founders last year, it may be that it referred to only 1939-40. In any case I do not think it wise to leave in the hands of the executive committee a considerable sum of money which has not had its uses assigned. ✓

It was in January of this year that Dr. Wei sent one of the faculty members to Kunning to exchange a considerable sum of money. Actually the amount exchanged was US\$1300 more than Dr. Wei had planned on. I am of the impression that the total exchanged was between US\$4,000. and US\$5,000. It was on this account that when I made a tentative balance sheet for the end of the year that I estimated there would be in the neighborhood of C\$40,000. in the sustaining fund. ✓

The English Methodist Mission paid the first half of its grant in C\$ to the college in the autumn of 1939. In January they paid me an extra (I think it was 20%) on this on account of favorable exchange during the year. There is still the second half due which should have been paid in June and may have been for all I know. The total due

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due in June was C\$1,410.

The London Mission had up to April sent its grant quarterly and I think only the final quarter of C\$250 had not been received up to that time and may have been received since. I have no knowledge as to how the foreign salaries paid by these two missions are handled or whether there are any arrears on them.

I am not sure whether or not I discussed with you the question of Dr. Wei's attitude in regard to the Presidency. I do know that he talked with me at some length in regard to this matter. The sum total of his attitude seemed to me to be that if the Board of Founders or the supporting missions felt that it would be for the best interests of the college that he would be willing to step aside. But aside from that he seemed to have no idea of wanting to be relieved from the presidency. I think that the way the matter came up in the Executive Committee or rather that he allowed it to come was to give the Board of Founders a free hand to appoint someone else as president if they thought it wise. ~~But~~ There is no question in my mind but that there would be very little college without Dr. Wei. ~~and~~ He is willing to continue with it as far as I could make out.

Yours sincerely,

John L. ...

Later. Your letter of Sept. 14th came in just before I finished this and so will answer it here. Thank you for sending on Dr. Wei's letter in regard to Dr. Chen. This matter of his appointment at Lingan sounds as though he were up to his old tricks. I know that Dr. Chen did something of this same kind before he came to us in 1932.

I am returning the three sheets of comparative budgets. I have noted at the bottom of one of them the matter of the money for sabbatical leave reserve and left it in the totals. I have made the correction in page three for 1939-40 which I noted in the first part of this letter.

In regard to the grant from Yale-in-China, I wrote Dr. Wei this past weekend. I am not certain from your letter whether there is some idea of reducing the grant to Hua Chung to US\$5,000 from the US\$7500 which was suggested at the meeting in June. If Yale-in-China is facing a serious financial situation and feels the need of further cutting this, I have been wondering if it might not be easier to handle the matter in this way: keep the grant to Hua Chung at the figure of US\$7500. but at the same time let Hua Chung refund at least half of the surplus on 1939-40 to Yale-in-China. I figure that the surplus due to the high rate of exchange would amount to ~~XXXXXXXXXXXX~~ at US\$4,690. This using half of it in this way would reduce the overly large surplus ~~and~~ at the same time would help out Yale-in-China.

The totals for equipment in the school of Science works out at US\$2800. (that is US\$4000 less US\$1200 for sabbatical leave) which is less than the total for 1939-40. The total in this for the

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school of arts is increased because of Dr. Wei's desires in regard to the department of Chinese.

Sept 17
I am expecting to leave here tomorrow and hope to be with Dr. Sherman on Thursday of this week. After that I plan to go to visit my brother in Virginia where I will be until shortly before the meeting. A letter which I had received from Dr. Sherman said the meeting had been set for Sept. 27th in the afternoon. My address in Virginia will be ~~100~~ 110 Harbor Drive, Hampton, Virginia.

Yours sincerely,

John C. Lee

If the meeting should be set for earlier than the 27th please let me know here by wire (my wife will be here till Thursday or Friday.) If the meeting is later it would suit me all right.

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Boston, Mass.
Oct. 3, 1940.

Mr. Oliver S. Lyford,
Plandome, Long Island.

Dear Mr. Lyford,

Thank you for your letter of October 1, together with the check for \$150. I will account to you later for it. Also thank you for sending a copy of your last letter to Dr. Wei.

I do not expect to be in New York before I go to Kansas City so will not have the opportunity of calling you up. I expect to leave here on Sunday and the address which will reach me at Kansas City, will be care of "General Convention". I will let you know of my further movements later. I should say sometime early in November would be best for us to get together in New York and I will do my best to meet your convenience in the matter.

Now for answers to your questions:

1. In my judgement probably the more competent people in the college staff and administration are after Dr. Wei, Miss Bleakley, Mr. Anderson, Dr. Huang, Dr. Zee, Rev. C. L. Liu (student chaplain and in charge of the men's hostels), Dr. Hu, Dr. Hsiung. (I have not attempted to put these in any order and so please do not take it so).
2. Dr. Wei's idea in regard to a business manager seemed to be first that as long as I was away from the college that Mr. Tang needed someone to help him and also that even if I were there that it would be necessary to have one because of ~~xxxx~~ the fact that we were located so far away from other places. Personally I am not certain of the ~~xxxxxx~~ necessity if I were there full time.
3. The costs of renting temples for the college class rooms and offices, and the rentals of buildings for the hostels is carried on page 7 (of your report of last week) under the item of rentals under the heading A. The rentals for faculty and staff are carried under their salaries.
4. (I find that I had forgotten to return to you Dr. Wei's letter of May 24, 1940 which I am doing herewith.) I find in this a list of the numbers of the faculty as of May 1940 ~~xxx~~ that 22 of them had all or part of their families there and 15 were there alone. Also the total number given on this list is 140 people. I know that one or two people were hoping to get their families there this fall and there may have been other changes.
5. When I was in Berea with Runnals and Hutchins we discussed the question of Wesley Wan at some length and I will be glad to talk it over with you when I see you.
6. Certainly if the gasoline shortage in southwest China should become more acute I think that your suggestion of providing ponies might become a necessity for the college. This week I had a letter of September 11th from the Diocesan School which leads me to believe that the gasoline question had not been quite so acute as I had been afraid of. They had apparently been able to secure enough for several trips to Kunming during the summer. Also

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they reported that some of the college faculty had been passing by them at Chennan on their way to and fro from Kunming. I feel that with Bishop Y. Y. Tsu in Kunming and a bit of exertion on the part of the college at Hsiakwan that needed transportation can be obtained. I think that Dr. Wei feels that a small truck which the college was running would add to rather than detract from his worries and so he is not likely to push that.

I also heard that the Diocesan School at Chennan had two hundred seventy students on hand on Sept. 11th and more waiting for transportation so they were fixed for students. I trust that the unrest and unsettled conditions around Kunming may induce some college students there to move west to Hsichow. It may also make the faculty a little more settled in their own minds if Kunming is having difficulties.

Yours sincerely,

John L. Coe

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Boston, Mass.
November 3, 1940.

Mr. Oliver S. Lyford,
2 86th St.
New York, N. Y.

Dear Mr. Lyford,

I enclose herewith two copies of the way I would suggest that the US\$3,000 from the Rockefeller Foundation through the Associated Boards be charged for the year 1939-40. These amounts are still approximate as based upon my estimates of April. They do not as far as I know take in anything which was reported to the Associated Boards for 1939-39. ~~xxxxxx~~ The names of some items are the same but the amounts given are for the year 1939-40 and were not reported earlier.

On the second page of Dr. Wei's letter of September 21, 1940 to you he mentions the matter of subsidies for faculty and staff members and says it would mean C\$18,000 to carry them out for the academic year 1940-41 and that this would mean increasing the item for this by the amount of C\$15,000. When he wrote you in May about the matter of the subsidy I figured from the data that he then gave that it would require C\$12,000 to cover this for 1940-41 which was put in the budget. I assume that he now raises this estimate to \$18,000 because the subsidy is to be granted irrespective of whether the members of the family are in Hsichow or elsewhere. This would therefore add C\$6,000 to the budget a portion of which could undoubtedly be covered ~~from~~ by the Johnston Fund, Harvard Yenching, or Sale-in-China depending upon how many of those affected by this new ruling were upon those supports.

Yours sincerely,

John D. Lee

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1512 Brooklyn Avenue
Ann Arbor, Michigan
December 19, 1940

Mr. O. S. Lyford
230 Park Avenue
New York City

Dear Mr. Lyford:

I am enclosing with this a copy of the memorandum which I said I would send you in regard to the Yale-in-China School of Science surplus. I am also sending a copy of this to New Haven. I think that the wisest thing is to ask that Yale-in-China continue its annual appropriation to Hua Chung College on a scale to cover the current operation of the School of Science each year. It should be pointed out that because of the abnormally high rate of exchange in China at the present time that the sum of US\$5,000, which should be adequate for the current year, will in all likelihood not be sufficient to carry the School of Science under normal conditions. I feel very strongly that we should not start using this surplus to cover normal operation, except in a case of emergency where the exchange rates may have suddenly gone against us.

Dr. Wood on Tuesday very kindly gave me a letter to the head of the Passport Division of the Department of State. I went to Washington on Wednesday, and had a measure of success. It seems that the passports are not stamped until within thirty days of the time of departure from the U.S.A. However, my application is in, and I understand there should be no difficulty in getting my passport fixed within a couple of weeks. I was told that there was no chance to get a passport for Mrs. Coe at the present time. For various reasons I think it wisest for me to continue with my original plan of sailing on the "President Coolidge" on the 24th of January. This will enable me to pass through Shanghai and have a chance to talk over with our people there some of the present problems of remitting money in China. I hope that nothing will come up to prevent the carrying out of this program.

The College is certainly very deeply indebted to you for all the work which you have done in its behalf during the last several years.

Mrs. Coe joins me in sending you and your family best wishes for the holiday season.

Sincerely yours,

John L. Coe.

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December 19, 1940

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SOME FACTS CONCERNING THE SURPLUS OF THE YALE-IN-CHINA SCHOOL OF SCIENCE OF
HUA CHUNG COLLEGE

This surplus started in the year 1935-36. At that time the School of Science was faced with the fact that most of its obligations were in Chinese currency, while its income from Yale-in-China was in U.S. dollars. At the rates of exchange prevailing at that time, the income was just about enough to carry the salaries of the School of Science. After consultation with Dr. Hutchins it was felt that a surplus arising in any year should be held as a Reserve Fund, so that if exchange should move adversely, it would not be necessary to ask Yale-in-China for an extra amount to cover. At the end of each year through June 1938, the amount of this surplus was reported to the Board of Directors in China and particularly to the representative of Yale-in-China, Dr. Hutchins. In fact, Dr. Hutchins was usually consulted as to where the money was being kept.

1939-40
The surplus during those three years gradually grew arising from two sources; viz.; the exchange rate was somewhat more favorable than expected especially in the spring of 1938, and some appointments were not made to the School of Science which had been originally budgeted for. In June 1938 this surplus amounted to a little less than U.S.\$5,000, more than half of which had been accumulated during the year 1937-38. During the year 1938-39 the exchange rate jumped very considerably, and as a result the amount of the appropriation from the Yale-in-China in U.S. dollars which was used was a great deal less than expected. It should also be pointed out in connection with the year 1938-39 that the college was moving, first to Kweilin, and later to Hsichow. Fortunately the expense of moving was met from other funds. Probably two-thirds of the expense of moving could have been charged to the School of Science, which would have reduced this surplus very considerably. In 1940-41 there has also been a considerable amount accrue to this Surplus Fund because of the high rate of exchange.

The greater part of the equipment which the College has moved to Hsichow is the property of the Yale-in-China School of Science. When the college comes to move back, it will be under a heavy expense to move equipment and faculty. A good portion of this surplus would probably be needed to do this. In addition, a considerable sum of money will probably be needed to rehabilitate the equipment and laboratories when the college returns. Therefore, it would seem wisest to hold this money against the needs and not use it for current expenses at the present time.

John L. Cox

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