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HUA CHUNG (CENTRAL CHINA) COLLEGE

室 長 校

CO-OPERATING UNITS

BOONE COLLEGE

GRIFFITH JOHN COLLEGE

HUPING COLLEGE

WESLEY COLLEGE

YALE-IN-CHINA COLLEGE

WUCHANG, CHINA

TEMPORARILY IN HSICHOW

VIA TALI, YUNNAN, CHINA

OFFICE OF THE PRESIDENT

Jan. 4, 1943.

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

From Mr. Coe

*[17]
Received Mar 22*

Dear Mr. Lyford,

Thank you for your letter of November 5th which reached me a few days after Christmas. Thank you also for the sheets of financial summary.

There are a few slight changes which should be made in the US\$ balance sheet as of Aug. 1, 1942. They are as follows under the credit items:

Sustaining Fund	US\$6,069.41
Arts Books Fund	591.30

The reason for the change is this that when I made my preliminary report in August I had assumed that US\$150 had been spent by the New Haven Office of Yale-in-China for books for the School Arts. This was charged off in my accounts in that way. Then when your report reached me that NewHaven had not spent this (since the first of August you have paid a bill to Stechert on this account) the amount of US\$150 should have been returned to that account. Thus instead of adding US\$384.92 to the Sustaining Fund, only US\$234.92 should have been added to the sustaining Fund and \$150 should have been added to the Arts Books Fund.

In December as I did not consider it wise to exchange more at the time I arranged with Mr. Allen of the American Church Mission in/ Kunming to transfer US\$5500 of the American Church Mission appropriation for 1942 to their Special China Funds on account of the college. This does not mean that that has not been used but simply that I wished to hold off on exchange for the moment.

In reference to your question about the US\$5,889.89 in funds held by the American Church Mission Special China Funds I can give you the following information. A few weeks ago I received the enclosed statement from Mr. Laycock, the Acting Treasurer in Shanghai. (I am retaining a copy of it here.) This shows a balance in our favor of US\$6,151.69 which can be reconciled with my statement of Aug. 1, 1942 in the following way. ~~This amount was in the hands of the American Church Mission in Shanghai in 1939~~ In 1939 the college had a credit of around US\$5,000 in the National City Bank Hankow. I did not consider it wise to allow it to remain there and so arranged that the bulk of it be transferred to the American Church Mission on the understanding that it be put in the Special China Funds which were actually in New York but could be drawn on via their Shanghai Treasurer. A small portion of it US\$238.20 was left in the hands of the American Church Mission Treasurer, Hankow to cover college payments in Hankow. Since my return to China in 1941 a few payments in an out of the Shanghai account have been made on my order. In September 1941 I asked Mr. Laycock to send me US\$500 and charge it to this account. He sent me the money and ~~then~~ then charged it against the American Church Mission appropriation to the college for 1941. However until it was possible to clear that up and also the question of the ~~the~~ American Church Mission appropriation to the college for 1941 I have held that US\$500 in suspense on my books. Thus from the balance shown in Mr. Laycock's statement to me of US\$6151.69 should be subtracted ~~\$500~~ US\$500 leaving a total of US\$5,651.69 and added to that should be US\$238.20 making a total of US\$5,889.89 shown in my statement of Aug. 1, 1942. Under the circumstances it would seem that the college has a credit of US\$6,151.69 in ~~this~~ the hands of the American Church Mission which is available for the uses of the college. It does not consist of any particular funds except as to the US\$500 mentioned above. As for the US\$238.20 in the hands of the American Church Mission Hankow I had word in October 1941 that it was also in New York. However they made *but I do not know in what account.*

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payments for the college in Hankow for which I have the money here which would more than cover that amount. I assume that you will take up with Mr. Whitney the question of where the US\$6,151.69 is to be kept.

In His letter of August 28, Dr. Wei said " that the Shanghai balance of the American Church Mission would not exceed US\$1,000". This referred to the matter of the American Church Mission appropriation to the college for 1941, and not to the matter of the US\$5,889.89 referred to above. In the previous paragraph I have shown how US\$500 appears in the college account but as for the final report for 1941 I have had no information.

In regard to the growing surplus in the Harvard-Yenching account I feel that we are on perfectly safe ground. More than a year ago Dr. Wei ~~xxxxxxx~~ received a letter from Dr. Elisseeff, Director of the Harvard-Yenching Institute in which he heartily approved of Dr. Wei's laying up a portion of the grant from Harvard-Yenching to use for purchases of books after the war when they might become available. I enclose herewith a copy of the financial summary of the operations of the Harvard-Yenching Fund which was sent to them.

In reference to the purchase of equipment and books during the year 1941-42 the following was the situation: A few books for ~~xxxxx~~ both the School of Arts and the School of Education were purchaseable in China. Also a number of orders were sent out early in the ~~xxxxx~~ academic year for books from abroad which did not arrive. The Chinese department also spent about C\$7,000 on a publication in Tali which has been sent to a number of places in China. In the School of Science when it was seen that the things ordered from America were overdue an attempt was made to get things from Kunning at high prices (this particularly applied to glassware and chemicals). Thus out of a total of C\$91,000 reported for the School of Science expenditure for this item last year about C\$75,000 was spent on supplies obtained either locally or in Kunning. In some cases the purchases made were heavier than needed immediately but that is standing them in good stead this year. The balance of the C\$91,000 represents the final payment for things ordered abroad, a portion of which did not arrive.

I note all that you say in regard to the sustaining fund and will see that the principles outlined by you in regard to it are carried out here. As far as I can see it has been the endeavor of the college to carry them out. The ~~xxxxx~~ items charged to it have been subsidies for the faculty and staff, rentals which would not have been necessary if the college had been operating on its campus in Wuchang, the loss of income due to the fact that the college is not charging tuition fees as in normal times, increased aid to students not only in ~~xxxxx~~ the form of scholarships but also in providing for care and upkeep of the hostels which in normal times would be carried by the hostel fees of the students. During the last few years sums undesignated for ~~xxxxx~~ ^{special} uses have been received from the United Committee for Christian Colleges in Great Britain. These sums have been put into the sustaining fund and so reported to you. The thousand pounds recently received from Madame Chiang from the British United Aid to China is being entirely used for increased faculty and staff subsidies as reported by Dr. Wei. In previous years the cost of moving the college from Wuchang to Kweilin and then from Kweilin to Hsichow were charged to this fund.

The college has sufficient funds on hand to carry us through for several months if conditions remain normal. However I still consider it wise to retain a large cash reserve on hand locally and also wish to be prepared in case an emergency should arrive. I am therefore writing to Mr. Allen to exchange ~~xxxxxxx~~ US\$5,000 for us if conditions should prove favorable sometime this month. Doubtless he will cover by cable in the same way as in September. It is also possible that Mr. Allen may not exchange till sometime next month or early March. In case he does not do so until then do not be concerned as the college has enough to carry on with for the time being. The receipt of the thousand pounds from the British United Aid to China which exchanged into C\$79,585.50 also have enabled me to keep the local cash of the college up.

Yours sincerely,
John L. Coe.

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Financial Report to the Harvard-Yenching Institute

[3]

Receipts and expenditures

Department of Chinese Literature and History, Hua Chung College.

Aug. 1, 1941 to July 31, 1942.

	<u>Receipts.</u>	LC\$	US\$
Balance on hand Aug. 1, 1941			8,154.42
From Harvard-Yenching Institute grant 1941-42.			5,000.00
by sale of US\$3,345.79 @ 18.25		61,055.43	
		<u>61,055.43</u>	<u>13,154.42</u>
	<u>Expenditures.</u>		
by sale to C\$61,055.43			3,345.79
1. Department Administration			
(a) Administrative offices:			
Mr. Wan Hsien-fa			
research assistant	4,583.		
Clerical help	<u>600.</u>	5,183.00	
2. Teaching Staff			
Prof. K. E. Yuh (part)*	3,297.23		
Prof. L. P. Pao	8,880.25		
Asst. Prof. C. T. Ling	5,655.00		
" " F. S. Ma	6,385.00		
" " Y. C. Ko	5,252.00		
Lecturer H. L. Li	6,646.00		
" S. W. Hu	<u>7,314.00</u>	43,429.48	
3. Library			
Book purchases (oriental)		3,850.00	33.71
4. Miscellaneous Miscellaneous			
Printing	4,100.00		
Postage	342.95		
Research	900.00		
Stationary	2,500.00		
Scholarships	<u>750.00</u>	8,592.95	
		61,055.43	3,379.50
Balance on hand Aug. 1, 1942.			9,774.92

* Part of Mr. Yuh's salary is paid from a grant by the Ministry of Education.

John L. ...
Treasurer.

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Hua Chung College

Statement of Specials from

September 7th, 1939 to Dec. 31st, 1941.

Dr. U.S. \$.

Cr. U.S. \$

1939			
Sept. 7	By D. of M. No. 358 Butterworth Memorial Fund Rev. John J. For President of Boone Univ. (Hua Chung College) To assist students in preparing for ministry		17.50
1940			
Dec. 16	" Transferred from A.C.M. Special China Fd. a/c Hua Chung College	4,636.25	
1941			
May 15	" Mr. J. L. Coe per his letter of 4/30/41	500.00	
June 14	" Dr. F. C. M. Wei - Transfer per Mr. Coe's letter 5/27/41	20.00	
	" Dr. F. C. M. Wei - Discretionary Fund - Transfer per Mr. Coe's letter 5/27/41	935.38	
	" Mr. J. L. Coe per his letter of 5/27/41	214.25	
July 9	" Hankow Appro. Sale of C.C. \$10,446.48 @ 5½	574.56	
	28 " Hankow Appro. per Mr. Coe's letter of July 9th, 1941	223.73	
Sept. 11	" Dr. L. H. Roots - Travel Expenses from Rangoon to Hsichow	348.58	
July 25	To H. & S. B. C. (S. C. & S. Bk.) per Mr. Coe's letter of 7/12/41	574.56	
Oct. 23	" Dr. L. H. Roots per his letter of Oct. 3rd, 1941	244.00	
Nov. 19	" National City Bank per Mr. Coe's letter of Nov. 4th, 1941	500.00	
Dec. 31	" Credit Balance	6,151.69	
		<hr/>	
		7,470.25	7,470.25
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G. W. Laycock,
Acting Treasurer.

Treasurer's Office,
Shanghai,
Oct. 6th, 1942.

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Mr. John L. Coe, Treasurer,
Dear Mr. Coe:

New York, January 13, 1943.

I am enclosing herewith a letter of Chambellan, Berger and Welti, Certified Public Accountants relating to the audit, which these people have been requested to make, of the Foundation Accounts and the College Accounts for the college years ending July 31, 1941 and 1942. This audit was called for by the United China Relief and the Associated Boards. Similar audits have been requested from each of the agencies which are being assisted by the United China Relief, which organization is being asked by the United States Government for assurances that the money being collected for relief in China (as now required from all war relief agencies) has been properly handled.

It is recognized that complete audits such as my accounts are receiving, are not possible at present for our associates in China, as this could only be done by sending examiners to each college headquarters. Also, because of the difficulties in mailing, the reports from China must be meagre. Therefore the reports which I have received from you would be sufficient except for certain discrepancies, which obviously are due to errors in copying, and provided the auditors receive your answers to the questions in the last paragraph of Mr. Fyfe's letter, which you will note ends at the middle of page 2 in the copy which I have embodied in this letter to save postage. ~~Also please note that the last eight items of the statement, which accompanied the auditor's letter, appear at the bottom of this sheet.~~

In explanation of Mr. Fyfe's remark "We should know how Mr. Coe handles these transactions and we think it best that he explain the method of his handling of both these items", he means, the method of handling the Chinese dollar balance sheet and the U.S. dollar balance sheet and how the two accounts should be brought together. I believe your answer is embodied in the last four items in your U.S. balance sheet as of Aug. 1, 1942 as it appears on your sheet dated Aug. 11, 1942, but further explanation is necessary. I understand, as Mr. Fyfe must, that approximations must be used under present conditions, with exchange, etc. jumping around as they do. You are familiar with the work of such auditors and if you will answer him just as you would if talking across the table, I feel sure your answer will be adequate. These questions come about mainly because we want to arrive at a consolidated statement showing what the total cost of operating the college is, including both your expenditures and mine, and broken down into departmental totals and overhead items to which the New York overhead may be added. I hope it will be practicable for you to answer these questions soon after receiving this letter.

I received through the National Council your request for funds to be sent to you through Mr. Allen and I delivered the money to Mr. Whitney yesterday so that you should receive it long before this reaches you.

Please advise Dr. Wei that I have received his letter N.Y. 51 of November 7th which will be of special interest to our Board at the February meeting by which time I shall probably receive from you the information requested by Mr. Cressy. This information can only be a guess, of course. The Associated Boards have not adopted a new fiscal year. The demand for information as of March 1st is made by the United China Relief to meet certain restrictions of the U.S. Government regarding campaigns for relief money.

The Annual Meeting of the Board will be held on February 11, at which time we shall review all the information which any of us have which will afford light on the problem of providing adequately for the welfare of you all. We realize that physical welfare is only one part of the need, and we try to understand how you are all able to go on with the teaching and the character building with so little contact with and inspiration from the teaching and research work of the rest of the world. Obviously it is only because of the Spirit of God in your hearts.

In line with my last letter to Dr. Wei (No. 35) I still think that the only solution for the financial needs of the Christian Colleges is for the Chinese Government to supplement ~~an our~~ American funds adequately if they want our colleges to continue. Our Government is helping the Chinese National Universities with men and materials from this country and the spirit of the Lend-Lease Agreement seems to me to call for reciprocal contributions, particularly when all that our colleges are doing, is for China except for the mutual advantage of good-will.

I paid the National Council \$5,000 for your account on Jan. 14 and I am paying the cable charges of \$9.36 on the message from Dr. Sherman to Dr. Wei on Dec. 18th. These payments are being made from the Reserve Account and I am replenishing this account with \$5,000 from the Foundation Account. Therefore after today the balance in the Reserve Account will be \$7,159. (Dec. 21) minus \$5,000. (Jan. 13) plus \$5,000 (Jan. 16) minus \$9.36 (Jan. 16) = \$7,149.78.

The balance in the Joint Account as of today is \$3,616.08 which is the balance of November 21 plus a donation of \$15.00 on December 9.

*I also enclose letter of Jan 5
from Mr. Cabell.*

Yours very sincerely,

Oliver S. Lyford

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

學 大 中 華 立 私
HUA CHUNG (CENTRAL CHINA) COLLEGE
WUCHANG, CHINA
TEMPORARILY IN HSICHOW
VIA TALI, YUNNAN, CHINA

室 長 校
OFFICE OF THE ~~XXXXXXXX~~
Treasurer.

Feb. 11, 1943.

From Mr. Coe

Mr. Oliver S. Lyford,
230 Park Ave.,
New York City.

Recd April 14

Dear Mr. Lyford,

As I wrote you early in January, I arranged through Mr. Allen to ~~xxxxx~~ convert US\$5,000 for the college. I believe that Mr. Allen has had word from you that the transaction has been completed. I did not cable you from here, as I had written you earlier that any requests from Mr. Allen were to be honored on your end. It is a matter of keeping a considerable amount of cash on hand here in Hsichow and also in the banks locally to keep going, as if a crisis should arise it would be a matter of having it for use in a hurry. We had a slight flurry here two weeks or more ago when the local Chinese papers were publishing reports of the fighting three hundred miles south of here on the border where Burma, China and Indo-China meet. However the flurry has fortunately died down.

I also wrote you a note enclosed in a note to Mr. Miller that the total amount he could draw for his household possessions etc. which I sold for him was US\$2,000 rather than the US\$1,250 which I mentioned in my letter of October.

Fortunately last month I was able to open a current account for the college in the Bank of China in Tali (last year they were not opening current accounts there). This means that our nearest banking facilities are now only ~~twelve~~ twelve miles away instead of 20 as was the case when our nearest bank was in Hsiakwan. I am very shortly going to cut down on the cash reserve which I have been keeping on hand here ~~since~~ since last spring, as the trip to Tali in case of necessity would be much easier than the one to Hsiakwan.

Comparatively speaking the students are not as hard up as the faculty and staff. Many of the Yunnan students come from families with money so that they are well fixed. Many of the other students are helped considerably with the college scholarships and other funds which Dr. Wei has raised for students assistance. In addition to that most of the students whose homes were in occupied territory are able to get the government loan for students, which is a varying amount from month to month, but is sufficient to pay the bulk of the cost of their board for the month. Needy students who come from free China are able to get the government loan, but the amount granted them per month is C\$18 less per month than for those from occupied territory.

The problem for the faculty is the battle with the prices which tend to rise. It certainly does look as though this country was headed for more serious inflation than we have seen yet. At the People's Conference held in Chungking last fall there was a great deal of talk about the matter of prices and of price control. There are reports that in some areas more directly under the control of the central government a measure of price control is in effect. However we do not see much of it in this valley. Probably the only thing which has prevented us from seeing prices much higher here during the last few months has been the fact that there has been so little in the way of traffic along the road. As someone has said, every time that there has been an announcement of price control, prices have actually jumped. The local people in authority here do not seem to be able to do much about it.

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A couple of months ago it was announced that the price of pork was to be stabilized ~~by~~ at a price ~~C\$3.~~ C\$3. per catty less than it was at that time. The price on the street came down to the lower price of C\$10. per catty, but when one wanted to buy pork, it was discovered that where formerly one could get a cut that was mainly meat, under the controlled price system considerable bone and other extras was thrown in, so that the individual got less meat than formerly for his money. That control was soon dropped here. The matter of salt is also somewhat unsatisfactory. Salt manufacture and transport ~~is~~ is run by the government and then handled by dealers. Last year the government arranged for the distribution of salt through its own ~~own~~ agencies at a fixed price lower than the dealers were charging. For a time the college arranged to get salt there and ~~xxxxx~~ *for faculty* distribute it to the faculty and staff, using a small grant that the college had received from the Ministry of Education for this purpose. Also in about year the government price of salt rose from C\$1.50 per catty to C\$4.32 per catty. When the ~~xxxxx~~ money received from the Ministry of Education was exhausted we arranged that the families of the faculty and staff could ~~xxxxx~~ purchase salt at the government agency upon presentation of a certificate from the college. However the government agency has been far from cooperative and always says that they have no change on hand, and so collect C\$5. per catty instead of the proper price. Also another favorite idea of theirs is to say that they have none on hand and make the people ~~xxxxx~~ come back more than once. Of course, we are far away from the center of things here, and so there is not effective control. The local government has also recently doubled the tax which is collected whenever a pig is killed. Fortunately during the last year, except for minor fluctuations, the price of rice has remained fairly steady which is a big help. The local people here are not so much affected by this price rise, as many of them depend for their living upon the proceeds from their fields, and they depend quite largely upon a matter of barter. Domestic postage rates in this country were tripled early in December.

Just before the Chinese New Year we had our usual battle with the landlords over the payment of rent for the following year. Not all of our leases call for payment at this time, but more than half of them did. Tan Jen-i worked hard on the matter of negotiating with them and finally got them settled up. Some of the landlords started off by demanding that the rent ~~xxxxx~~ be increased four times over what it had been. However after considerable patient work on the part of Mr. Tan and Dr. Wei, we were able to get the payments made with an increase of approximately seventy per cent over what we paid a year ago. The college is now paying about C\$80 per month for the same amount of space for which it paid about C\$15 per month when it first came here four years ago this coming spring.

Shortly after this vacation, which ends in about ten days, I will begin to work out the budget for the coming academic year. I hope that it will be possible for us to cable you some figures before the end of March or at least early in April. Taking into consideration all factors such as the gift from the British United Aid to China fund, the funds from the Associated Boards, and from the various missions, I have hopes that the college will be able to live within its income for this academic year 1942-43, despite the increases which have had to be paid to the staff and faculty and the other increases in operation.

With best wishes,

Yours sincerely,

John L. Coe

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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

Treasurer

March 9, 1943

CO-OPERATING UNITS

BOONE COLLEGE

GRIFFITH JOHN COLLEGE

HUPING COLLEGE

WESLEY COLLEGE

YALE-IN-CHINA COLLEGE

Mr. Oliver S. Lyford
230 Park Avenue
New York City, U. S. A.

*Other letter of same date
answered mine of Jan 13 regarding
audit of Chamberlain.*

*Received May 6, 1943
Ans. May*

Dear Mr. Lyford:

Thank you for your letter of January 13 which arrived about two weeks ago. I am sorry that there has been a delay in answering your letter and in sending on the information requested. At the time it arrived, Mr. A. J. Allen of the American Church Mission in Kunming was visiting me here, and I was putting as much time as I could spare upon going over his books. There was also the matter of the rush at the beginning of college. In a separate letter I am making an attempt to answer the questions which were raised on pages two and three of your letter to me.

1. I note in your letter that there was a donation of \$15 put into the Joint Account on December 9th. Is this to be added to the Sustaining Fund? *This is the payment of a draft on the Union Bank, payable to some one and which she was unable to collect. I collected it and it should be paid to her.*
2. Will you please tell me how the following items have been handled, so that I can make my accounts here agree. Last winter Dr. Wei wrote asking you to send a sum of money to the churches in Great Britain from the Christmas 1941 Offering of the college. I believe that you sent this in March or April 1942. If you can let me know the amount in U.S. dollars which you sent, I will put the equivalent in Chinese currency to the credit of the college.
3. In early September you wrote Dr. Wei about ^(about U.S. \$50.) a bill for books ordered by Dr. Lin from Stechert & Co., New York. I believe that he answered requesting you to pay the bill. This should be charged to the Joint Account.
4. In August I sent you a draft for U.S. \$15 drawn by the American Church Mission, Shanghai, in November 1941, to be collected and placed in the Joint Account.
5. In November I sent a Reformed Church Mission draft to Mr. Allen in Kunming, asking him to send it on to Mr. Whitney in New York. U.S. \$375 of this was to be turned over to you to be placed in the Joint Account.
6. Has Harvard-Yenching paid their grant of U.S. \$5,000 for the academic year 1942-43, or not? As I remember, in the fall of 1940 they voted a grant of U.S. \$5,000 annually for three years to the college, and this ought to be the last installment of that. Dr. Wei is writing to the Director of the Institute about the renewal of the gift after this year.
7. I have sufficient funds on hand here for the present. I had a long talk with Mr. Allen when he was here about the matter of exchange. For the present I expect to continue the matter of remittances in the same way as the one was handled in January. I will probably ask for a remittance sometime in April or May. In case I should go with Dr. Wei to the meetings in Chengtu, I will probably arrange for the remittance before I go.

With the best wishes,

Yours sincerely,

JLC/MRC

*John L. Lee.
Will you please at your convenience send the
enclosed note to Mr. James Whitney at the Church
Mission House, 281 Fourth Ave. J.L.L.*

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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~~

Treasurer

March 9, 1943

(1)

Received May 6, 1943

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

Mr. Oliver S. Lyford
230 Park Avenue
New York City, U.S.A.

Dear Mr. Lyford:

I have gone carefully over your letter from the accountants in regard to the college accounts. The six items which they mention on page two of your letter to me can be handled in the following way.

The first item in regard to the difference of the credits and debits in the Chinese dollar balance sheet as of August 1, 1941 seems to arise in this way. In the credit item for "Transportation," a mistake was made when the sheet was sent to you, and the amount should have been \$1,685.32 instead of the figure \$2,685.32. As for the additional difference of \$180 which the accountants mention, I have not been able to find it. I have gone over the account carefully, and also had Mr. Tan Jen-i check it. We both find that the total debits and credits are now the sum of \$132,912.06. I am sending with this letter a copy of this Balance Sheet with the item of "Transportation" changed in accordance with what I said above.

In regard to the second item of the difference in Chinese Trial Balance of July 31, 1942 of the credits and debits, I find that in putting together several items to the credit of the "Deposit Local Item," I omitted one figure amounting to \$180.10. Thus the "Deposit Local Item" should have \$37,650.30 instead of \$37,470.20. With this change the two totals agree.

In regard to the third item "Operation and Maintenance," I find that in the copying of the report one item of Maintenance was left out in the report sent to you. This was the item of \$4,719.70. I believe that the addition of this item to the "Operation and Maintenance" account will bring the total to \$28,017.17, which is the total reported. (I also enclose a copy of the "Operation and Maintenance" Account.)

In regard to the fourth item I find that in the listing of the Administration expense one item was omitted in the copying. That item was "Business Manager" for \$2,921. The addition of this sum accounts for the difference mentioned by the accountants.

As for the fifth item, in the Yale School of Science, I find that an error was made under the department of Physics for the salary of P.H. Liao. The amount should have been \$3,673 instead of \$3,723. This will account for the \$50 discrepancy noted by the accountants.

In regard to the sixth item, the difference in the School of Arts, I find that the amount for the Chinese department "Books, Printing, etc," should have been \$13,092.48 instead of \$13,090.40 as reported. This accounts for the figure reported by the accountants.

I have not been able to trace down all of the figures given at the bottom of page two and page three by the accountants. The changes necessitated by my explanations of items one through six will reduce the difference reported by them in those figures from \$6,292.60 to \$120. I am not exactly sure how they drew up their figures, especially in regard to those for the Ministry of Education, Biology, Chemistry, and Physics, and a few other items, so I have not been able to find the other \$120.

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March 9, 1943

Probably many of the difficulties arise because of the fact that the bulk of the college income is in U.S. dollars and the bulk of the expenditure is in Chinese dollars. At the present time the college method of handling exchange and the relation between the Chinese dollar and the U.S. dollar is as follows: whenever during the academic year from August 1 to July 31 any amount of U.S. dollars is exchanged into Chinese dollars, the amount received in Chinese dollars by the college is credited to the account of the Board of Founders. Payments out in Chinese dollars are debited to the proper accounts as they are made. At the close of the college financial year (July 31), the average rate of exchange for that year is reckoned. Then the amount in Chinese dollars chargeable to the different funds of the college, such as Yale-in-China, Harvard-Yenching, Johnston Fund, Sustaining Fund, etc. is computed, and then converted into U.S. dollars at the average rate of exchange. The total of these amounts in Chinese dollars is transferred on the college books from the account of the Board of Founders to these various accounts, such as salaries, books, etc., thus wiping out the debits in these accounts for the year.

The U.S. Balance Sheet is made up in the following way. Taking the U.S. Balance Sheet of the previous year, we add to it any receipts in the various funds (during the last year or so most of these receipts have been received by Mr. Lyford in New York), then subtract the amounts charged as above explained, and also subtract any amounts which may have been paid during the year in the United States in U.S. dollars. As it is necessary for the college because of local conditions to convert U.S. dollars somewhat in advance of the time when they are needed, on the 1st of August each year there is usually a certain amount of Chinese dollars which have been converted and not used; this amount appears in the Chinese Balance Sheet as the first item, which while it has been called the "Sustaining Fund," really ought to be marked to the credit of the Board of Founders; this item is converted into U.S. dollars in order to balance the U.S. dollar Balance Sheet. For instance, in the U.S. Dollar Balance Sheet of August 1, 1942 the last item in the debit column is marked the "Equivalent of Deposits in Kunming, Hsiakwan, and Cash;" this item corresponds to the first item on the Chinese dollar Balance Sheet; this is merely a book transaction and not actual, and is the only item which appears on both balance sheets.

A certain amount of the income of the college comes in from Chinese sources in Chinese dollars. The remainder of the Chinese dollar Balance Sheet arises in the following way. The college treasurer's office handles a certain number of funds for the missions cooperating in the college and for various student organizations and for the guest institution Canton Union Theological College. These funds appear in the Chinese dollar Balance Sheet, but have nothing to do with the general expenses of the college. Also certain departments in the college, particularly in the School of Science, have income for specific purposes from various sources, such as from the Ministry of Education. These funds are all earmarked for specific purposes and can not be considered as part of the general income of the college. Also, on the 1st of August each year some advance payments have been made for the following year, as in the case of Rentals, or some payments may not have been completely put through the college books at that time. Also, some of the missions which pay some sums locally may be either a little bit ahead or a little bit behind in their payments, as of the 1st of August. All of the items in the Chinese dollar Balance Sheet except for the first one are reporting the exact state of affairs in regard to these various funds. Thus it would not seem wise for the college to count any figure but the amount to the credit of the Board of Founders (Sustaining Fund) in Chinese dollars as an asset for the following year. Hence this credit of the Board of Founders (Sustaining Fund) in Chinese dollars is the only item which is converted into U.S. dollars in order to show the resources of the college.

The statement of the Income and Expenditure of the college is given in detail under the Administrative Account and under the accounts of the various schools. These details are all combined into the General Statement of Income and Expenditure of Operation for the year. All funds which are used for the support of faculty and staff are detailed there.

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Mr. Oliver S. Lyford -- 3.

March 9, 1943

This summary statement shows the complete picture of the financial operation of the college for the year 1941-42. Included in it are all the regular expenses of the college for teaching, administration, operation, and maintenance. The only items of expenditure which are not included in it are certain sums for research which do not come regularly to the college and the use of which is not necessary for the operation of the college. Also in this statement there is no mention of the cost of the student board or lodging, which are managed by the students themselves. Any expenses in connection with these which are borne by the college, such as rentals of the hostels or wages of the servants, are included in the statement. Scholarship assistance to students to help them in defraying their living expenses is part of the Scholarship item which is incorporated in the statement.

I hope this will clear up the questions which have been raised by the accountants.

Sincerely yours,

John L. Lee.

Encs.
JLC/MRC

2. Operation and Maintenance Account for 1941-42.	
Grounds	1,148.90
Hostel Servants	4,329.49
Library	3,552.09
Lighting- part	3,969.19
Policing	500.00
Repairs	4,719.70
Wages	3,184.80
Wuchang campus	1,000.00
Sundries	887.30
Furniture	4,725.70
	<hr/>
	28,017.17

[4]
This is the same as
the report to Mr. Lyford
in Aug. 1942 with
the addition of the
item for repairs.

John L. Lee.
28,017.17 Policing
500.-

27,517.17

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Hua Chung College Balance sheet C\$ Aug. 1, 1941. [5]

	Dr.	Cr.
Sustaining Fund		70,833.85
Hankow Remittance		2,516.89
American Church Mission		5,483.74
Methodist Mission		3,972.00
Ministry of Education	1,670.61	
Reformed Church Mission	300.00	
Yale-in-China		2,689.63
Medical	7,500.00	
Policing		100.00
Scholarships		8,246.20
Rentals	4,160.00	
Transportation		1,685.32 *
Chinesen opt. Bks. and Sal.	974.75	48.00
English Books		916.40
School of Education		2,879.05
Music Dept.		801.00
Psychology		1,104.53
Reformed Church Mission Reserve		1,675.50
Brit. Boxer Ind. Biology		6,293.01
" " " Chemistry		6,445.89
" " " Physics	5,982.95	
Ministry of Ed. Biology		2,277.35
" " " Chemistry		98.76
" " " Physics	529.71	
Biology-Research Fund- Y-		2,094.55
Machine Shop	312.15	2,306.30
Yale Sal.	1,558.75	
Power Plant	1,312.74	
Canton Theological School		1,483.27
Deposits-Local		5,013.88
" "-W-	206.25	
Misc. Hostel Deposits		933.14
Summer Board Loan	1,000.00	
Women's Hostel		67.00
Purchases' Advance	1,513.45	
Temporary Advances	2,776.75	
Income Tax		.35
Thesis Paper	725.08	
Research Fund-C. Chow		2,946.42
John Evans a/c Kunming Purchases	1,248.25	
Faculty Loan	5,388.06	
Student Loan	5,971.90	
Balance Sh. Com. and Savings Bank, Kun	36,192.76	
" Bank of China, Hsiakwan	42,256.73	
" Central Bank, "	6,330.04	
" Bank of China, Kunming	3,225.45	
Cash on hand	1,775.68	
	132,912.06	132,912.06

This is a copy of the report sent Mr. Lyford in Aug. 1941. with other change in the items of transportation..*
John L. Lee.

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April 21, 1943

C-1

Mr. John L. Coe, Treasurer

Dear Sir:-

My last letter to you was dated January 13. My recent letters from you were yours of January 4 and February 11. With my letter of January 13, I included contents of a letter from our Public Accountants. When I receive your answer, which probably will be in May, I will go over with them all the information which you have sent recently and have no doubt we shall then have a full understanding which will make further audits fairly easy.

I note the care with which you are keeping the records on which you will base the reports for the Associated Boards and Harvard-Yenging. The latter people are getting uneasy regarding the relatively ineffective use of the funds which they are sending to the individual colleges and also to the Associated Boards for the relief of the colleges as a group. By "ineffective use" I mean the retardation of effort resulting from the war and the small purchasing power of the U.S. dollar. I am reporting this simply to explain why your presentation to these agencies must be quite convincing.

I note that the students are not as hard up as the faculty and staff. This and other information in your letters will be of material help in enabling us to visualize just what conditions are. Again I want to say that we are much impressed with the steady control of the finances which you and Dr. Wei have maintained. If, as you hope, you will be able to keep the College expenses within the income for the academic year 1942-43, this will indeed be a remarkable accomplishment and will be a fine demonstration of the spirit of good-will which pervades the institution. The budget of N.C. \$1,225,000 for 1943-44 indicates a much harder proposition. I have discussed this in my letter to Dr. Wei, herewith. I well can understand the justification for the estimate, but if you cannot secure the local assistance which you have had recently I do not see how an institution of the same size as in the current year can be sustained.

In my letter to you of Jan. 12 I reported in the last paragraph the operations of the Joint and Reserve Accounts. In that report I attempted to bring you up to date without waiting for the statement of the bank for that month. I used wrong data and made a number of mistakes for which I beg your pardon. Please substitute the following figures which cover the period from October 21, 1942 to March 20, 1943:

		<u>Joint Account</u>	
1942 - Oct. 21	- Balance on hand		\$3,601.08
Dec. 9	- Deposit of payment received from Dom. & For. Mis.Soc. for account of Miss Lo		15.00
1943 March 21	- Balance on hand		<u>\$3,616.08</u>
		<u>Reserve Account</u>	
1942 - Oct. 21	- Balance on hand		\$7,159.14
1943 - Jan. 30	- Deposit by Central China College Foundation		5,000.00
			<u>\$12,159.14</u>
1943 - Jan. 2	- Daphne Dunbar, in exchange for like amount paid to Mr. Coe by Dr. Hsiao	125.00	
Jan. 15	- Lewis B. Franklin, Treas. for like amount sent to Mr. Coe via Mr. Allen	5,000.00	
Mar. 2	- Everard P. Miller for like amount paid to Mr. Coe from sale of furniture	1,776.00	
8	+ Everard P. Miller for balance paid to Mr. Coe	224.00	7,125.00
March 21	- Balance on hand		<u>\$ 5,034.14</u>

On April 20th, 1942 there was on hand for the College in the Foundation Account, \$7,000.

Dr. Castleman reported to me at our last meeting that the commitments of the Reformed Church for the current year are as follows:

Dr. Hwang Pu		\$5,980.00
Dr. David Hsiung		5,980.00
School of Education	\$1140.00	22,800.00
Practice School	1250.00	25,000.00
Boards for College	250.00	5,000.00
		<u>\$64,760.00</u>

This total exceeds by N.C. \$38,760 the amount assigned to the Reformed Church in the Budget for 1942-43 approved by the Trustees. Therefore, both the National Council and the Reformed Church have largely exceeded their amounts we requested from them.

See letter to Dr. Wei regarding other financial matters.

Yours very cordially,

Oliver B. Lyford

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Mr. John L. Coe, Treasurer
Dear Sir:

May 27, 1943 - Letter C-2

Received by him Aug 8

Your letter of March 9 was received May 6, but answer has been delayed owing to reasons which I have explained in a letter of today to Dr. Wei. The answers to your questions are as follows:-

1. Donation of \$15.00 December 9, 1942

This is not a donation. It is the payment by the D & F. Missionary Society of a draft on that Society payable to Miss Lo, which draft you sent to me with your letter of Aug. 28, 1942. I collected it and deposited in in the Joint Account in accordance with your letter. The statement at the bottom of my letter of January, that this \$15.00 was a donation, was an error.

2. Sum of Money for Churches in Great Britain

I purchased a draft on London for £12.15.7 which cost U.S. \$52.45. This was paid in a hurry out of the Foundation Account in the Bank of Manhattan and should have been charged to the College. This amount therefore should appear as a credit to the Foundation on your books.

3. Bill of Stechert & Co.

This bill was for U.S. \$58.80 and was paid from the Foundation Account. This also should appear on your books as a credit to the Foundation.

4. Draft for \$15.00

This is the item under #1 above.

5. Draft of Reformed Church Mission for U.S. \$375.00

I have not received this. Will take up the matter with Mr. Whitney

6. Payment of \$5,000 by Harvard-Yenching

The only payment which I have received from Harvard Yenching is that deposited in the Reserve Account on Dec. 23, 1941 - \$5,000. I supposed that another payment of \$5,000 would have been made before this but I have not received it. I am writing them about this.

7. Further Remittance through Mr. Allen

I note that you expected to ask for another remittance in April or May but no call has been received from Mr. Whitney for this. I suppose that the new plan announced by Dr. Kung will be the proper way for us to proceed when you and we receive instructions as to how to operate under the plan. In the meantime we have been instructed to make no further remittances to China until further instructions are received.

8. Note to Mr. Whitney

This note was mailed to Mr. Whitney May 6th

9. Data for Auditors

This was sent to Chemellan, Berger & Welti on May 6th but I have not heard from them yet. Every office that ordinarily employes young men are badly handicapped now because of the draft into the Army and Navy.

I wish you would ask Mrs. Coe to send me a good gossip letter about the goings-on at the college. There is so little of the human side of our relationships in the correspondence which you and Dr. Wei and I have to carry on.

Very cordially yours,

Oliver S. Lyford

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HUA CHUNG (CENTRAL CHINA) COLLEGE

Wuchang, China

via Tali, Yunnan, China

June 8, 1943

L-1

Received July 21 - O.S.L.

Mr. Oliver S. Lyford
230 Park Avenue,
New York City, U.S.A.

JUL 29 1943

A. M. SHERMAN

Dear Mr. Lyford:

Thank you for your letter of April 21 (C-1), which I found waiting for me when we returned from our trip to Chungking and Chengtu last Wednesday, the 2nd. Thank you for the statement of the Joint and Reserve Accounts.

Prices have been jumping here quite a bit during the last six weeks. For instance during the six weeks that we were away the price of rice increased about 70%. Dr. Wei is studying the matter and will make recommendations to the Executive Committee which meets tomorrow in regard to an increase in the subsidy for the members of the faculty and staff for the balance of the current academic year. I have not had time in the last few days to go over estimates for the year at all carefully, so I will not attempt to make even a summary of the operations of the college for the current year. However, I am sure that the income as listed on the second page of your letter of April 20 to Dr. Wei will more than cover the expenditures for the year. (My estimated total income from all sources for 1942-43 was N.C. \$1,048,760. O.S.L.)

As soon as possible after Commencement I shall start on drawing up the preliminary figures for the current year so as to get them into final shape as soon after the first of August as possible and into the mails to you. In drawing up these figures I plan to assume that the following items of income have been paid in to you or Mr. Whitney in New York:

Associated Boards Sustaining Fund for 1942-43, \$21,000.

Miss Johnston for the Johnston Fund, \$5,000.

Yale-in-China, \$5,000.

Harvard-Yenching, \$5,000.

As for the grants from the American Church Mission, the Reformed Church Mission, the London Missionary Society, and the Methodist Missionary Society, those are being handled here in China. I also assume that before this you will have straightened out with Mr. Whitney the matter of the U.S. \$375, which was part of a draft from the Reformed Church Mission I sent to Mr. Arthur J. Allen of Kunming in November of last year. I will include this among the assets in the Joint Account. (Assumptions O.K. - O.S.L.)

When I was in Chengtu, Dr. Kung made the announcement in regard to the 50% subsidy on exchange for educational, relief, charitable, and missionary organizations. There was some little delay in working out the method by which this was handled. The day before we left Chungking, I learned that all business conducted on this basis must be handled through the Central Bank of China, Chungking. These funds are to be remitted through either the Chase National Bank in New York or the Bank of China in New York for the credit of the Central Bank of China in Chungking. When those funds are received by the Central Bank of China, Chungking, and we have sent in an application for the exchange subsidy, it will be granted to us. I know that some business had already passed through the Central Bank on this basis before we left Chungking on May 27. The manager of one of the banks in Chungking said that it might be possible to work out a procedure later for money to be handled directly through Kunming, but such a plan had not been worked out at that time. I gave Mr. Allen of the American Church Mission, in Kunming, this information when I was there, and he has cabled for funds to be sent in that way. I understand that the rate given in transactions of this kind is \$29.26 plus. We may also have to pay remittance charges from Chungking to either Kunming or Hsiakwan. If there should be any change in the procedure, I am sure that Mr. Allen will have let Mr. Whitney know, and I also shall try to keep you in touch with the situation.

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June 8, 1943

When I was in Kunming I arranged with Mr. Allen to draw on his next remittance U.S. \$5,000, which was to be charged partly to the American Church Mission appropriation for the current year and partly to the college account with the American Church Mission in the Special China Funds. Therefore, I am not cabling you for funds at the present time. With this remittance and other sums of money which have come in locally, I should have sufficient Chinese currency to carry the college past the first of August.

I was very much interested that in your cable of late May to Dr. Wei you estimated an income from western sources of U.S. \$44,000. Of course, I do not know exactly how this was made up, but in April when I went over the things with Dr. Wei I estimated that the income of the college for 1943-44, on the basis of U.S. \$19,000 from the United China Relief for the Sustaining Fund, would be between U.S. \$44,000 and U.S. \$45,000. While in Chengtu I talked over the matter of the Sustaining Fund with Dr. Fenn, who is the Field Representative for the Associated Boards. I also saw in Chungking Mr. Edwards who is the Field Representative for the U.C.R. there. From what information I was able to obtain from both these gentlemen, I am wondering if the appropriation from the U.C.R. to the Sustaining Fund of the college for 1943-44 will not be somewhat in excess of \$19,000. However, until your letter explaining your cable of late May arrives, showing how the total of U.S. \$44,000 was obtained and we have assurance that the amount from the Sustaining Fund is more than \$19,000, we will not count on it.

Dr. Wei undoubtedly will be writing you in regard to the trip which from practically every point of view was a very successful one for the college. He has either located or obtained for the college considerable Chinese income in excess of what was known in April. This will certainly help very considerably in the problem, which he will have to face very shortly, of the budget total of Chinese \$1,225,000 not including any emergency item to cover a further rise in prices such as we are experiencing at the present time. Including the items in the budget which must be paid in U.S. currency, I estimate that the U.S. \$44,000 to U.S. \$45,000 at the new rate of exchange will cover the total. These new items of income will enable Dr. Wei to help the faculty meet the rising costs:

a) The British Relief Fund for China has allotted a certain sum to the Christian colleges. Out of this, \$500 was granted to Hua Chung. This money has been received by the college at the new rate and amounts to Chinese \$59,381.

b) The Methodist Mission is going to increase its appropriation to the college to a considerable extent, probably by Chinese \$25,000 to \$30,000.

c) While in Kunming Dr. Wei received from a local resident Chinese \$120,000 for rice subsidy for the faculty from May through December. Thus Chinese \$75,000 of this will be available for the next year. Also the same gentleman verbally told Dr. Wei that he would carry on this rice subsidy to the end of the war, so there is a chance that there will be more money coming from this source after the first of January.

d) Dr. Wei, following up a promise made here last fall, had an interview in Kunming, in which the gentleman said that he was going to send very shortly to Dr. Wei Chinese \$70,000. All of these will be available for assistance of the faculty during the year 1943-44. In addition, there are certain other funds, which either have come in or stand a good chance of being received, which are earmarked for special purposes.

a) There is the very good prospect of a grant of Chinese \$70,000-\$80,000 from the Relief Committee in Chungking for faculty assistance in case of medical and other emergencies.

b) The alumni in Chungking at the meeting attended by us contributed Chinese \$5,000, which will probably be distributed among the faculty this month.

c) There is a good chance that the China Foundation may make a grant of from Chinese \$20,000 to Chinese \$30,000 for specific projects in the School of Science for the coming year.

d) There is also a good chance that the government may increase its grant to the college.

d) On his return to the college Dr. Wei found a letter from Mr. B. B. Chapman in regard to the matter of a proposed gift to the college, on which there had been correspondence last year. Mr. Chapman enclosed a cheque for Chinese \$127,000, and the Executive Committee will decide for which one of the projects originally proposed to Mr. Chapman the money will be used. (The sum of all these items indicates a possible income of N.C. \$460,000 added to the

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June 8, 1943

budget total of N.C. \$1,225,000. With the larger contribution now expected from the Assoc. Boards, the total income for 1943-44 may be sufficient to cover an increased inflation of 60% above the budget for that year. - O.S.L.)

We were gone exactly six weeks from the college. Because of the delay in getting plane passage for the return trip from Chungking to Kunming we were a week later in returning to the college than we had expected when we left. Dr. Wei was chairman of the meetings of the Council on Higher Education in Chengtu and filled the post excellently. In many ways Dr. Wei stands out head and shoulders above the presidents of the other Christian colleges. The meetings lasted for seven days in Chengtu, and agreement was reached on the problems presented.

In Chungking we attended meetings of the National Christian Council. After those meetings Dr. Wei had about a week in which he made a number of important calls. The presidents of the Christian colleges who were in Chungking at that time were invited to the Ministry of Education for dinner one evening. They had a very good conference with the Minister of Education, the Vice-Minister, and the Director of Higher Education. Dr. Wei was the spokesman for the group of Christian college presidents in that conference. He went back to the Ministry of Education on the following day and had a further interview with the Director of Higher Education. The results of these interviews seemed to be satisfactory, and showed that the Minister of Education sees that there will be a place for Christian education in China after the war.

With kindest regards,

Yours sincerely,

/signed/ John L. Coe

July 21, 1943

My comments in the parenthetical notes indicate that unless there shall be a runaway inflation, the prospect for Hua Chung is good for a balanced budget for 1943-44 without drawing on the reserves which Dr. Wei is conserving carefully to cover cost of moving back to Wuchang.

A copy of this letter is being sent to each member of the Board of Founders. At the October meeting of the Board of Founders, a supplemental estimate from Mr. Coe probably will be available.

Oliver S. Lyford

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HUA CHUNG (CENTRAL CHINA) COLLEGE

室 長 校

OFFICE OF THE PRESIDENT
Treasurer.

CO-OPERATING UNITS

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

WUCHANG, CHINA
TEMPORARILY IN HSICHOW
VIA TALI, YUNNAN, CHINA

June 25, 1943.
L-2.

Mr. Oliver S. Lyford,
230 Park Ave.,
New York City.

Dear Mr. Lyford,

I believe that Dr. Wei has written you in regard to the gift from Mr. Holmes through Mr. Chapman of C\$127,000. to the college and also the action that the Executive Committee Pro-tem took in regard to this gift. This money has now been collected and stands to the credit of the college. At present rates of exchange it amounts to US\$4340.00. I am therefore making this transfer on my books (that the college has received C\$127,000. for US\$4340.). Will you please charge this to the joint or reserve account, and handle the investment of it in accordance with the action of the Executive Committee if it meets with the approval of the Board of Founders.

Also will you please pay to Dr. P. V. Taylor the sum of US\$197.50 and charge to the College account. US\$37.50 represents the cost of some tools which Dr. Taylor left behind and were sold to the Biology Department. The actual transaction occurred about twelve months ago, ~~but~~ and I carried the amount to Dr. Taylor's credit in my deposits account until I received instructions from him about the money. The balance of US\$160. represents the final payment from Rev. James H. Andrews of Likiang for machinery of Dr. Taylor's which I sold to Mr. Andrews. Mr. Andrews has sent me the equivalent of US\$160 at the present rate of exchange asking that I get the money to Dr. Taylor. I am handling this transaction on my books in the same way as the money received from Mr. Holmes through Mr. Chapman.

I have recently drawn some American Church Mission funds from Mr. Allen so I have not cabled you for any. These have come through the Central Bank of China in Chungking at the official rate plus 50% which works out at the present time at 29.26. I rather expect that I will be cabling you for funds sometime in August.

During the past few days Dr. Wei has received a gift of C\$60,000 from a person in Kunming. This is the matter to which I referred in d) on page 2 of my letter of June 8 (L-1.) When in Kunming the gentleman told Dr. Wei that he would send \$70,000 but apparently he is sending only C\$60,000.

Dr. Wei yesterday had a letter from Dr. Fenn, who is the field representative of the Associated Boards, saying that the grant from the United China Relief for the Colleges for 1943-44 would be the same as for the year 1942-43, namely US\$666,666. He said that he had only recently had ~~that~~ word from the United States, to this effect. That is certainly in line with your cable of early April and your letter of April 21st to Dr. Wei. I had a long talk with Dr. Fenn in Chengtu in regard to this matter and other matters concerning the college. At that time on the basis of what information he had from the United States, I had understood that the figures for the grant from the United China Relief would be a bit higher than for the current year. I also gained the same impression from Mr. Edwards in Chungking. It would thus appear that the information which they had at that time was merely preliminary and not final. I feel that Fenn is looking at the problem of the Colleges very realistically and realizes the dangers which are coming up through the expansion which some of the colleges

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have been pushing through the past couple of years, ~~and~~ depending upon funds from the United China Relief to help them with the expansion. Fenn is a college classmate of mine and we roomed together for two years, so that he may ^{have} possibly talked a little more frankly with me about some of these problems than he would have otherwise.

The biggest problem facing Hua Chung and all the colleges at the present moment is that a considerable portion of their income is coming from abroad at fixed rates of exchange, while their expenses are going up all the time because of the rising prices in this country. The ^{offer} of Dr. Kung in May was a step in the ~~the~~ right direction.

Prices have been jumping ~~more~~ with us during the last few weeks, ^{more} than were to be expected, on account of local conditions. So far the June rains which are usually very abundant at ~~at~~ this time of the year have been confined to a few hard showers. There has been more in the way of rain in the mountains, so that the streams are fairly full. As a result the farmers have so far not been able to get their entire rice crop set out, though they are working ahead using the mountain stream water as far as possible. New fields are being set every day. If rain does not come shortly it is going to mean that ~~the~~ this valley will have a short rice crop, which will make conditions ^{more} difficult. It does not look like a total failure, but certainly it will be ^{short}, and just how short will depend upon conditions within the next few weeks.

Fortunately Dr. Wei on his recent trip was able to secure the gifts for the college which he has already mentioned to you. The ~~the~~ bulk of these are to be used to help the faculty and staff. ~~and~~

Commencement is at the end of next week and I shall be busy for a bit getting the college property checked, part of which I hope to do before Commencement. I will then get busy at the figures for the year 1942-43 and try to get them off to you as promptly as possible.

With best wishes,

Yours sincerely,

John L. Coe.

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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
 TEMPORARILY IN HSICHOW
 VIA TALI, YUNNAN, CHINA

室 長 校
 XXXXXXXXXX
 OFFICE OF THE PRESIDENT
 Treasurer.

July 21, 1943.
 L- 3.

Read - Sept 5

Mr. Oliver S. Lyford,
 230 Park Ave.,
 New York City.

Dear Mr. Lyford,

I have been going over the college books for the past year and while I have not yet completed my report, still I am far enough along so that it is possible to arrive at tentative results. I am going to send you herewith a list of the probable balances in US\$ of the principal funds of the college as of Aug. 1. I know that the mails are slow at the present time, and so thought that it might be wise to get at least this small bit of information started on its way to you as soon as possible. I will get the full report off to you as soon as possible after the first of Aug. and will send the main parts of it in duplicate.

In making up the tentative list of balances, I am assuming that the income of the college from certain sources is the same as I mentioned in my letter L-2 to you: namely,

Yale-in-China	US\$5,000.
Johnston Fund	5,000.
Harvard-Yenching	5,000.
Sustaining Fund	21,000.
American Church Mission January 1942- through June 1943.	10,500.

(in the case of the American Church Mission which works on the calendar year I am for purposes of this summary assuming that we have drawn through June 1943.)
 The tentative balances are as follows:

Sustaining Fund	US\$6,500.
Johnston Fund for Arts.	21,000.
Harvard-Yenching	11,500.
Yale-in-China-Sch. of Sc.	16,500.
Practice School	3,500.
American Church Mission	7,000.
	<u>66,000.</u>

Should there be any differences in the income as I outlined above, then there would be corresponding changes in the balances.

The other missions are up to date in their ~~xxxx~~ payments to the college.

I expect that the college will have in the account for the Board of Founders to their credit the sum of between C\$350,000 and C\$400,000 on hand as of the first of August. I had not expected that this balance would be so large at that time, but the C\$127,000 came along from Mr. Chapman just after I had arranged to collect C\$100,000 from Mr. Allen. In addition I have recently sold, via the Central Bank of China in Chungking, two Reformed Church drafts totalling about US\$1100 at the present rate of 29.26. After the first of August I will go into the situation carefully, and then probably later in August or in September I will be cabling you direct or via Allen for funds. In handling the question of rates of exchange for the year etc., I have adjusted matters so that whatever remains to the credit of the board of Founders will be carried at the present official rate of 29.26 or thereabouts. The rate which I am adopting for the operations during the past year (1942-43) is 23.

The gift from Madame Chiang from the British Relief Fund and then the

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Mr. O. S. Lyford, July 21, 1943. L-3. page 2.

gift from local sources for rice subsidy of C\$15,000 per month, starting with May, have enabled the college to come through the year in good shape financially.

The continuance of the rice subsidy of C\$15,000 per month, the receipt of 500 pounds from the British Relief Fund, and the recent receipt of C\$60,000 from local sources will all help out during the coming year.

Fortunately the rains came before it was too late, and the farmers have been able to set out most of their rice crop. Prospects are that the valley will have at least a fair crop which should help out. The price of rice is still continuing to rise slightly, but the rate of rise is much slower than it was a month ago. At the present time the local price of rice is approximately three times what it was in January.

There is some turnover in the faculty at the present time, and in the long run I think that it is for the good of the college. There was no idea on the part of the college administration of requesting any of these people to go, but in some cases when they evinced a desire to go no undue pressure was put forth to persuade them to remain. Some of those who have gone were the ones who were much dissatisfied with the way the college was running, and were potential sources of trouble, though not active ones at the present time. The attitude of the faculty who are sticking by is good.

With best wishes,

Yours sincerely,

John L. Coe

Thursday. Dr. Wei has just had a letter from Dr. Fenn in which he quotes a cable received early this month from Mr. Evans of the Associated Boards in New York. In this cable Evans said that the Executive Committee of the Associated Boards had voted to try for the goal of ~~US\$3,000,000~~ US\$963,531. The share of Hua Chung in this was noted as US\$32,000. I suppose that long ere this you have had this information in New York.

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[13]

Hua Chung College, summary of income and expenditure of operation 1942-43.

Income.

	C\$	Foreign Sal.
A. Western Sources.		
1. Cooperating Missions.		
c d a b e f g	American Church Mission " " " (Miss Johnston) London Missionary Society Methodist Mission Reformed Church Mission Yale-in-China	45,267.15 39,969.93 2,728.50 3,400.00 35,316.55 105,565.02
	232,247.15	3 2 1 1/2 <hr/> 6 1/2
2. Other western sources		
h i j k l	Harvard-Yenching Sustaining Fund British Relief Fund	74,711.35 493,056.67 75,380.00
	643,148.02	<hr/> 6 1/2
B. Local Sources		
m n o p q r s t u	Scholarships contributed Chungking alumni gift China Foundation National Government Rice Subsidy (3 mos.) Miscellaneous fees Wu Tai School for Prac. Sch. Music fees. Bank Interest	18,954.50 ✓ 5,000.00 ✓ 2,400.00 ✓ 72,040.00 ✓ 45,000.00 ✓ 1,062.20 ✓ 3,127.70 ✓ 450.00 ✓ 7,258.68
	155,293.08	<hr/> &
Grand total income		1,030,688.25 6 1/2

Expenditure.

1. Administration	154,091.01	2 1/3
2. Operations and Maintenance	54,829.85	
3. Physical Education and Military Training	13,298.00	
4. Scholarships and student aids	18,954.50	
5. School of Arts- Personnel	164,954.45	2 1/6
Books and research	54,414.75	
6. School of Education- Personnel	41,681.25	1 1/2
- Books and investigation	7,300.00	
7. School of Science- Personnel	177,459.25	1/2
- Maintenance and Local eq.	85,289.02	
8. Extras - Hsichow Location	178,056.17	
9. Extra subsidies to faculty from special gifts in China	80,360.00	
grand total expenditure.	1,030,688.25	6 1/2

Notes: Some expenditures were budgeted in US\$ for equipment or books in the schools, these have been converted into C\$ at the rate of 23/1 in the above summary.

The rate used for the year works out at 23/1.

The Methodist Mission may increase their grant to the college but word has not been received from them officially in regard to ~~this~~ this matter up to the present.

Aug. 5, 1943.

John L. Lee.
Treasurer.

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Hua Chung College, Administrative Account for 1942-43.
Income.

[2]

	C\$	For. Sal.
American Church Mission	32,184.65	1 1/2
London Missionary Society	2,728.50	1/3
Methodist Mission	1,000.00	1/2
Reformed Church Mission	40.00	
Yale-in-China	300.00	
Sustaining Fund	335,542.50	
British Relief Fund	20,878.50	
Miscellaneous fees.	1,062.20	
Bank Interest	7,258.68	
Contributions for Scholarships	18,954.50	
Alumni gift-Chungking	5,000.00	
National government	29,640.00	
Gift for rice Subsidy-May-July	45,000.00	
	<u>499,589.53</u>	<u>2 1/3</u>

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Expenditure.

1. Administration		
Alumni office	4,896.00	
College Functions	1,018.00	
Entertainment	3,432.20	
Infirmary	3,296.50	
Medical	7,507.22	
Offices-President	7,697.00	
Dean and Reg.	11,555.75	
Treasurer	610.00	
Business Man.	785.00	
Postage and Tel.	6,879.24	
Local travel	250.00	
	<u>47,926.91</u>	
Administrative officers and staff		
President (2/3)	12,209.00	
Dean (1/2)		1/2
Registrar (1/3)		1/3
Treasurer (1/2)		1/2
Ast. " (2/3)	9,563.35	
" Registrar	10,491.25	
" Librarian (1/2)	4,240.00	
" in Library	18,141.25	
Warden Men's hostel con. by ACM		
Warden Women's hostel	9,563.75	
Chinese secretary	23,116.25	
English 2	8,513.00	
Business Managers	9,051.25	
Local clerk parttime	1,275.00	
Physician		
	<u>106,164.10</u>	<u>1</u>
		<u>2 1/3</u>
2. Operation and maintenance		
Furniture	1,820.00	
Grounds	3,652.00	
Hostel wages	15,900.60	
Library	7,190.65	
Repairs and Ren.	12,516.50	
Sundries	1,131.10	
Wages	12,619.00	
	<u>54,829.85</u>	

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Administration page. 2.

3. Physical Education and Military Training.			[3]
Physical Education	86.00		
Military Training and instructor	<u>13202.00</u>	13,298.00	
4. Scholarships and student aids. <u>18,954.50</u> 18,954.50			
5. Extras due to Hsichow			
Rentals	21,986.55		
Promotion	40,919.93		
Power and Light	101,215.75		
Trip to Chengtu (1/3)	5,636.94		
Emergency	<u>8,297.00</u>	178,056.17	
6. Special aids to Faculty from special gifts.			
Alumni gift-Chungking	5,000.00		
rice subsidy 3 months.	45,720.00		
National government-New Year	16,500.00		
Government-spec. subsidy	<u>13,140.00</u>	80,360.00	
total expenditure		<u>499,589.53</u>	<u>2 1/3</u>

Aug. 5, 1943. John L. Lee. Treasurer

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[4]

Hua Chung College, School of Arts, Financial report for 1942-43.

Income.

	C\$	US\$	For. Sal.
American Church Mission	13,082.50		1
" " " Miss Johnston	36,519.93	150.	
London Missionary Society			2/3
Methodist Mission	2,400.00		1/2
Harvard-Yenching	74,711.35		
National Government	19,133.33		
Sustaining Fund	47,389.59		
British Relief Fund	22,682.50		
	<u>215,919.20</u>	<u>150.</u>	<u>2 1/6</u>

Expenditure.

Personnel:

Chinese Dept.			
L. P. Pao	20,980.00		
C. T. Lin	12,932.50		
F. L. Yin	13,806.25		
P. M. Yang	13,225.00		
M. C. Fu (1/2)	8,957.50		
C. Y. Ko (1/6)	2,295.00	72,196.25	
Foreign Languages			
M. Bleakley (2/3)			2/3
W. P. Allen			1
R. E. Lo	11,032.50		
M. Y. Kao	8,295.00		
Assistant for French	420.00	19,747.50	
History-Sociology			
L. Constantine (1/2)			1/2
F. S. Ma	15,237.50	15,237.50	
Economics-Commerce			
P. L. Tang	16,852.50		
J. I. Tan (1/3)	4,505.40		
assistant	800.00	22,057.90	
Philosophy-Religion			
C. M. Wei (1/3)	6,105.00		
C. F. Lo	16,447.50	22,552.50	
Travel new appointees			
rentals	9,587.80		
	3,575.00		
total personnel	<u>164,954.45</u>		<u>2 1/6</u>

Chinese Dept. books and research	46,264.75		
other depts. books	4,700.00	50,964.75	
		<u>150.</u>	
		<u>150.</u>	
Total expenditure	215,919.20	150.	2 1/6

Aug. 5, 1943.

John L. Lee.
Treasurer.

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Hua Chung College, School of Education financial report for 1942-43. [5]

	Income.	C\$	US\$	For. Sal.
Reformed Church Mission		19,227.55	250.	1 1/2
London Missionary Society				1
National Government		800.00		
British Relief Fund		5,627.50		
Sustaining Fund XXXXXXXXXXXXXX				
Sustaining Fund		13,998.50		PK
Practice School from Wu Tai School		3,127.70		
Music fees		450.00		
		<u>43,231.25</u>	<u>250.</u>	<u>1 1/2</u>
	Expenditure.			
Personnel:				
P. Hwang		28,547.50		
D. F. Anderson				1
G. M. Zenk				1/2
T. S. Wu		12,308.75		
rentals		825.00		
Education office		612.00		
Education investigation		488.00		
E" Books			2 50.	
music		450.00		
		<u>43,231.25</u>	<u>250.</u>	<u>1 1/2</u>

Also Mrs. Anderson was a volunteer teacher in the Department of music during the entire year and Mrs. W. P. Wall Alien was a volunteer teacher in the department of Music during the spring term.

Aug. 5, 1943.

John L. Lee.
Treasurer.

[6]

Hua Chung College, Yale-in-China School of Science Financial report for 1942-43.
Income.

	C\$	US\$	For. Sal.
Yale-in-China	99,515.02	250.	
Reformed Church Mission	10,299.00		
American Church Mission			1/2
National Government	22,466.67		
China Foundation	2,400.00		
Sustaining Fund	96,126.08		
British Relief Fund	26,191.50		
	<u>256,998.27</u>	<u>250.</u>	<u>1/2</u>

Expenditure.

Personnel:

Biology			
S. D. Hsiao	15,307.50		
H. F. Wu	12,843.75		
H. C. Wang	7,638.75		
A. T. Hsiung (1/2)	<u>4,067.50</u>		
		39,857.50	
Chemistry			
S. W. Wan (1/12)	925.00		
M. C. Chen	20,401.75		
D. B. Hu	19,557.50		
T. S. Wu	<u>9,263.75</u>		
		50,148.00	
Physics			
R. P. Bien	15,307.50		
D. S. Hsiung	17,872.75		
C. K. Cheng	14,312.50		
F. C. Tung	<u>15,762.50</u>		
		63,255.25	
Mathematics			
J. L. Goe (1/2)			1/2
C. T. Shen	<u>19,092.50</u>		
		19,092.50	
Travel for new appointee			
	1,566.00		
Rentals	<u>3,540.00</u>	5,106.00	
Total personnel		<u>177,459.25</u>	<u>1/2</u>
Biology Maintenance and local equipment	19,484.00		
" Books		75.	75x
Chemistry-Maintenance and local equip.	25,048.29		
" Books		75.	75x
Physics- Maintenance and local equip.	27,318.41		
" Books		75.	75x
Mathematics- Books	1,200.00	25.	25xx
Research	6,241.97		
Dean's office	246.35		
total maintainace and equip. books	<u>79,539.02</u>	250.	<u>x250xxxx</u>
grand total expenditure	256,998.27	250.	1/2

Aug. 5, 1943.

John L. Lee.
Treasurer.

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Hua Chung College, US\$ balance sheet of Aug. 1, 1943.

Dr. US\$	CR. US\$.
Sustaining Fund <i>Advance Payment for 1943-44</i>	4,869.97 -
Board of Founders special	278.57
Johnston Fund-School of Arts.	21,306.86
Harvard-Yenching-Chinese Dept.	11,526.62
Yale in China, School of Science	16,154.38
President's Discretionary Fund	559.12
Practice School	3,734.89
Relief Fund	152.00
Scholarships	100.99 - 300.89
Thorne Fund	461.42
Science Museum	200.00
Arts Book Fund	692.32 - 681.41
Biology-China Foundation	219.42
Music	635.78
Education Books	418.67
American Church Mission	5,500.00
Procter-Johnston Land and Building	1,207.43
Science Research and book	1,926.91
Deposit account	2,918.50 - 2,817.50
Joint, Reserve, Foundation a/c NY	26,585.92
ACM Spec. China Funds	11,514.89
Domestic and Foreign Missionary Soc.	25,000.00
Equivalent of Hongkong deposit	1,580.00
" " Rangoon "	9.90
" " Line 1. C\$ balance sheet	8,173.14
	72,863.85
	72,863.85

*Impreceded
See corrected sheet
which came with Coi
letter of Aug 17*

Reconciliation of Joint Reserve and Foundation a/c NY.

Balance Joint account March 21, 1943 per Mr. Lyford letter 4/21/43	3,616.08
" Reserve " " " " " " " " "	5,034.14
" Foundation account April 20, 1943. " " "	7,000.00
Receivable- J.E. Whitney part of Reformed Church draft	375.00
Harvard- Yenching for 1942-43	5,000.00
Yale-in-China for 1942-43	5,000.00
Associated Boards, bal. sustaining fund 1942-43.	4,750.00
Eugene Hsu- cable of September \$200, letter April 200.	400.00
Haskins for Bien- cable of September 1942.	10.00
	31,185.22
Less- outstanding checks. <i>12x91</i>	12.91
Stechert bill, September 1942-letter	48.89
payment to P. V. Taylor, letter L-2 June 25. 197.50	197.50
Holmes-Chapman money for Scholarship. L-2 "	4340.00
	4,599.30
	26,585.92

Aug. 5, 1943.

John L. Lee.
Treasurer.

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Hua Chung College, US\$ balance sheet of Aug. 1, 1943. [8]

	Dr. US\$	CR. US\$
Sustaining Fund - Advance for 1943-44		7,598.37
Board of Founders Special		278.57
Johnston Fund-School of Arts.		21,306.86
Harvard-Yenching-Chinese Dept.		11,526.62
Yale in China, School of Science		16,154.38
President's Discretionary Fund		559.12
Practice School		3,734.89
Relief Fund		152.00
Scholarships		300.89
Thorne Fund		461.42
Science Museum		200.00
Arts Book Fund		682.41
Biology-China Foundation		219.42
Music		635.78
Education Books		418.67
American Church Mission		5,500.00
Proctor-Johnston Land and bldg.		1,207.43
Science Research and book		1,926.91
Deposit account		2,818.50
Joint account NCB NY	3,603.17	
Reserve " NCB NY	19,750.04	
Foundation " Bank of Manhattan NY	998.75	
Receivable Yale-in-China	5,000.00	
ACM Spec. China Funds	11,514.89	
Equivalent of Hongkong deposit	1,580.00	
" " Rangoon	9.90	
equivalent of line 1.0\$ bal. sheet	8,225.59	
	<u>75,682.34</u>	<u>75,682.34</u>

reconciliations. Joint a/c.	balance letter C-3.	3,616.08
	outstanding checks	12.91
	balance	<u>3,603.17</u>
Reserve a/c.	balance letter C-3. 24,287.54	
	less Taylor payment letter C-2.	197.50
	Holmes-Chapman letter L-2. 4340.	4,537.50
	balance	<u>19,750.04</u>
Foundation a/c.	balance letter C-3.	\$1,000.00
	plus E.Hsu, cable Sept. 1942.	200.
	Hsakins, cable Sept 1942.	10.
	less, Stechert bill	58.80
	draft to London	52.45
	payment to Hsia	100.00
	balance	<u>998.75</u>

Note: the balance in the Sustaining fund is divided as follows:

balance from previous years	4,869.97
advance payment for 1943-44	<u>2,728.40</u>

Hsichow, Aug. 17, 1943.

Revision of Aug. 5. sheet

998.75
926.11
19348.6
75,682.34
1,207.43
74,474.91

John L. Coe
Treasurer.

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Hua Chung College. C\$ balance sheet of Aug. 1, 1943.

Dr. C\$		Cr. C\$
Board of Founders		291,710.61
British Relief Fund for 1943-44		63,586.95
From Commissioner Li		60,000.00
Hankow Remittance		7,726.03
American Church Mission		69,371.65
Methodist Mission		2,264.00
Ministry of Education		10,578.06
Reformed Church Mission		394.44
Postage and telegrams		1,000.00
Military Training		20.00
Scholarships		18,812.66
Government Loan to students		12,778.48
Chinese Dept. Salary a/c		1,047.50
Arts Books		3,495.55
School of Education		2,691.49
Music		547.00
Reformed Church Mission Rental a/c		1,172.50
Rice Subsidy	15,000.00	
Biology- British Boxer Indemnity		1,078.11
Chemistry- " " "		89,897.44
Deposits-		48,248.35
Purchases Advances	15,236.23	
Income tax		46.05
Salt a/c		69.88
Alumni a/c		1,000.00
Rice and oil purchase	19,581.00	
Faculty Loan	56,893.98	
Student Loan	15,548.01	
Balance, Shanghai Com. and Sav. Bank, K.	59,756.34	
" Bank of China, Kunming	21,105.68	
" " " Tali	29,243.10	
" " " Hsiakwan	80,163.57	
" Central Bank of China "	158,279.81	
Cash on hand	<u>127,723.73</u>	
	598,536.45	
		<u>598,536.45</u>

*Unrecorded
See corrected sheet
which came with letter
of Aug 17*

Aug. 5, 1943.

John L. Coe.
Treasurer.

Notes on the above:

The credit under Postage and Telegrams is held to cover the cost of cables and telegrams sent in July, bill for which has not yet been settled with the telegraph administration in Tali.

The debit under rice subsidy arises because the rice subsidy grant is not payable until the last day of the month to the college and yet was paid to the faculty on the 25th. The man who pays the money to the college in Hsichow was away for a day or so at the end of the month of July, and the money will be collected in a day or so.

The debit under Rice and oil purchase arises because of the fact that rice and oil have been purchased, which are in the process of being resold to the faculty. The debit under Student Loans is mainly covered by a guaranteed advance to one of this year's graduates, who is returning to teach in one of the affiliated middle schools. The money had not arrived for her travel when she wished to leave, but is guaranteed by the school concerned. The bulk of the remainder of this debit is for advances to women students staying in Hsichow for their summer board and will be cleared up as soon as the status of their government loan is known.

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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

Treasurer,

L-4.

Aug. 6, 1943.

CO-OPERATING UNITS

BOONE COLLEGE

GRIFFITH JOHN COLLEGE

HUPING COLLEGE

WESLEY COLLEGE

YALE-IN-CHINA COLLEGE

Mr. Oliver S. Lyford,
230 Park Ave.,
New York City.

*Superseded by his
letter L-5 of Aug 17*

Received Oct 6, 1943

Dear Mr. Lyford,

Herewith I am sending you the financial report for the college for the academic year 1942-43. There is a complete report for each school and for the administration account. I have also made a summary of the four separate reports. Also there is both a C\$ and a US\$ balance sheet as of the ~~XXXXX~~ first of August. I trust that all of these will be clear to you. I will send a second copy of these in ten days to two weeks. Since early June when we received letters written in the United States early in May we have received practically no letters from the United States. Mrs. Coe had a letter of late May a few days ago, and Dr. Wei had a letter from Dr. Addison at the same time. Otherwise there has been nothing else. I also understand that the situation in Kunming is about the same. Thus in preparing the US\$ balance sheet I was forced to work from the information in your letter of April 21st to me. I very probably have not taken proper account of the operations since that date, and hence it may need to be revised.

I have followed out what I thought was your idea in your letter of last October, in that I have assumed that the amount from the Sustaining Fund for the use of the college was US\$20,000 for the past year (the additional \$1,000 being for the New York office). The operations of the sustaining fund during the year can be summarized as follows:

balance on hand Aug. 1, 1942.		US\$6,069.41
from the Associated Boards for 1942-43.		20,000.00 ✓
from the United Committee in Great Britain	C\$5,469.51	
by sale of US\$21,199.44	487,587.16	
total income	<u>493,056.67</u>	26,069.41
	Expenditure.	
by sale to C\$ 487,587.16		21,199.44
by expenditure as itemized in financial report	493,056.67	
balance on hand Aug. 1, 1943.	00000.	4,869.97 ✓

In the administrative account the heavy charges in the offices are due to the increasing cost of paper and duplicating ink.

Under operation and maintenance the main reason for the increases is the increasing cost of labor, with it being necessary to pay \$30 to \$35 a day for a carpenter for the slightest bit of repair work and the carpenter only working what would be considered half a day in other places. Servants are a problem with monthly wages at the present moment ~~with~~ around \$450 to \$500 and probably higher later.

Scholarships and student aids are low, because of the fact that the government has been granting most of the students who need it government loans. During the past year my office has handled in the neighborhood of C\$150,000. for the students of the college. At the present time the loan is in the neighborhood of \$300 per month, per student.

The item of promotion is high, because of the costs of travel and living while the entrance examinations are being conducted.

power and light is high because of the much higher price of charcoal and

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Aug. 6, 1943. L- 4. page 2.

labor, and the very high price which has to be paid for the few parts which it has been necessary to get to keep the truck running. This item is needed as much for the general college as for the school of Science.

In the School of Science the relatively heavy charges for maintenance and local equipment arise from the very high cost of obtaining a few needed supplies. Alcohol costs several hundred dollars a gallon. A pound bottle of chemicals of any variety cannot be bought for less than \$500 to a \$1,000, and may be higher. Glassware is almost prohibitive in price where it can be obtained, costing a year ago \$10 for a test tube up to several hundred dollars for larger pieces of glassware. The book items have been largely used in buying a few needed books which have appeared on the second-hand market or in reprints which can be obtained to some extent in other places.

In the School of Education the item of books is in fact paying an old bill from the United States from 1941. Fortunately, the books, which were ordered at that time and posted, were later returned to the sender who communicated with Dr. Taylor, and I understand that they have been stored with him until it will be possible to get them to the college.

In the School of Arts under the Department of Chinese the heavy item for books and research arises from the fact that it has been possible for them to obtain quite a number of Chinese books in Kuming, and also that the department has been doing considerable in the way of research, especially Mr. Fu who is working on the Tribes languages. I believe that Dr. Wei will be sending off a full report on this matter to the Harvard-Yenching Institute shortly.

During the last few days the college has received another gift from the Conference of Missionary Societies, London of \$406-5-0 which amounts to C\$48,246.25. This has come through the National Christian Council in Chungking.

In the item of Emergency under extras, the expense was incurred in sending a party out last summer to explore possibilities of an evacuation route and also preparing a cart for use in an emergency.

From the amount of money which I have on hand at the present moment it will probably be sometime in September before I will be sending for any funds. It may be that I will arrange it through Mr. Allen in case he is also sending for funds at that time.

With best wishes,

Yours sincerely,

John L. Lee.

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Hua Chung College,
Hsichow.
Aug. 17, 1943.
L-5.

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

Dear Mr. Lyford,

On August 6th I mailed you letter L-5 with the first copy of my financial report for the academic year 1942-43. A couple of days later I received your C-2 of May 27th, and then two days ago I received your C-3 of July 9th. In accordance with the information received in these letters I have revised the US\$ balance sheet and made one change in the C\$ balance sheet, transferring the amount of the draft you sent to England from the deposit account where it had been held in the Chapel committee funds to the exchange account. There didn't seem to be any other changes necessary. I trust that the reconciliations at the bottom of the US\$ balance sheet are clear.

One difficulty has arisen over the amount in the Foundation account to the credit of the college and the amount in the sustaining fund. In your letter of November 5, 1942 at the bottom of the second page you stated that "This left \$2,000 in the Foundation account as the remainder of the 1941-42 Sus. Fund from the Associated Boards." On going over your statements in regard to the operations of the Sustaining Fund for 1942-43 through the Foundation account, it would look as if it had been the same amount out as in. Then in your letter C-3 of July 9th you stated that there was in the Foundation account \$1,000 which is available for the use of the college. In completing my statements I have gone on this figure and assumed that you wished to follow the procedure suggested in your letter of last November that \$20,000 of this year's sustaining fund was for the college here and \$1,000 for the New York office. The operations of the Sustaining Fund can be summarized as follows for the year;

Balance on hand Aug. 1, 1942.		US\$6,069.41 ✓
from Associated Boards.		20,000.00
from United Committee in Great Britian	C\$5,469.51	
by sale of US\$21,199.44	487,587.16	
	<u>493,056.67</u>	<u>26,069.41</u>
Expenditure.		
by sale, C\$ 487,587.16 @ 23% 1		21,199.44
by expenditure as itemized in financial report	493,056.67	
Balance on hand Aug 1, 1943.		<u>4,869.97</u>

This balance appears in the US\$ ^{balance sheet} increased by the US\$2,728.40 which you received late in June for the sustaining fund for 1943-44.

In the administrative account, the heavy charges in the offices are due to the increasing cost of local supplies.

Under operation and maintenance the main reason for the increases is the increasing cost of labor with it being necessary to pay \$30 to \$35 a day for a carpenter for the slightest bit of repair work and the carpenter then working only what would be considered half a day in other places. Servants are a problem with monthly wages at the present time \$450 to \$500 a day and likely to go higher.

Scholarships and student aids are low because of the fact that the government has granted most of the students who are in need government loans. During the past year my office has handled about C\$150,000 for the students of the college on this account. The present loan per month is about \$300 per student.

The item of promotion is high because of the high cost of getting someone to Kunming to conduct examinations and also sending someone to Hunan to keep in touch with the Christian Middle Schools there.

(over)

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The matter of the advances to Dr. Hriso has been entirely cleared up and charged properly. The last step in this was the credit to the Foundation *etc* for the \$100 advanced from *etc*

New York N. Y.
230 West 44th St.
Mr. Oliver S. W. Ford

Dear Mr. W. Ford,

On August 6th I mailed you letter I-2 with the first copy of my financial report for the academic year 1942-43. A couple of days later I received your O-2 of May 27th, and then two days ago I received your O-3 of July 9th. In accordance with the information received in these letters I have revised the amount balance sheet and made a change in the O-2 balance sheet transferring the amount of the draft you sent to England from the deposit account where it had been held in the Chapel Committee funds to the exchange account. There didn't seem to be any other changes necessary. I trust that the reconciliation at the bottom of the US\$ balance sheet are clear.

One difficulty has arisen over the amount in the Foundation account to the credit of the college and the amount in the sustaining fund. In your letter of November 2, 1942 at the bottom of the second page you stated that "This left \$2,000 in the Foundation account as the remainder of the 1941-42 gas. fund from the Associated Boards." On going over your statements in regard to the operations of the Sustaining Fund for 1942-43 through the Foundation account it would look as if it had been the same amount out as in. Then in your letter O-3 of July 9th you stated that there was in the Foundation account \$1,000 which is available for the use of the college. In completing my statements I have gone on this figure and assumed that you wished to follow the procedure suggested in your letter of last November that \$20,000 of this year's sustaining fund was for the college here and \$1,000 for the New York office. The operations of the Sustaining Fund can be summarized as follows for the year:

	Balance on hand Aug. 1, 1942.
US\$6,089.41	from United Committee in Great Britain
20,000.00	from Associated Boards.
26,089.41	by sale of US\$21,199.44
4,889.97	Expenditure.
21,199.44	by sale of \$487,387.16
4,889.97	by expenditure as itemized in financial report 487,000.67

This balance appears in the US\$ 728.40 which you received late in June for the sustaining fund for 1942-43.

In the administrative accounts heavy charges in the offices are due to the increasing cost of local supplies.

Under present conditions the main reason for the increase is the increasing cost of labor with it being necessary to pay \$30 a day for a carpenter for the slightest bit of repair work and the carpenter then working only what would be considered half a day in other places. Servants are a problem with monthly wages at the present time \$450 a day and likely to go higher.

Scholarships and student aid are low because of the fact that the Government has granted most of the students who are in need government loans. During the past year my office has handled about \$150,000 for the students of the college on this account. The present loan per month is about \$300 per student.

The item of promotion is high because of the high cost of getting someone to examine and conduct examination and also sending someone to Hunan to keep in touch with the Christian Middle Schools there.

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Aug. 17, 1943- L- # 5. page. 2.

Power and light is up a great deal because of the much higher price of charcoal and the very high price which has to be paid for the few parts which ^{are} necessary to keep the truck running to supply power for the school of science as well as light for the college. labor and

In the School of Science the relatively heavy charges for maintenance and local equipment arise from the very high cost of obtaining a few needed supplies. Alcohol costs several hundred dollars a gallon (this is true even if the local wine is purchased and then redistilled) A bottle of chemicals of any variety cannot be bought for less than \$500 a bottle and they may be much higher. Glasware is almost prohibitive price when it can be obtained, costing a year ago \$10 for a test tube up to several hundred dollars for larger pieces. The books items have been largely used in buying a few needed books on the second hand market and a few reprints.

In the School of Education ^{the} item of books is in fact paying an old bill from the United States dating to 1941. Fortunately the books which were ordered and mailed at that time were returned to the sender who turned them over to Dr. Taylor who is storing them till after the war.

In the School of Arts under the department of Chinese the heavy item for books and research arises from the fact that it has been possible for them to obtain quite a number of books in Kunming. Also the department has been doing considerable in the way of research especially by Mr. Fu who is working on the languages of the the tribes.

In the item of Emergency under extras, the expense was incurred in sending two members of the staff out last summer to investigate possible evacuation routes and also preparing a cart to use in case of an emergency.

I have reported all sums received from abroad or in China which have been used in the operation of the college during the year with the exception of the President's discretionary fund. In addition to these the following items appear in the Chinese \$ balance sheet as available for 1943-44.

gift from Commissioner Li	\$60,000.
from British relief fund	63,586.95
from local sources for scholarships	18,812.66

Also I will be able to collect for the five months through to the end of the year C\$15,000 per month for the rice subsidy. The College has also recently received from the Conference of Missionary ~~Societies~~ Societies in London, £ 406-5-0 equivalent to C\$48,246.25.

Any surplus which has arisen during the past year comes from the three following:

1. The college did not fill all the positions contemplated at the beginning of the year.
2. Because of the rise of the official rate of exchange from 18.71 in June 1942 to 20 in July and with the government supplement of 50% in the rate since May, the average rate for the operations of the college for the year is 23.
3. Supplementary gifts such as that for rice subsidy have helped out and meant that it has not been necessary to draw quite so heavily upon other sources of income for increased subsidies.

I expect to cover my requirements for funds by working through Mr. Allen in Kunming, asking that from time to time when he is cabling to New York for funds that he include an amount for the college. Last week I wrote him and asked that he include US\$5,000 for the college ^{when} he was cabling this month and then ^{no more} till October. If he is cabling in September, I will ask him to include funds for the college at that time.

Dr. Wei has raised the question of whether or not it might be wise to put some of the college funds in New York into a savings account so as to draw a small amount of interest.

I feel somewhat pessimistic about the efforts of the government to control prices and ~~we feel that~~ the government monopoly products such as salt and matches are rising in price, but perhaps not as rapidly as some others.

Yours sincerely, John L. Lee

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Hua Chung College, Hsichow, via Tali, Yunnan, China
August 22, 1943

Dear Mr. Lyford:

From Mary Col

In a letter that John recently received you ask me to write you a "gossipy" letter of our life and events here in Hsichow. Dr. Wei's and John's letters are very businesslike, but I think they present a true picture of things here as far as they go. But to a housewife, it seems as if running a college was nothing to the problems of trying to run a house. I often think that people in America must think we are pampered darlings here in Hsichow when we rant and rave against the servant problem -- or perhaps I should say "about! But our life here is so very much "in the raw." Food is bought on the street, using an old-fashion Chinese scale -- and in a local dialect half-Chinese half-MinChia, who no foreigner understands (I should say, no foreigner from Central China) -- and each purchase is a matter of bargaining and "caveat emptor." In other words, we have to have somebody to whom Chinese is a mother tongue do our buying for us -- and our Central China servants are often cheated at first, if not regularly. Then the food all comes in the most inconvenient forms; salt comes in large "bricks" -- about half of it being mud -- and has to be hammered into small pieces and boiled down before it is useable; brown sugar (we rarely can buy or afford a coarse variety of yellowish-white local sugar) is bought in pairs -- the shape of bee hives -- it too has to be pared down before it can be used; meat is simply hacked off a carcass. Unless one knows the butcher's art, one has no way of knowing what one is buying; flour which is ground locally is never the same quality twice in succession; lard is bought in its most "primitive form" -- the cook simply buys a side of the pig -- and brings the mass of fat and "membranes" home to be "tried" out -- a favorite stunt is to soak the side of pig in the brook until it has added on a few extras cattles of weight. You may have heard that our kitchens are always dark holes -- with chimneyless stoves that burn charcoal -- needless to say everything is very dirty. At the moment my household is trying to train a Hupeh coolie with his Yunnan wife into being a cook. We spend lots of time in the kitchen -- and so I write feelingly on just how inconvenient it is to feed a family of four in this place. Every so often our Hupeh servants simply go

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into a panic over the constantly rising prices -- it gives them such a feeling of instability. My ex-cook certainly used to come home from the market (once every three days we have the "market") in a terrible state of mind saying, "What are you going to do? How can you go on living in this place?"

Some of the foreign families live in temples by themselves: viz. the Roots, the Constantines and Los (sharing a temple together). The rest of the foreign staff - and all the Chinese staff, I think - live in the courtyards with the local families. The Coes and the Walter Allens (who live in the same courtyard and eat together) live with a family of one old wife, one old concubine, three daughters-in-law, upteem children all unruly, at least three pigs, and a large number of hens. Three sons occasionally come home from their business in other parts of the province. In other words, we live right with the family, silent participants in their numerous quarrels, helpless as the children howl and squabble - stepping right into a barnyard as we leave our door. During the fly season it is nothing but a miracle that we don't all contract dysentery.

Wednesday, the 25th -- As I re-read the above, I must say it sounds like a pretty selfish, egocentric life we are living, giving no thought to the horrors and hardships of the world at war. To the Hsichow foreign community (rather more than to the Chinese community to whom the words "war effort" do not have the same connotation as for westerners) it is very chafing to sit in Hsichow and be doing absolutely nothing to help win the war. We are too far off the main highway for any of our soldiers to come frequently for a visit. We can get absolutely no wool to knit up anything for anybody. We know there is need for help in prosecuting the war in this part of the world -- need that perhaps we could fill. BUT ~~waxtime~~ we also know that Uncle Sam can send out here anyone that is really needed for a special wartime job, and we know that the missions and the college can send nobody from abroad to come to Hsichow and help carry on. After this war there have got to be some pieces to pick up and we here have been chosen by "fate" to hold those pieces together as much as possible. Actually, we do have many happy times here. We rarely let a birthday or anniversary go by without some kind of celebration. For myself, I have become much better acquainted

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with the Chinese and foreign staff than I had ever been before. Thanksgiving and Christmas we always celebrate to the best of our ability, trying to save out some special delicacy with which to give the occasion a "homeside" air.

The isolation is hard. It is now possible to get a public alcohol truck from Hsiakwan to Kuming for the slight sum of \$1295 N.C. This price is probably not excessive, but it hardly leads one to frequent trips to the "capital" of the province -- especially as the trip from Hsichow takes three days each way (one day to Hsiakwan, and two days from Hsiakwan to Kuming). Our mails are coming in better now, but they are somewhat erratic -- most of the mails come over the road in charcoal buses and take about seven days from Kuming. The "alcohol express" bus service only started in May; it is quick and fairly safe because the engines and drivers are good -- but the trip is most uncomfortable as the buses are converted trucks with boards along the sides for the passengers' seats -- with the baggage just piled up in the middle, from which point it falls over all the passengers during the two-day trip. For world news we still have Walter Allen's radio, which while becoming very faint, still brings us San Francisco unless the weather is stormy. The college radio works more or less in the winter when the college has electricity. The college supply of storage batteries is about finished -- not usable for the radio any more.

The Sidney Hsiao's are still with us in spite of the fact that I understand he has refused several good jobs. They have had a most difficult time. They are both artistic -- Sidney never imagined a China like this -- and Erica knew nothing about it. They have both been in very poor health. They have a local woman servant who is a tyrant -- she ought to be fired ten times a day, but as far as I know she is the only servant between here and Kuming. No Chinese with a foreign wife can live Chinese-style and actually Sidney is quite as foreignized as any American or Briton; with the result that his salary cannot cover their living costs, even though they try to eat chiefly Chinese-style food. Their small suite of rooms is most artistically decorated -- quite the most "civilized" home in Hsichow, I think.

The John Lo's, which is also an international marriage -- have a slightly easier time because Mrs. Lo (nee Ruth Earnshaw) teaches English and receives a separate

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salary. But for them too it is most difficult to make ends meet with a small baby.

For the Chinese staff, about all they can do with their salaries is buy food to eat and perhaps indulge in shoe repairs. I don't see how anybody, foreign or Chinese, can buy clothes. Cheap printed cloth is \$100 a Chinese foot here -- over U.S. \$3. a foot. Good cloth is much more expensive. We all patch and turn and mend -- it is the great indoor occupation -- but someday our clothes are going to fall off of us. How families with growing children get along I don't know. This condition, of course, is not peculiar to Hsichow, but is more or less the same all over China -- but cloth is more expensive in Yunnan than in Szechwan. In general I think the faculty left here do not complain unduly, but naturally one does wonder "how long?"

Dr. Wei looks older each year -- noticeably. He is the strength and support of the whole institution. This spring has been very hard on him, for we have lost a goodish number of faculty. Those who have gone are definitely no lasting loss to the college, and in many ways are a good riddance as they were perpetual trouble makers, but it leaves the College in a most embarrassing position for the fall term. I don't know whether it is harder to get an economist, a chemist, or a servant in this part of the world. As far as I know, one can not find an economist or chemist for love nor money. There are two men left to teach economics, but they are not "specialists" in the subject at all; and there is absolutely no one to teach chemistry for the first semester anyway. I doubt very much if you have to fear an excessive payroll this next year -- the men just cannot be found to pay.

Dr. Wei & John were very tired after their trip to Chungking & Szechwan - travel is very hard in China these days.

We have some nice students, students who will be a great credit to us in the years to come. After all, they are what the college exists for. The enrollment is small, and a number of the Yunnanese students are just here to pass the time away, but the "backbone" of the student body would be students to be proud of anywhere in the world. Whenever I feel especially discouraged, I think of them -- and feel we simply must not let them down. They are very loyal. It rather amazes me the number of young graduates who feel so attached to the college in Hsichow. It seems as if they must be getting

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something they value here, or they would be glad to move on. The students entertain themselves very well. I cannot believe my eyes when I see how well they attend extra curriculum lectures. After all, their sole excitements are parties among themselves, picnics -- and this summer they put on a five-act play, making \$13,000 for the wounded soldiers.

Our houses are better than most of the dwellings in country Yunnan and Kweichow. The college has been much better housed than our Diocesan Middle School, for instance. Housing in Kuming is generally a good deal better than Hsichow.

In spite of everything, I am certainly ever grateful to you for obtaining that passport for me. I hope this is the kind of "gossipy" letter you wanted. It certainly shows how small our Hsichow world is!

Sincerely yours,

Mary Richards Coe

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HUA CHUNG (CENTRAL CHINA) COLLEGE

WUCHANG, CHINA
Temporarily in Hsichow
Via Tali, Yunnan, China

Office of the Treasurer
November 17, 1943.

L-7.

Received Jan. 13

Dear Mr. Lyford:

In his last letter to you Dr. Wei wrote of the additional gift from Mr. Chapman from Mr. Holmes. I have collected the cheque from the bank which amounts to C\$12,147.54. I am converting this into US\$ at the current official rate which makes it equivalent to US\$415. Will you please place this amount of US\$415 with the money which I wrote of in June (US\$4340.) in the Holmes scholarship Fund. I am crediting the Board of Founders account here on my books with the equivalent amount in C\$.

In September I arranged to draw US\$10,000. on this year's account through Mr. Allen in Kunming. I have received the money here, and I believe that Mr. Allen arranged for it through Mr. Whitney who doubtless has already collected from you. This would have put sufficient funds at my disposal to carry into the New Year until the present question of rice storage arose. The rice harvest is on at the present time in the valley here. Because of the late start the rice had in the summer, the crop is turning out to be a poorish one, according to most estimates 50 to 60% of normal where last year it was nearly 90% which was a very good year. The price is already higher than it was in the spring and we anticipate that it will be very materially higher next spring. Dr. Wei and Mr. Tan Jen-yi are now attempting to make arrangements to secure and store enough grain to provide for the bulk of the needs of the faculty and staff and their families for next spring and early summer. At the same time members of the faculty and staff are being urged to store rice for themselves to last till early spring with the idea that the college-bought rice will be held till then for their use. Exactly how much money will be involved in this is a bit uncertain, but our present estimates range from C\$250,000 to C\$500,000 depending in part on how much the faculty should borrow for this purpose. There is no question in our minds but that in the end it will save the college money, as this will mean it will not be necessary to increase subsidies so much in the spring. It may be that I will be drawing more money in the near future to meet this extra need now which will help later. At the present moment we are negotiating for the sale of some of the old truck parts in Hsiakwan. Should that deal move rapidly and prove successful I may not need to call on you quite so soon for funds.

Recently I made a rough estimate of the probable cost of running the college for the current academic year. On the basis of the subsidy scheme as adopted in September, the cost would be in the neighborhood of C\$1,750,000. However, there will probably be an increase of subsidies necessary for the second term and also other things may increase, so that my present guess is that the total will be somewhere between C\$1,900,000 and C\$2,000,000. From the

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income already on hand and in sight, assuming US\$28,000. from the Associated Boards, the college should be able to meet my guess for expenditure without running behind seriously. You understand that my figures of expenditure are a guess which are subject to considerable change as prices fluctuate here.

Prices are rising. For instance I have just completed negotiations to lay in a stock of flour for my own household use, paying a price which is $66 \frac{2}{3} \%$ more than when I bought flour in July. Charcoal is between double and treble the price of July. Sugar is about four times the price that it was in March. Paper prices have doubled or trebled in six months. (In this case the college has a supply on hand sufficient for more than this academic year). Eggs are much higher in price and at the present time are selling for the equivalent of US\$1.60 a dozen. Lard is selling at a price of around US2.00 a pound. Oranges have just come on the market, and their price is roughly the same as that of eggs. Matches which a year ago were C\$15. a package of ten boxes are selling at around C\$10 a box on the street. The college can get them through the government monopoly in Tali in limited amounts at about half that price. Vegetables and other fruits are up proportionately in price. Cloth and cotton yarn are still expensive, but in the last six months they have not risen much in price because a considerable amount of cloth and cotton yarn have been coming in by caravan from India which has helped to keep the price down slightly. However cloth is not cheap. The other day when I was in Tali I priced khaki cloth of a fair quality and to have had a pair of trousers made of it, would have cost me at least US\$40.

The increase in subsidies which was given the college faculty and staff in September was at that time probably slightly more than absolutely necessary and gave some of them an opportunity to make some needed replacements in clothing etc. However prices are catching up with them. The commodity grant of US\$2,000. from the Associated Boards, which we received early in November and distributed to the faculty at that time, helped out and should carry them on the present scale till the end of the current calendar year. Our biggest problem is the faculty and staff particularly those with large families. Comparatively, the students are well off as they are either Yunnan students who seem to have plenty of money or else they are students who are receiving government assistance in the way of loans. The loans increase with the cost of the student board, and at the present time are in the neighborhood of C\$400 per student per month.

We had a very pleasant visit from Bishop Gilman during the latter part of September and wish that he could have been longer with us.

I rather expect that we will be having a visit from Dr. Fenn, field representative of the Associated Boards in China, sometime before Christmas. The committee for postwar planning for the Christian Colleges is getting well started with its work according to reports which we have received.

With best wishes for the Christmas season,

Yours sincerely,

John L. Coe (signed)

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December 21, 1943

Operation of Accounts in
National City Bank of New York
July 1 to November 21, 1943

Joint Account

1943 - June 30,	Balance on hand	\$3,616.08
Nov. 22	" " "	<u>Same</u>

Reserve Account

1943 - June 30,	Balance on hand	24,287.54 ✓
July 15	Yale-in-China - 1942-43 Grant	5,000.00 ✓
Sept. 29	Associated Boards 1943-44 Grant	5,298.60 ✓
Nov. 8	Transferred from Foundation Acct.	
	Payment by Eugene T. Hsu for his family on September 18, 1942	200.00
	" by Hobart Haskins for Dr. Bien on September 18, 1942	<u>10.00</u>
		34,796.14
Oct. 19 -	Paid Lewis B. Franklin for like amount paid to Mr. Coe through Mr. Allen	<u>10,000.00</u>
November 21 -	Balance on hand (agrees with the Bank)	<u>24,796.14</u>

The above record is in agreement with the Bank reports which are made as of the twenty-first of each month. Since November 21 there have been the following transactions:

November 21	- Balance on hand	24,796.14
November 26	- Paid Paul V. Taylor for like amount credited to him by Mr. Coe (See Coe's letter of 6/15)	197.50
		<u>24,598.64</u>
December 6 -	Associated Boards. Third payment for 1943-44	4,000.00
December 6 -	Balance on hand	<u>28,598.64</u>

Payments by Associated Boards
for Sustaining Fund
College Year 1943-44

June 29	\$2,701.40 ✓
September 29	5,298.60
Total to November 21	<u>8,000.00</u>
December 6	4,000.00
	<u>\$12,000.00</u>

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Mr. John L. Coe, Treasurer
Dear Sir:

Copy for Mr. Greiner

December 22, 1943 -- Letter C-4

I received your L-4 on Oct. 6 and your L-5 on October 19, three days before the October meeting of the Trustees. The first letter enabled me to prepare my report for the meeting. As the second letter superseded the first, I will confine my remarks to it.

I am sorry that you had the difficulty with the Foundation Account but your analysis is correct as stated on your page 1.

Your explanation of the heavy costs is quite understandable. My only question is how the College and its personnel get along at all under present conditions. We merely want evidence that you know where each payment went. We have no doubt that the expenditures were necessary.

Regarding scholarships, I note that the Government is making loans to students amounting to about \$300. per month per student. I hope that loans at this or greater rates are continuing. What are the conditions regarding repayment of these loans?

The number of foreign salaries is given as 6-1/2; why is Miss Zenk's salary considered to be only one-half?

I note that you have credited the Foundation with U.S. \$100, loaned to Dr. Hsiao and his advances now have been entirely cleared up.

I am having considerable difficulty with the U.S. and Chinese Balance Sheets of your report. This is mainly due to my lack of experience in accounting and I am very happy to report that I am about to be relieved of this agony. Mr. Greiner, righthand man to Mr. Whitney, has been appointed Assistant Treasurer and he is beginning to work with me. Much of my trouble will be eliminated when he gets my books set up right but there are some questions on which we need further advice from you. I quote the following notes of Mr. Greiner:- "I attempted to reconcile Mr. Coe's summary of income and expenditures with the detail statements of each one of the units. I found the following differences;

	<u>My summary</u>	<u>Coe's Summary</u>	<u>Difference</u>
Yale in China	99,815.02	105,565.02	5,750
Reformed Church	29,566.55	35,316.55	5,750
A.C.M. Miss Johnston	36,519.93	39,969.93	3,450
			<u>14,950"</u>

Also we cannot reconcile the last debit item of \$8,225.59 in the U.S. balance sheet, being Equivalent of line 1.C\$ balance sheet." This line is "Board of Founders C.\$292,671.26". This would mean exchange of 35,50 to 1. Is this correct? I assume that the equivalent of credit item of C.\$69,371.65 in the Chinese account is included in the debit item of U.S. \$11,514.89 in the U.S. account; also that the credit item "Deposits \$47,277.70 in the Chinese acct. is a correction of the Chinese equivalent of L406-5-0 or C\$48,246.85 from the London Missionary Societies as it appears on page 2 of your letter. Furthermore when these items are cleared up, I still shall be unable to arrive at a net total of all the funds, including the U.S. equivalent of the Chinese funds which you had on hand on August 1, 1943. Please give us some additional figures which will answer these questions.

I note in your U.S. balance sheet the figures which show how you arrive at the debit items for the Reserve Account. I have no doubt that the Founders will approve of the recommendation of the Ex-Comm. Pro-tem regarding the Holmes grant and we shall set aside out of the Reserve Acct. the amount of U.S. \$4,340. to be known as the Holmes Endowment Fund, the revenue therefrom to be used for scholarships. The money will be invested according to the decisions of our finance committee and will be withdrawn from the Reserve Acct. as required. The payment to Mr. Taylor was made from the Reserve Account on Nov. 26.

I note also how you arrived at the debit item for the amount receivable from the Foundation Acct. The amount received from Mr. Hsu and Mr. Hobart Haskins, \$200. and \$10, respectively, should have been transferred to the Reserve Account long ago, but the matter was overlooked until recently. Now the transfer has been made as of November 8. To complete the adjustments I will reimburse the Foundation Account from the Reserve Account for the following payments:

Payment to Dr. Hsiao	Aug. 19, 1941	100.00
Draft on London	April 7, 1942	52.45
Stechert Bill	Aug. 26, 1942	48.89 (Not \$58.60)
		<u>201.34</u>

Please note that the item of \$200 shown in the operation sheet which accompanied my C-3 of July 9, as paid by Mr. Hsu on June 5th, is a second payment of this character. I hope you understood this and have paid this second amount to Dr. Cheng, although I forgot to explain it to you in my letter. I am hoping that your sixth sense made up for my omission.

Sometime ago I notified you that I would runall New York receipts and disbursements

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through the Foundation Acct. but I now see that as you and we are now operating I will have to use the Reserve Account as completely as possible. This will involve a more complete bookkeeping record than I have maintained so far. The transactions will be solely for the account of the College.

Chambellan, Berger & Welti, the public accountants, gave me a final report for 1941-42 as follows: "November 10, 1943

"Mr. Oliver S. Lyford,
Hua Chung College, 71 Vanderbilt Avenue, New York, N.Y.

Dear Sir:

Supplementary to our report dated December 21, 1942 of the books and records of the Board of Governors of the Central China College Foundation, we wish to certify that we have checked the report of Mr. John L. Coe and have received satisfactory explanations of the difference and to the questions raised by us incident to our audit.

The errors mentioned were typographical errors and have been eliminated, and Mr. Coe's report has been accepted as being correct. Respectfully submitted, /signed/ Chambellan, Berger & Welti, Certified Public Accountants."

The explanations to which the above applies were those which you gave in your letter of March 9, 1943, which I received and transmitted to them on May 6. The long delay since then was due to the fact that the man who had this case left for the war and the firm otherwise was badly handicapped through other losses of assistants. I hope that an audit made within our organization will be sufficient hereafter.

Your reports and those from Dr. Wei regarding the contribution from various sources in China and elsewhere which are supplemental to the income budget items, are spread through so many letters that I am unable to determine which of these contributions were used up in 1942-43 and which are available for the current year. May I ask you to send in your next letter a list of all those extra contributions or commitments so that I may keep the Founders correctly advised? In view of the growing seriousness of the financial assistance it is important that we be fully advised at all times.

With Dr. Wei's letter N.Y. 62 he includes an estimate of the losses at Wuchang exclusive of the property on the Boone Campus which Hua Chung had used. I have quoted these figures to the Founders and they are understood with the exception of the estimate of U.S. \$180,000 for losses of books, which figure looks very high. I understand that this estimate is based on a report which was made to the Ministry of Education in 1936 but even so it looks like a much larger number of books than our people here were conscious of. Please send me a further explanation - not a list of the books but a summary in a few paragraphs.

I enclose herewith pages 3 to 6 of the report which I made to the Founders at their meeting on October 22. You will note on page 3 that in the year from Aug. 1, 1942 to July 31, 1943 the Foundation received from the Associated Boards \$15,765 and paid to Central China College \$20,750, the difference coming out of the cash on hand on August 1, 1942. Also the cash balance brought forward into the new college year was \$2,802.10, the reduction during the year being mostly due to the payments to the College. Of this balance about \$1,000 is payable to the College, the exact amount will be determined by Mr. Greiner.

The operation statement for the Joint and Reserve Account which accompanied my letter of July 9 was for the period ending June 30, 1943. I enclose herewith an operating statement for the period from July 1 to December 6, 1943. This sheet also includes the payments made by the Associated Boards for the current college year, amounting to \$12,000. It is the present hope that the total for 1943-44 from the Associated Boards will be at least \$30,000. This does not include 2,000 which you recently received from the United China Relief for subsidies to the teaching staff. The first two pages of my treasurer's report were simply explanations of the figures on pages 3 to 6 with the exception of the following:

"A budget of Chinese expenditures totaling N.C. \$1,225,000 was prepared by Dr. Wei and approved by the Executive Committee tentatively on April 30. This budget did not contain any emergency item to cover the rapidly increasing cost of living. Nor did it contain estimates of the emergency income probable from Chinese sources, such as had been received in 1942-43. On May 21, 1943, on instructions from the Executive Committee, we cabled final approval of the budget but notified the College that the receipts for the year from regular western sources probably would not exceed U.S. \$44,000. This at the new rate of exchange of approximately 30 to 1 would cover the budget but nothing more. We saw the probability of a total requirement of at least N.C. 1,600,000 for the year owing to further inflation, but it seemed probable that the additional amount would be made available by contributions from Chinese sources. Since May Dr. Wei and Mr. Coe have reported such contributions or prospects, (not included in the Budget)

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totaling over N.C. \$400,000. Therefore the total which we then anticipated is in sight. Whether further inflation will carry the total requirement far beyond this remains to be seen. Fortunately the reserves are available to cover the shortage if this should be necessary. Apparently the Executive Committee Protem omits these abnormal receipts and disbursements from the budget because of the uncertainty of their continuance."

You will note that, as usual, I omitted, from the figures on page 6 of my report, the item of \$1,207.43 which appears in your U.S. balance sheet as a credit to "Proctor-Johnston Land and Building" and which I therefore treat as a part of the Building Fund. I do not include the Building Fund in my October report but include it in the February report which is made to the annual meeting. I will appreciate any comments which occur to you regarding the data on these four pages. The remainder of my report simply an explanation of these figures.

I am enclosing herewith a copy of my letter of December 6 to Dr. Hsiao. I wrote this letter in the hope that it will help a little in sustaining his morale which, in spite of his courageous letter to me, must fall pretty low sometimes. Please tell Dr. Wei that he has my consent to pass the substance of my letter to Dr. Hsiao to others, if Dr. Hsiao is willing. The address by Prof. Green, from which quotations are made in my letter, is included as "Exhibit K" in the minutes of the Planning Committee which has been forwarded to the China College President from the Associated Boards.

Dr. Wei's letter N.Y. 72 was received on Dec. 2nd and has been copied and copies sent to each of the supporting missions in order that it may have immediate and active consideration. Certainly we all are very sympathetic to the need and the creative thinking of Dr. Wei and the Executive Committee Protem about its solution. The difficulties in the way of its realization are pretty serious, but some way must be found to keep the teaching staff up to the necessities. I also have just received Dr. Wei's letter N.Y. 73.

I have another letter from Mrs. Lo's mother, Mrs. Earnshaw regarding the dislocation of Baby Catherine's hip and the necessity for an operation at the earliest possible date. I have made some investigation of transportation possibilities, but cannot get very far at this end. Dr. Phillips Greene, who was connected with the Red Cross in China for a year and returned last summer, thinks that the necessity for this operation will be sufficient to secure for mother and child transportation by air to India, and we discussed the possibility of an adequate operation in India, but he is not acquainted with any of the surgeons in India and therefore could not advise about this. Dr. Greene says that although it is desirable to have the operation before the child begins to walk, it may be done quite well later. He suggests ~~from~~ transportation from India to America may be obtainable on a Norwegian steamer and that a Norwegian boat there will probably have a good doctor, whereas on a tramp steamer there usually is no doctor and being very slow the trip on a tramp steamer may take a couple of months.

Dr. Greene is purchasing a supply of cod liver oil concentrates for Baby Catherine which Dr. Frank Fulton will bring with him when he starts for China, which probably will be early in January.

Dr. Sherman is endeavoring to secure funds to cover the cost of transportation for Mrs. Lo and Catherine. As soon as we have anything to report, I will cable you.

I hope and pray that the clouds over China will soon break and that the New York will be brighter than the present year has been.

Warmest regards to all of our friends.

Yours very sincerely,

Oliver S. Lyford

Dear Mr. Lyford:

Taking the end of John's paper I will just insert a note. We are still getting along in spite of inflation. We intend to have a nice Thanksgiving Dinner. Because it looks as if the entire British community here (the Andersons, Miss Bleakley, and the Constantines) would be going on furlough next year, we Americans are asking them in for an evening Thanksgiving dinner. It is expected that the Roots will be going next year too, and Mrs. John Lo plans to take her baby to America in the summer for an operation on a lame leg. Somehow it seemed a fitting time to have a nice Thanksgiving -- and to make things nicer, we are expecting six or seven American officers to get here for the occasion. With our inadequate servants and poor kitchens it is taking considerable planning, but we housewives are getting together and expect to manage it. Our Coe-Allen household will be the scene of the affair. Meat loaf will substitute for turkey, but we shall have the last tin of cheese in Western Yunnan (a 12 oz. tin divided among 25 or so people!)- and a box of chocolates and coffee provided by our officer friends. Pumpkin pie can be made from all local products, and so we plan to have plenty of that. Milk is our most difficult scarcity - little to be had and poor quality.

John and Dr. Logan Roots climb mountains for a diversion. Last week they got well up over 14,000 ft. No wonder they are thin as rails!

The students remain in excellent spirits - they certainly seem to develop a great affection for the college.

With season's greetings.

Sincerely yours,

Mary Richards Coe (signed)

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Mr. Oliver S. Lyford
230 Park Avenue
New York, N.Y.

Dear Mr. Lyford,

In your letter of November 17, 1943, (W-41) to Dr. Wei you ask that I send you a complete list of extra income for the college so far as we know for the current year 1943-44. I give the following list with many of the items having been already reported to you in various letters from Dr. Wei and myself.

1. The gift of £500 from the British Relief Fund equivalent to	C\$63,586.95
2. The gift from Commissioner Li of Yunnan	60,000.00
3. The gift of £406-5 from the Conference of Missionary Societies London	48,246.25
4. The various gifts from the United Committee in Great Britain-total £* 1125.	133,533.00
5. The grant from Mr. Tung of \$15,000 per month for rice subsidy.	75,000.00
6. The increased grant from the Methodist mission	61,000.00
7. Local contribution from Kunming	300,000.00
	<hr/> 741,366.20

I believe that items 1-4,6 have already been reported and need no further comment.

Item 5, was a gift made by Mr. Tung to Dr. Wei when Dr. Wei was in Kunming last May, pledging \$15,000 a month from then till the end of the war. However to date Mr. Tung has only paid to the end of 1943 and I have carried it in the above for five months at \$15,000 a month. For the three previous months the amount was carried in last year's financial report. There seems to be a bit of uncertainty as to whether or not Mr. Tung will continue this after January first, though Dr. Wei is working on it. Item seven has not been previously reported. When I wrote you in November I knew of the possibility of this, but was not sure of the exact amount. This item comes from the same source as certain extra contributions came from during the academic year 1942-43. There is no indication as to whether or not there will be further contributions of this nature later in the year.

All of the above items 1-7 are undesignated and hence are for general purposes or subsidies of the college, subject to the approval of the Board of Founders.

In addition two special gifts have been received designated:

- a. From Mr. Li Jui for scholarships and student aid \$10,000.
- b. From the Associated Boards for a special commodity grant to
 the faculty 58,299.40

Yesterday I received notice of a remittance of C\$95,000 from the Associated Mission Treasurers' office in Chungking for the college, but so far neither Dr. Wei nor myself have received any information as to what this may be for. As soon as we have information in regard to it, the matter will be reported to you.

During the later part of November and the first two weeks of December we spent considerable time over the question of the purchase of rice to which I referred in my last letter. We finally spent about C\$244,000. in this purchase. This should be enough for the faculty and staff and members of their families in Hsichow for six to eight months, and enough for the student body for three or four months. The plan is to store it and sell it at cost to the faculty and staff and students starting probably in March when the price of rice will be higher than at present. Most of it was purchased near Tengchuan in the valley north of here and brought down by boat. The crop has been short throughout this valley this year, and there have also been heavy purchases by the military authorities so that everyone expects much higher prices in the spring and possibly a bit of a scarcity.

In my annual report I referred to the matter of the government loans to students, but did not incorporate the figures in my totals. In this matter the college acts merely as a disbursing agent for the government in as much as the loan is to individual students, and at the time I made the report I was not sure of the exact amount as the government is usually slow in making its grants to the students. This year the amount for that item may be larger, seeing that the amount of the individual loan depends upon the cost of living, but the number of students receiving the loans in the college will be smaller, as there are fewer students from occupied areas and more from Yunnan who have more money of their own.

Dr. Bien and myself are proceeding slowly with the sale of truck parts. The old bus and truck certainly are in no condition to ever run on the road again. To attempt to use them would be a menace to everyone. The executive committee authorized the sale of such parts as were not needed in the operation of the power plant, such as tires, springs, etc. The tires are old and would be useless ere long. However the local people who are operating two-wheeled horse carts along the road are much interested in any sort of tires. Up to the present we have taken in C\$42,000 in cash, and I hold a note due in a couple of weeks for C\$55,000. We expect to be able to sell some more, and the full amount will be reported when the business is finished. Prices on that sort of thing are phenomenal at the present time.

There are reports which I consider fairly reliable that the government will increase the exchange subsidy early in the new year. You may hear of this before this letter reaches you. I have held off exchanging any more money since the two amounts of US\$5,000 in September till after the first of January. The local contribution from Kunming which I mentioned on page one under item 7 gave me sufficient funds to be able to carry on till after the first of the year.

The increases in subsidies which are to take effect in January will cost approximately C\$250,000 for the seven months, January through July, and the college has funds in sight to meet this. At the present time (with the new increases) the salary payroll per month is about C\$135,000 exclusive of servant's wages. I expect that it will require approximately US\$5,000 per month to cover our requirements. I have asked Mr. Allen to arrange to exchange US\$10,000 for the college in January when he exchanges missions funds and will continue to work in that same way.

Will you please send a check for US\$24.10 to Mr. W. Tecklenberg, 369 Pennsylvania Ave., S. Renovo, Pa. This should be charged to the current account of the college. I have funds* here to cover, and it is a final settlement of some business which I had been handling for Dr. Taylor. I will credit the Board of Founders with the equivalent here.

The college is having vacation this week after a somewhat busy time over Christmas. All of the services on Christmas were well attended, and everyone seemed to enter into the spirit of the occasion. A few of our people were over for the carol service on Christmas Eve and then stopped here at the house for a short time afterwards. We are seeing increasing numbers of them and it gives us pleasure to do what we can for them when they come over. They are a nice lot.

With best wishes,

Yours sincerely,

(signed)
John L. Coe

* noting that this is a refund from Dr. Taylor.

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