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YENCHING UNIVERSITY

REPORT OF ASSOCIATE TREASURER

June 21, 1930.

To the Board of Managers:

As the year has still two more weeks to go, and the accounts of the Trustees for May and June have not yet come, we cannot report in final form the finances of the University for the year. But we can say with reasonable certainty that as far as the current account, including all the financially-independent units directly related to the treasury, is concerned, we are well within the budgets as revised last October. This, however, does not mean that each item in the budget has been able to confine its expenditures within its appropriation. There are several accounts which, as we discovered when the year was only half over, were inadequately provided for in the budget. The most noteworthy case in this category is the care and maintenance of our huge plant, which now represents an investment of over four million dollars local currency. We have grossly underestimated the operating cost of our plant since the buildings were turned over to the Administration from the Construction Bureau. For the year 1928-29 we budgeted \$5,000 for care and maintenance of grounds and buildings. The actual expenditure for the year amounted to \$9,600. For the current year we budgeted \$10,000 for this item. But we fear that we will not be able to close the account for less than \$15,000. This shows that the operating cost may be more and more each year, a fact which it will be well to keep in mind in our budget-making. Messrs. Thompson & Co, our Auditors and Consulting Accountants, have again and again pointed out to us that we should appropriate each year not less than one per cent of the capital investment for operating expenses. We can not stress too strongly the advisability of following this professional advice.

The phenomenal rise of the gold rate of exchange is probably the most significant event in the financial circle during the year. Starting at the rate of approximately 2:20 to 1:00 in July, 1929, it has steadily risen to the level of 3:90, which may not be the end yet. As over eighty per cent of our current funds come from the Trustees' gold resources, this unusually favorable rate should bring to the University an enormous gain in exchange. The Trustees only figured on a rate of 2:10 to 1:00 in their estimate. The gain, however, is not as enormous as it might be if we had sold all our gold in the open market at current rates. At the time of the Formal Opening, the members of the Trustees present, including Mr. Warner and Mr. McBrier, felt that the exchange rate had reached its "peak" when it was 2:49 to 1:00 and they recommended to the Board in New York that we contract the rate for the year. Subsequently, we signed a contract with the

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Hongkong and Shanghai Banking Corporation for U.S. \$100,000, at rates which varied from month to month, and which averaged about 2:45 for the amount contracted. So the gain in exchange is only thirty-five cents local currency to the gold dollar. This gain, is to be disposed of at the pleasure of the Trustees, and is not available on the field for any purpose except by instructions from the Trustees. While the rise of exchange rate has increased the University income in local currency, it has also resulted in hardship for the members of the Staff, especially the Western members, whose personal and domestic needs are mainly of foreign origin. This is also true of the departments which must order their supplies and equipment from abroad. In view of this, the Trustees, in December, authorized a salary increase of twelve and one-half per cent for Western members of the Staff as of July 1, 1929, in addition to the approximate ten per cent increase already in operation.

In closing, we wish to state that this has been very smooth-going year for the Treasurers, in spite of the fact that Dr. Galt has had to take the responsibilities of President Stuart during his absence. The Trustees have sent out their remittances regularly, and we always have enough funds in the banks to meet our obligations. We have an arrangement with one of the banks for overdraft, if necessary, but we have never been compelled to take advantage of this arrangement. Whatever items in the budget we have overspent will be offset by savings in others. So, taking it all in all, we will be able to close our books with no deficit, and perhaps a little surplus.

Respectfully submitted,

YENCHING UNIVERSITY **TRANSFER**

REPORT OF THE TREASURERS TO THE ANNUAL MEETING OF THE
BOARD OF MANAGERS

June 18, 1932.

The full financial report of the University, carrying the signature of the chartered accountants, is usually issued about August of each year. A brief summary of the important items has for the past two years been published for distribution amongst all concerned. Presumably copies of this publication issued last autumn have reached the members of the Board of Managers and accordingly no report duplicating that publication is called for now. The present report reviews the fiscal year ending June 30, 1932, in a general way.

I. PERSONNEL IN THE TREASURER'S OFFICE.

An effort was made to secure the services of Mr. D. W. Edwards, either as Associate Treasurer or Financial Adviser, but upon Mr. Edwards' return to the field he was immediately drafted off to flood relief work and any connection with the Treasury seemed impossible. Upon his return to Peiping in the spring, he consulted with the Acting President, but in view of his new position as the representative from North China on the Secretariat of the National Y. M. C. A. there seemed to be no practical way of bringing him into intimate contact with our financial administration. The authorities of Yenching University deeply regret this outcome and hope that future developments may make it possible to carry out the earlier plan.

Miss Mary Cookingham has continued throughout the year as Associate Treasurer, upon whom the daily routine of financial administration rests. Her further experience in the office and increasing acquaintance with an almost innumerable multitude of details have resulted in success and competence which have fully justified her appointment to the position.

Mr. Stephen Tsai, the regular Treasurer, although his furlough was due in July, 1931, continued in the office, and at the same time acted as University Comptroller, until the first of April. At that time he felt that he could not postpone longer his overdue furlough and accordingly was granted leave of absence. His temporary position in one of the important banks of Peking makes it possible for him to maintain a certain amount of connection with the University, and he is available for consultation on important matters concerning the financial and business administration. Mr. Tsai's colleagues and the University authorities are all united in desiring his continuance as Treasurer of the

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University, and firmly expect that he will return to the University after the expiration of his furlough period.

The present Acting Treasurer resumed his connection with the office beginning the first of April, in order to take Mr. Tsai's place as far as necessary. His other duties in the University prevent his giving extended time to the Treasurer's Office, and this is not necessary in view of Miss Cookingham's position, and the faithful and efficient members of the clerical staff.

II. GENERAL REVIEW OF THE YEAR'S FINANCES.

A. Capital Expenditures:

There have been no extended capital expenditures during the year. The last major construction projects, the Boyd and Warner Gymnasiums, were nearly completed when the fiscal year began, and limited expenditures for their completion have been incurred.

The purchase of the Wei Hsiu Yuan, the prince's garden lying across the road directly west of the University, was accomplished in December, the Executive and Financial Committees of the Board of Managers, so far as their members were available at the time, concurring in the wisdom of this project. The cost price, amounting to L. C. \$22,000.00, is for the present being carried on Suspense Account pending the receipt of capital funds promised for the purpose by a friend of the University, or, if there is a delay in the receipt of these funds, pending the final disposition of gains from exchange.

B. Current Budget:

Under authorization of the Board of Managers, exchange was fixed by contract for both halves of the year under review. For the period June to December, 1931, the contract rate was 4.653. For the six months January to June of the present year, the rate was 4.175. During the autumn the contract rate was decidedly advantageous as compared with the current rate. During the spring exchange fluctuations have been more extended, and the average rate will probably prove to be somewhat higher than our contract rate.

In this connection we may report that exchange has already been fixed for the next fiscal year, the rate being almost the same for both semesters, namely, 4.03 plus. These rates were fixed when the rate was far less favorable than at the present moment. Whether or not they prove to be advantageous for the coming year, only time can reveal.

In spite of the economic depression in the Western world, the gold income of the University has been well maintained during the year, and we deeply appreciate the sound financial policies of the Trustees which have thus maintained our income. On the whole the volume of University income and expenditure is approximately the same as last year.

In view of the fluctuations in exchange, resulting in salary schedules payable partly in gold as well as silver, and in view also of the considerable budget items, especially in the science departments, for purchase of equipment and supplies abroad, it seemed advisable during the present fiscal year to change our method of accounting so that in nearly all divisions of the University accounts are kept in both gold and silver. At the outset this promised to be a difficult complication, but after several months' experience the plan has proved to be only slightly complicated, and has worked in a very satisfactory way.

Due to the very favorable rates of exchange, there were considerable gains on exchange, both in the New York Treasury and on the Field. The gains accumulated in New York made it possible to finance the purchase of a new Diesel engine and dynamo for the Power Plant. The appropriation for this was \$25,000.00, but the cost proved to be two or three thousand dollars less. This new machinery arrived in the early autumn, was installed by Mr. Holm, the University Engineer, and has been giving very satisfactory service.

On the Field the gain from exchange has been used in part to carry certain deficits on construction accounts which for various reasons had accumulated in the past, and partly to finance the re-insulation of the heating mains, which two or three years ago proved to be necessary. The amount spent for this latter item approaches L. C. \$27,000.00. The task is not yet completed, and a further sum of eight or ten thousand dollars may be necessary. Whether or not gain from exchange for the present fiscal year will be sufficient to complete the project, cannot be foreseen.

A recent action by the Trustees in New York at the April meeting advised that all gain from exchange be held for disposition in the future by joint action of the Trustees as well as the Field authorities. The attitude of the Treasury toward this proposal is one of approval and cooperation so far as the Field authorities, on the basis of the freedom and responsibility previously accorded to them, have not already made commitments involving the use of these funds.

III. THE OUTLOOK.

Budget-making and plans for the coming fiscal year have engaged very much thought and attention on the part of the University authorities during the past six months, and the gold income of the University has at times seemed seriously threatened. About the first of May word was received from New York that the Rockefeller Foundation had not consented to an extension of time for matching the first conditional gift of a quarter of a million for the College of Natural Sciences. If at the end of June conditions could not be fulfilled and the income given provisionally by the Rockefeller Foundation for the past two years was withdrawn, our College of Natural Sciences would have its income reduced by one-third. Much time has been given to considering ways and means for retrenchment if this result should materialize. President Stuart has brought word of very serious efforts on the part of the Trustees to meet the conditions before the 30th of June. If this proves to be possible, no serious embarrassment in the College of Natural Sciences will be faced. Otherwise, the situation in that College will become very serious.

With regard to general funds for other divisions of University work, the report from the meeting of the Trustees in April is not particularly discouraging. In fact, the income which the Trustees report to be expected during the coming fiscal year is slightly larger than the Field anticipated at the end of the budget-making period. The outlook for the year immediately before us, therefore, is quite good, in spite of the persistence of the economic depression in the West. But the world-wide conditions, of which we are all so conscious, are such as to dictate a very careful and conservative policy in our financial administration during the coming months.

Respectfully submitted,

Howard S. Galt.

Acting Treasurer.

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Only copy -

*Sent by Mr.
Tsai's letter
4/11/35*

Annual Report of the Controller
for the year
1934-1935
to the
Board of Managers
Yenching University

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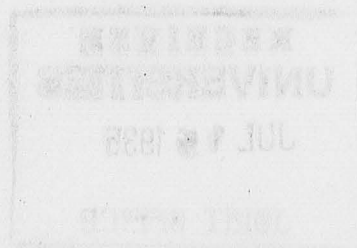
REPORT OF THE CONTROLLER

To the Board of Managers:

I beg to submit herewith my first report as Controller of the University in two sections - one on finance and the other on the operation and maintenance of the physical plant.

I. Finance

1. Personnel. Miss Cookingham was on her sabbatical leave a large part of the year. She was not due back until the fall. But she generously cut short her leave and returned to the office the first of April, in order to enable me to give more time to the Office of Financial Promotion. Most of the material contained in this section of the report has been prepared by her.
2. Current Budget. At the time of writing, the fiscal year has still one month to go. The final report on the budget operation bearing the signature of the auditors will not be ready until the fall. At this time we can only report things in general. Owing to several large unforeseen items which we have to include in this year's expenditures, we predict that we will have a small deficit of about LC\$7,000.00. This takes into consideration of receiving, within the fiscal year, the whole \$60,000.00 government grant which is three months in arrears at present. The accompanying table prepared by Miss Cookingham showing the income and expenditures of the past five years will give you a bird's-eye view of the financial condition of the University from July 1930 to June 1935.



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To facilitate comparison of income and expenditures, we have converted the U. S. dollars into local currency at the following average exchange rates for the respective years.

1931-1932	4.74
1932-1933	3.48
1933-1934	4.33
1934-1935	2.50

As a result of these conversions the income and expenditures for the period under consideration are as follows:

	<u>Income</u>	<u>Expenditures</u>
1930-1931	975,959.46	902,746.00
1931-1932	1,335,232.18	1,164,472.13
1932-1933	916,787.88	934,570.68
1933-1934	927,659.09	880,658.78
1934-1935	<u>705,749.50</u>	<u>755,326.50</u>

You will note that the expenditures in 1931-32 were higher than the expenditures of any other year and that since that year there has been a steady reduction in expenditures until the budget for the present year totals about three fourths of the amount spent in 1931-32.

Since the income received from New York for the fiscal year 1931-32 was somewhat more than the amount received during the other four years it is interesting to compare the amount received for the various units during that fiscal year with the amounts received during the present fiscal year.

The following table shows the percentage of the total income from New York which was available for each unit as well as the loss in income during a period of three years.

	<u>Percentage of Total</u>		<u>Percentage of Total</u>		<u>Loss in Amount</u>	<u>Loss in Percentage</u>
	<u>1931-1932</u>	<u>In- come</u>	<u>1934-35</u>	<u>In- come</u>		
Income for General University	US\$70,952	34	US\$57,500	44	US\$13,452	19
College of Arts and Letters	26,000	12	15,789	12	10,211	40
Journalism Dept.	10,854	5	0	-	10,854	100
College of Natural Sciences	37,500	18	22,500	17	15,000	40
College of Public Affairs	39,616	19	14,000 ^X	11	25,616	64
School of Religion	9,900	4	5,750	4	4,150	42
Women's College ^{XX}	16,097	8	14,950	12	1,147	8
	<u>US\$210,919</u>	<u>100</u>	<u>US\$130,489</u>	<u>100</u>	<u>US\$80,430</u>	

Notes

(X) In addition to \$14,000 there was a special appropriation of \$5,000 for Rural Reconstruction work.

(XX) In 1931-1932 the Women's College received the equivalent of \$4,500 from Mission Boards on the field. This amount has been added to the income received from New York in the above table.

As shown above the Journalism Department has lost, at least temporarily, all support from America. Gifts received in China, have made it possible for the department to continue its work on a reduced scale this year. Funds for the future are still uncertain.

The College of Public Affairs, suffering a loss amounting to 64% of the income for the College in 1931-1932, has not found it necessary to cut its budget as drastically as some other units since a large portion of the exchange profit has been set aside from year to year.

The General University, with a loss of 19% of its 1931-32 income, has been most affected since it has been necessary to use General University funds to help out other units - the Colleges of Arts and Letters and Natural Sciences, and the School of Religion - when their funds were inadequate. Very little exchange profit has been available since the Board of Trustees in New York have claimed part of the profit and various necessary expenditures outside the budget have been charged to this fund.

It is interesting to note that while the American Administration and Promotion in 1930-31 amounted to \$8,500, the amount spent in 1931-32 and 1933-34 was approximately three times as much. For 1934-35 the amount budgeted is considerably less than the previous year.

The expenditures for 1934-35 exceed the income by L\$49,578. This deficit can be met by the following funds:

1. Reserve Funds:		
Women's College	L\$3,710	
College of Public Affairs	29,936	
College of Natural Sciences	5,454	L\$39,100
2. Special Gift for School of Religion		3,240
3. Gain on Exchange		7,238
		<u>L\$49,578</u>

3. Current Exchange Rates. In the preceding study you have noted that we use the rate of 2.50 for the current year. This is the rate we adopted for budget making. During this year, we have witnessed a steady decline in the value of U.S. currency due to the silver policy of the United States government. The rate in July 1934 was 2.89, in September 2.77, in March 1935 2.54, and May 2.40. We were fortunate in being able to contract with a bank the day after the Chinese Government enforced an equalization tax on the export of silver when the exchange rate was a little over 3.00. We sold forward US\$60,000 at \$3.00 even. This fortunate transaction brings up our average rate for the year to about 2.80.

4. The Million-Dollar Campaign. A year and a half has elapsed since we inaugurated the Million-Dollar Campaign in China. Due to the unprecedented financial crisis in Shanghai and the change of personnel in the Promotion Office, we have not been able to push the financial campaign as vigorously as we would have liked. In spite of this, the result so far is in no way discouraging. On May 30th the total amount pledged was \$241,697.22, of which \$114,479.46 had been collected.

5. Investments. The total investments in China on May 31st amount to \$256,904.54 divided as follows:

University General	\$47,121.29
Million Dollar Campaign	64,301.36
Power House Depreciation Fund	53,282.98
Women's College	53,409.29
Blair Fund for Psychology	12,850.00
Public Affairs Reserve Fund	29,837.62
Natural Sciences Endowment	4,750.00
Scholarship	1,352.00

The security list includes Chinese Government bonds amounting to 46%, Municipal debentures, 15%, and Bank deposits, 39%. The return on these various forms of securities is 10.3%, 6% and 8% respectively.

II. Operation and Maintenance of Physical Plant

There is no outstanding event in the operation and maintenance of the physical plant during the year that merits your special attention with the exception of a statement of the condition of the boilers in the Power House. In spite of the fact that our buildings and equipment require more repairs and replacements each succeeding year, the cost of upkeep has not increased materially as compared with previous years. On the contrary, we have been able to reduce the cost in certain places. The following table shows the comparative expenditures of the past three years.

	<u>1932-1933</u>	<u>1933-1934</u>	<u>1934-1935^X</u>
1. Repairs and Upkeep of Academic Buildings	\$9,914.99	\$10,303.15	\$9,170.28
2. Faculty Residences	12,529.95	6,352.34	5,035.68
3. Wages	14,899.69	16,455.00	17,449.60

(X) 11 months only.

The costs of operating the Power House for the corresponding years are as follows:

	<u>1932-1933</u>	<u>1933-1934</u>	<u>1934-1935</u>
1. Coal	\$36,058.29	\$31,972.32	\$28,720.65
2. Diesel Oil	5,188.40	4,273.50	5,215.50
3. Lubricating Oils	2,301.26	2,266.67	1,699.63
4. Repairs and Replacements	9,865.50	9,500.37	8,071.54
5. Gas Plant	4,057.42	3,414.41	3,216.44
6. Salaries and Wages	14,239.94	16,578.00	11,469.00
Total-----	<u>\$71,710.81</u>	<u>\$68,005.27</u>	<u>\$58,392.76</u>

We have had no resident Engineer since Mr. H. F. Woo left us over a year ago. We are most fortunate in having Mr. Sam Dean of the Presbyterian Building Bureau as Consulting Engineer. With the frequent visits of Mr. Dean to the grounds and the able foremen, who were trained by Mr. Dean, the plant has not been allowed to deteriorate in any way.

I have already referred to the conditions of the boilers. The situation is briefly as follows: We have in the Power House four Galloway boilers of the Scotch Marine type. To quote Mr. Dean, "Their chief defect lies in the fact that a small grate inside the furnace must burn coal at a very high rate of combustion (33# per sq. ft. per hour) to keep the pressure up and large heating surface boiler working to capacity. This throws terrific heat at the hot gas turning point on the back tube sheet and within three years of installation leakage started in the tubes and riveted seams of that portion of the boiler. During the past six years the boilers have had tubes rolled in and seams tightened on the back tube sheets continually. Boilers have been used in rotation a month at a time and during summer months but one and in winter but two boilers have been in use at a time. Also in spite of the fact that in interval of non-use the boilers have been overhauled, cleaned and tightened, and that most feed water is returned condensed water with but little added softened water, still the constant tendency to spring a leak in the rear tube sheet has been manifest."

Mr. Dean feels, as does also Mr. Alston of the Peiping Union Medical College, that there is no permanent solution other than to buy, at this time, two 150 H.P. boilers of the Babcock-Wilcox type and to rebuild two of the old boilers. The cost of purchasing and installing two new boilers and rebuilding two old ones will amount to about LC\$40,000.00. We have accumulated in the Power House account a depreciation fund of \$53,000.00. The changes in the boiler room, if we decide to make them in the light of the uncertainties in North China, will take about 80% of this fund, unless the money required is found elsewhere.

Respectfully submitted,

Stephen Tsai.

June 1935.

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Annual Report of the Controller
for the year
1936-1937
to the
- Board of Managers
Yenching University

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REPORT OF THE CONTROLLER

To the Board of Managers:

I wish to submit herewith the annual report of the Controller for the year 1936-37. As in the case of my previous reports, I must ask you to take this only as a preliminary survey or a forecast of the year's operation since the fiscal year has still one more month to go before the books will be officially closed.

This has been a very uneventful and quiet year from the financial point of view of the University. There are no high lights, either of delight or dismay. Each unit is able to balance its budget, although in the case of the College of Public Affairs, the assurance of a large portion of its income did not come until the session was well under way.

The exchange rate between U.S. dollars and local currency has been stable throughout the year. The best rate, from our point of view, was recorded in October with 29½(339) while the lowest was in September with 30½(330). Since January this year the rate has not fluctuated beyond the narrow margin of 1/8 of a point. Realizing that foreign exchange would be stabilized under Government control, the University for the first time in many years decided not to settle the exchange rate of any of its U.S. currency income by a forward contract. The exchange market of the year has fully vindicated the wisdom of such a policy.

I. CURRENT BUDGET

1. University General Administration

The cost of general administration and operation and maintenance of the physical plant has been kept at practically the same figure for several years. While continuous efforts are being made to effect economy in every way, it appears difficult to cut down the cost further without seriously impeding efficiency.

The income from the University general investments in New York shows an increase of US\$4,712.00 over last year due to the improved conditions in America. The relative amounts for the two years are \$31,000 and \$35,172 both in U.S. currency.

2. The Women's College

The income from New York for the Women's College for 1936-37 is US\$1,350 more than the income for 1935-36 but this amount includes over US\$300 from the Reserve Fund held in New York.

3. The College of Arts and Letters

The College of Arts and Letters for the past two years has received US\$21,052 per year from the restricted account of the Harvard-Yenching Institute. This is practically all of the income from the trustees which is allocated to this college.

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4. The College of Natural Sciences

The income from New York for the College of Natural Sciences for 1936-37 is US\$2,512 more than the income for 1935-36. Other income has remained approximately the same.

5. The College of Public Affairs

The Princeton Yenching Foundation contributed US\$5,000 a year for both 1935-36 and 1936-37. This is the only part of the college income which is of a permanent nature. The balance of the budget has to be met by temporary grants from outside agencies. Those grants usually involve certain obligations on the part of the College. In some cases the discharging of the obligations tends to upset the academic equilibrium. Until the College is placed on a more permanent financial basis, its development will be handicapped either by lack of money or the affluence of it.

6. Harvard-Yenching Institute

The income for Harvard-Yenching Institute for 1936-37 is about US\$3,000 less than the income for 1935-36 due mainly to a reduction in the emergency grant for salaries.

7. The School of Religion

The income from New York for the School of Religion for 1936-37 is US\$1,920 more than the income for 1935-36. This increase in income is due partly to higher interest rates and partly to additional endowment funds.

8. Summary on the Current Budget

Hereunder are the comparative statements of income and expenditures for 1935-36 and the present year. They do not include the research projects financed by special funds such as the researches in ceramics and compost in Natural Sciences ~~and special education in Arts & Letters~~

(A) EXPENDITURES

	<u>1935 - 1936</u>		<u>1936 - 1937</u>	
	<u>U. S. Currency</u>	<u>Local Currency</u>	<u>U. S. Currency</u>	<u>Local Currency</u>
1. University General	7,562.52	252,514.90	8,656.00	234,108.00
2. College for Women	3,056.57	83,618.92	3,988.00	85,100.00
3. Col. of Arts & Letters	5,197.04	127,865.19	2,298.00	147,580.00
4. Col. of Natural Sc.	7,405.86	122,679.18	8,817.00	121,570.00
5. Col. of Pub. Affairs	2,493.10	98,424.00	2,588.00	97,125.00
6. School of Religion	256.07	20,178.99	290.00	24,267.00
7. Harvard Yenching Inst.	3,100.89	94,353.03	3,310.00	89,800.00
	<u>29,072.05</u>	<u>804,431.21</u>	<u>26,947.00</u>	<u>799,550.00</u>

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(B) INCOME

	1935-1936		1936-1937	
	U. S. Currency	Local Currency	U. S. Currency	Local Currency
<u>From Trustees:</u>				
University General	7,562.52	70,296.55	5,656.00	43,373.00
Women's College	3,086.57	26,526.40	3,283.00	27,786.00
College of Arts & Letters	5,127.04	70,710.96	2,298.00	109,130.00
College of Natural Sc.	7,408.56	23,192.90	3,317.00	26,088.00
College of Pub. Affairs	2,493.10	7,557.90	2,598.00	9,936.00
School of Religion	256.07	15,783.18	290.00	19,467.00
Harvard Yenching Institute	3,100.80	94,353.03	3,310.00	89,800.00
		(308,419.79)		(326,627.00)
<u>Students Fees:</u>				
Men Students		96,593.93		86,700.00
Women Students		39,540.56		36,480.00
		(136,134.49)		(123,180.00)
<u>From Government:</u>				
University General		24,387.62		8,000.00
College of Arts & Letters				8,000.00
College of Natural Sc.		38,661.00		44,000.00
		(83,048.62)		(60,000.00)
<u>From China Foundation:</u>				
College of Natural Sc.		(15,000.00)		(15,000.00)
<u>From Rockefeller:</u>				
College of Natural Sc.		15,625.00		15,625.00
College of Public Affairs		86,700.00		86,764.00
Rural Education				23,230.00
		(102,325.00)		(125,619.00)
<u>From Mission Board:</u>				
Women's College		14,400.00		14,400.00
College of Arts & Letters		36,000.00		38,400.00
College of Natural Sciences		14,400.00		14,400.00
School of Religion		2,400.00		4,800.00
		(67,200.00)		(72,000.00)
<u>From Others:</u>				
University General		61,237.80		64,803.00
College for Women		8,148.96		8,200.00
College of Arts & Letters		20,954.33		
College of Nat. Sciences		18,800.25		6,460.00
College of Pub. Affairs		4,183.10		
School of Religion		1,995.84		
		(112,303.31)		(79,465.00)
				800,891.00
<u>Less:</u> College for Women Surplus	1766.00			
Col. of Pub. Aff. Deficit	425.00			1,341.00
<u>Total</u>	<u>29,072.05</u>	<u>804,421.21</u>	<u>26,947.00</u>	<u>799,550.00</u>
(Figures in parentheses represent sub-totals)				

II. INVESTMENT

The combined local investment list of the various funds of the University on May 31, 1937 totals \$640,508.11. This compared with the figures of \$266,904.54 in 1935 and \$429,804.32 in 1936 shows a substantial increase each year. This large increase, however, does not represent entirely new money acquired by the University. The inclusion of certain funds which formerly did not appear in our permanent list of funds, constitutes a large portion of the increase. Payment of pledges to the Million Dollar Endowment Fund and interest accumulations account for the rest.

The yield on our investment varies from 5½% in the Shanghai Power Debentures to approximately 10% in Government bonds. The average return nets 8.2%. A complete list of funds and of investments is shown in the following tables. It may be pointed out that the item for Harvard-Yenching Institute here represents reserve funds for special use in the near future and does not constitute a permanent fund. The same should be said of the building fund.

LIST OF FUNDS

May 31, 1937.

	<u>Local Currency</u>
1. University sundry funds	\$173,658.06
2. Women's College sundry funds	69,684.99
3. Million-Dollar Endowment Fund	193,630.28
4. Power Station Depreciation Fund	72,749.79
5. Building Fund	104,830.98
6. Harvard-Yenching Institute	25,954.01
Total.....	<u>\$640,508.11</u>

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Report of the Controller

LIST OF INVESTMENTS

May 31, 1937

(A) Government Bonds	Face Value	Cost	Market Val. May 31, '37	Net Yield- Avg	Gain or Loss
1. 25th Year Consolidated 6% bonds Class "C"	\$ 93,000.00	\$ 57,083.97	\$ 69,192.00	9.7% ^a	\$12,108.03
2. 25th Year Consolidated 6% bonds Class "D"	30,300.00	22,017.46	22,422.00	8.2% ^a	404.54
3. 25th Year Consolidated 6% bonds Class "E"	344,200.00	212,206.39	252,642.80	9.7% ^a	40,436.41
Total.....	\$467,500.00	\$291,307.82	\$344,256.80		\$52,948.98
 (B) Municipal Bonds					
4. Tientsin British Muni. Council 6%, 1923	2,223.75 ^b	2,282.03	2,223.75	5.8%	58.28-
5. Shanghai French Muni. Council 6%	2,965.00 ["]	2,975.66	3,024.30	5.97%	48.64
6. Shanghai City 7% Loan	12,000.00	11,999.88	11,880.00	7%	119.98-
Total.....	\$17,188.75	\$17,257.57	\$17,128.05		\$129.52-
 (C) Public Utilities					
7. Shanghai Power Co. 5½% Bonds Series due 1973	\$110,000.00	\$108,697.27	\$102,300.00	5.6%	\$6,397.27-
8. Shanghai Telephone Co. 6% Bonds	35,000.00	34,967.74	35,175.00	6%	207.26
Total.....	\$145,000.00	\$143,665.01	\$137,475.00		\$6,190.01-
 (D) Sundry Bank Fixed Deposits					
9. Continental Bank		65,410.36	65,410.36	9%	
10. Kinchong Banking Corp.		22,700.00	22,700.00	8½%	
11. China & South Sea Bank		2,700.00	2,700.00	9%	
12. The 4 Joint Savings Soc.		38,000.00	38,000.00	7%	
13. Yien Yieh Commercial Bank		22,650.00	22,650.00	8%	
14. Chung Foc Union Bank		16,838.76	16,838.76	9%	
15. National Commercial Bank		15,000.00	15,000.00	8½%	
Total.....		\$183,299.12	\$183,299.12		
 (E) Cash Awaiting Investment					
	4,978.59	4,978.59	4,978.59		
Grand total.....	\$817,966.46	\$640,508.11	\$687,137.56	8.2% ^b	\$46,629.45

o Original \$1500 @ 14825

" Original \$2000 @ 14825

a Not include redemption profits.

b Average Yield.

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III. THE MILLION DOLLAR ENDOWMENT CAMPAIGN

The Million Dollar Endowment Campaign has experienced another year of retarded growth. While every opportunity has been taken to push the campaign toward its final goal, no large gift has been received during the year. The success with which outstanding pledges are collected varies considerably. The members of the faculty who have continued at Yenching have been most faithful and prompt in the payment of their pledges. The reports from students who are now alumni and alumnae have not been so gratifying. After discounting conservatively the rather questionable pledges, I estimate that we have just reached the three hundred thousand mark in pledges, of which approximately \$194,000 has already been paid.

IV. OPERATION AND MAINTENANCE OF THE PHYSICAL PLANT

The University is still without a resident engineer to supervise the power plant and other mechanical installations. We continue to depend on Mr. Dean, Mr. Gunn and Mr. Creighton of the Presbyterian Building Bureau for their expert technical assistance. They have taken a genuine interest in the University and have been most obliging to our demands.

The cost of upkeep and repairs has so far been relatively small. But the time has now come to do some very extensive repairs. For instance, I am now making a recommendation to the Administration to have all University buildings repainted spreading over a period of four years beginning with this summer. At the present cost of labor and materials, the entire job will require some \$10,000 which means about \$2,500 a year for four years.

I had called your attention to the serious condition of the University boilers in both my 1935 and 1936 reports. You may recall that we undertook to repair the boilers by replacing the old tubes with new ones when it became clear that we had no money on hand to purchase the new boilers recommended by Mr. Dean and other experts. I am sorry to report to you that these patched up boilers have not been satisfactory. They are now found leaking in the back plate. The Power Station record shows it requires one ton of coal more a day per boiler compared with last year due to the leakage. This means, in monetary value, ten dollars a day during the non-heating season when only one boiler is used and \$20 to \$30 a day during heating season. What is more, this leakage will get worse as time goes on! I cannot, therefore, recommend too strongly and urgently that the Board of Managers take immediate steps to have this burning problem fundamentally solved by having some up-to-date new boilers installed in the plant. I estimate it will require \$80,000 i.e. for cost and installation.

Respectfully submitted,

June 1937.

Stephen Tsai.

3051575

Yenching University

Report of the Controller to the Board of Managers

1937-38

The military conflict which began in North China on the 7th of last July, has much affected the operation of the University during this academic year. General Administration and Financial Administration have perhaps been affected more than Academic Administration.

During the latter half of the summer war conditions in the community deeply disturbed the local populace, and the University campus became a refugee center. At one time during the latter part of July there were about 2000 refugees on the campus. The admission of these refugees, the maintenance of order among them, and the procedure for getting them out again properly, brought much extra work and some extra expense to the Controller's Office.

When the autumn semester opened in September the Controller and Bursar were faced with special problems of financial administration. Immediately a restudy of the budget had to be made, and, in consultation with the President, measures to meet the threatened deficit had to be devised. The administration was threatened with three important reductions in income: viz., tuition from students, reduced by about 37%; grants from the Chinese Government and from the China Foundation - neither of which at that time could be depended upon.

It was feared that the total amount of deficit resulting from these conditions would approximate \$100,000. President Stuart proposed three measures to meet the situation; (1) That the Trustees in New York be requested to seek emergency funds sufficient to cover one-half of the threatened deficit. For this it was thought that a sum of U.S.\$15,000 would be sufficient. (2) That reduction in salaries of faculty and staff be put into effect, the saving from which would approximate, it was estimated, about one-fourth of the deficit. And (3), That the remaining portion of the deficit be covered by accumulated surplus funds.

Necessary steps in the direction of these three measures were taken. The faculty, through the action of the Faculty Executive Committee, consented to a reduction in salaries ranging from 25% for portions of salaries over \$300 down to 10% for portions of salaries between \$30 and \$100. This plan was put into effect in October and continued through May. The total saving thus effected amounted to over L.C.\$18,000. The portion of this saving for the month of September, amounting to over \$1,200, was by special action of the faculty, designated for relief work in the local community.

In addition to what was said above regarding the threatened deficit in the autumn it should be stated that before the deficit was calculated the budget was revised, and, in view of a number of staff absences and other changes, a reduction of about \$27,000 in budget expenditures was made.

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Besides budget administration, another important problem in University finances arose. In view of the unsettled financial conditions at large, what should be the policy of the University with respect to its investments in China, which, as recorded in last year's report, amounted to nearly \$700,000? Of this total, approximately \$180,000 was in the form of fixed deposits in different banks, and the remainder in the form of government bonds and other securities. Regarding the investments in securities it was decided that it would not be wise to attempt to sell. Better face the future, it was thought, as a part of the total situation of China in war-time. With respect to the fixed deposits the case was different. As these came due during the year, the problem of re-investment or re-deposit would arise. The policy decided upon was to use the funds from these fixed deposits as they became due for the current expenses of the University, and thus permit the accumulation in New York of funds from American sources which would otherwise be drawn upon. This policy has had the effect of transferring to New York various University funds which had been held in China. The extent to which these funds from China, accumulated in New York, should be invested there is a question under consideration by the Trustees and the field authorities. The total amount which has thus been transferred to New York is approximately L.C.\$80,000.

The Controller goes to America

As an aid in the campaign for special funds in America President Stuart and the Trustees agreed that representatives from the field should go to the United States. For this purpose were chosen the Controller, Mr. Stephen Tsai, and Mr. Arthur Hugh - the latter connected with the School of Religion. In accordance with this plan arrangements were made whereby the present writer assumed the position of acting controller, and Mr. Tsai left for America in November. His work in America, according to the plans of the Trustees, has been in connection with a general emergency campaign for the "China Colleges", rather than in a separate campaign for Yenching. The results however have been quite favorable, and to Yenching has been allotted a sum of US\$15,927. The share of the Women's College in this sum was US\$3,288.

It goes without saying that during the year Mr. Tsai has been much missed in University administration. His experience in America has been valuable however, in addition to the direct financial returns, in acquainting him with the financial situation in America, and in establishing more intimate relations with the Trustees and the New York Office. On his return journey to China he is stopping in Honolulu during the latter half of June to assist in a special financial campaign there. It is expected that he will return to Yenching the latter part of July.

The University Income

During the year the receipts from sources in China have been more than was anticipated last September. The student body, which stood at 500 during the autumn, was increased to 580 for the spring semester. This resulted in some increase in tuition receipts.

Certain other receipts exceeded earlier expectations. The grant from the China Foundation, L.C.\$30,000, was received in full. On the government grant payments amounting to nearly \$24,000 were received. Through the banks another credit of L.C.\$3,360 has been received, whither from the government or from the British Boxer Indemnity Fund, is not clear at the time of writing.

Receipts from the chief regular sources of income continued during the year much as usual. Thus the fiscal year will come to a close with the University in a much better position than was anticipated last autumn.

In view of this improved situation the Administrative Committee decided that June salaries may be paid in full - without reduction. This change in plan will be welcome to all for evidence shows that the general cost of living is 10% to 15% higher than a year ago.

Income and Expenditures for the Year

A Comparison of 1936-7 and 1937-8

Data for the following tabular summary are supplied by the Bursar's Office. It must be kept in mind that the figures are only approximate, since the fiscal year closes June 30th.

(A) EXPENDITURES

	<u>1936 - 1937</u>		<u>1937 - 1938</u>	
	<u>U. S. Currency</u>	<u>Local Currency</u>	<u>U. S. Currency</u>	<u>Local Currency</u>
1. University General	5,656.00	234,108.00	5,140.00	223,749.00
2. College for Women	3,988.00	85,100.00	5,309.00	73,887.00
3. Col. of Arts & Let.	2,298.00	147,580.00	7,458.00	121,203.00
4. Col. of Nat. Sc.	8,817.00	121,570.00	2,993.00	125,535.00
5. Col. of Pub. Affairs (Oxford Greats included)	2,588.00	97,125.00	2,696.00	97,389.00
6. School of Religion (McBrier included)	290.00	24,267.00	2,448.00	38,600.00
7. Harvard Yenching Inst.	3,310.00	89,800.00	3,310.00	80,660.00
Total	<u>26,947.00</u>	<u>799,550.00</u>	<u>29,354.00</u>	<u>761,023.00</u>

(B) INCOME

	<u>1936-1937</u>		<u>1937-1938</u>	
	<u>U. S. Currency</u>	<u>Local Currency</u>	<u>U. S. Currency</u>	<u>Local Currency</u>
<u>From Trustees:</u>				
University General	5,658.00	43,373.00	5,140.00	107,355.00
Women's College	3,938.00	27,786.00	5,309.00	24,723.00
College of Arts & Letters	2,298.00	109,180.00	7,458.00	48,678.00
College of Natural Sciences	8,817.00	26,085.00	2,993.00	41,832.00
College of Pub. Affairs	2,588.00	9,936.00	2,696.00	12,912.00
School of Religion	290.00	19,467.00	2,448.00	26,000.00
Harvard Yenching Institute	3,310.00	89,800.00	3,310.00	80,860.00
		(325,627.00)		(342,160.00)
<u>Student Fees:</u>				
Men Students		86,700.00		61,300.00
Women Students		36,480.00		20,200.00
		(123,180.00)		(81,500.00)
<u>From Government:</u>				
University General		8,000.00		
College of Arts & Letters		8,000.00		
College of Natural Sc.		44,000.00		
		(60,000.00)		
<u>From China Foundation:</u>				
College of Natural Sc.		(15,000.00)		(30,000.00)
<u>From Rockefeller:</u>				
College of Arts & Letters				13,840.00
College of Natural Sc.		15,625.00		
College of Pub. Affairs		86,764.00	(Including Rural work)	55,410.00
Rural Education		23,230.00		10,000.00
		(125,619.00)		(79,250.00)
<u>From Mission Boards:</u>				
Women's College		14,400.00		9,600.00
College of Arts & Letters		38,400.00		36,000.00
College of Natural Sc.		14,400.00		14,400.00
School of Religion		4,800.00		12,000.00
		(72,000.00)		(72,000.00)
<u>From Boxer Indemnity Fund For Oxford Greats</u>				
				(26,677.00)
<u>From Other Sources:</u>				
University General		64,805.00		65,920.00
College of Natural Sc.		6,460.00		2,750.00
College of Public Affairs				2,400.00
School of Religion				600.00
College for Women		8,200.00		9,500.00
		(79,465.00)		(81,170.00)
		800,891.00		712,747.00
Deficit or Surplus		Sur. 1,341.00		Def. 48,276.00 ["]
Total	26,947.00	799,550.00	29,354.00	761,023.00

" Met by special emergency grant from New York.

3051574

Investments

A complete list of funds invested in China was given in last year's report. An earlier paragraph in the present report stated that, when financial policies were under consideration in the autumn, it was deemed unwise to sell the government bonds and other securities. It goes without saying that the conflict in China, and the events at Shanghai, have seriously impaired the market value of these securities. What the ultimate effects may be cannot be predicted. There seems to be no other way but to let affairs take their course and in the end accept the consequences.

Operation and Maintenance of the Plant

The severe retrenchments introduced into the budget in the autumn contemplated the minimum of expenditures on grounds and buildings, even involving deterioration if necessary. As the months passed and it became evident that financial conditions were better than anticipated, a moderate amount has been spent for repairs and upkeep - both for academic buildings and residences.

The most serious defect in the academic buildings - a chronic problem for the Controller's Office - is connected with the tile roofs. The tiles were made of cement, according to a special pattern, adopted after much cautious testing by the engineers and the Grounds and Buildings Committee some seventeen years ago. But in spite of the precautions at the time the tiles have not proved successful, either in structure or in method of attaching them to the roof. The drought of winter, accompanied by the wind, gradually loosens the tiles, and every year considerable sums have to be spent for repairs. Thus far no fundamental remedy for the defect has been devised. An experiment is under way involving the use of asphalt tar as a mortar in applying the tiles to the roof, but it is still too early to predict the result.

The excessive rains during the month of May have furnished the occasion for a general consideration of drainage problems on the campus. During the early years of construction the engineers did not give adequate attention to the problem - especially on the whole southern part of the campus. And the fact that the nine or ten months of the academic year are usually dry has lessened the attention which drainage problems would otherwise demand. In front of the women's dormitories, and in the south and the east residence compounds much work has been done, but without great expense.

The most difficult drainage problem was located outside the campus on the main road between Hai Tien and the village of Cheng Fu. When the University purchased its site, fixed its boundaries and later built compound walls and changed the contour of the campus, the public road and old drainage system were adversely affected. The result has been that a section of the road bordering the campus, an artery of constant travel, the only possible route between the two towns, during the rainy season becomes a quagmire. This dis-service to the community has been a responsibility of the University for quite too long a period. Sporadic attempts to solve the problem in the past have failed.

The recent heavy rains have afforded an opportunity to study and experiment with the project and at last a special method of grading and ditching has been adopted and the problem seems to be solved. The total cost has been about \$150, a small item when measured against the value of re-gaining the respect of people in the neighborhood.

The Campus Landscape

For several years what is known as the "Landscaping Committee" has been in charge of the development and beautification of the campus. Mrs. Porter, the interested and energetic chairman of this Committee, has been absent from the University since January. Miss Hilda Hague has taken over the chairman's responsibilities and, with her colleagues, has carried on the work. The labors of this committee bear more abundant fruit every year, as the powers of nature, co-operating with human effort, develop the luxuriant growth and beauty of the flowers, shrubs and trees which have been planted.

University Bus Service

During the last two months the Controller's Office has been unexpectedly confronted with transportation problems. The Ta Lu Company with which the University had a 5-year contract for bus service, owing to serious mis-management found itself the loser in important litigation and suddenly discontinued the service. This occurred late in April, just before the spring vacation.

The Controller was confronted with two problems: First, a temporary service to supply the immediate transportation needs of the community, second, a plan for permanent service in the future.

The first problem was solved, after some difficulty, by securing special bus service from the Peiping Municipal Transportation Department. This service, has been only partially satisfactory, but apparently nothing better was available.

The second problem is being solved, it is hoped, by the provision of the University's own bus service. For various reasons, not necessary to enumerate here, it seemed best to reverse the attitude of four years ago, when a decision not to establish such service was reached.

Plans and estimates were prepared and the latter part of April submitted to a joint meeting of the Executive and Finance Committees of the Board of Managers. The vote was an expression of approval and steps in the development of the plan are going forward.

Three new bus chassis were purchased - one a German "Krupp" Diesel, and the other two, American "Dodges". Bodies for these chassis are under construction in Peiping, the work being done by two experienced firms which built many of the bus bodies for the Municipal Service. The cost of building these bodies ranges from \$1500 to \$2000 local currency. The cost of the three chassis was approximately U.S. \$4700.00.

Report of the Controller, 1937-38

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The expectation is that these three vehicles will be ready for service early in July. Later on, after a term of experience and experiment, if more vehicles are needed, they can be added.

Financially the bus service is regarded as a form of investment for University funds. If the service can be self-supporting, and pay a reasonable interest on the capital, the administration will be satisfied.

Respectfully submitted,

Howard S. Galt,
Acting Controller.

June 14, 1938.

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Yenching University

Annual Report of the Controller

1938 - 1939

This has been a year of many uncertainties from the point of view of the financial and business administration of the University. The violent disturbances in the exchange market and general price level in this area caused by the introduction of a new monetary system are familiar to you. The resultant rise of commodity prices created financial problems for the University Administration as well as for the individual members of the staff. As early as the fall, it became evident to the Administration that measures had to be taken to alleviate the financial difficulties of the staff in the face of the continually rising cost of living. Accordingly the Faculty Executive Committee took action in October to refund the salary cuts which were enforced in 1937-38 immediately after the outbreak of hostilities. At the same time it was decided to give a monthly subsidy of \$2.00 per person to those whose remunerations fell below \$40. In April a more comprehensive scheme was put into force whereby a raise of approximately 10% was given to all those below \$75 per month. Later in the same month when the new currency "tobogganed", the Administration took steps to extend help to all members of the staff by instituting an "exchange compensation" on percentage basis. The exact amount is to be fixed from month to month using the average discrepancy between the old and new currencies during the month as reported in the Tientsin market as the basis for calculation. The amount for the month of May was 25% of the regular salary. The June percent will probably be a little less since the situation has eased somewhat lately.

Current Budget

The income from the Trustees has suffered a considerable reduction this year owing to the decreased earnings in investments in America. When our budget was first drafted in the spring of 1938, the forecast of income was US\$121,059.05. In November 1938 the Trustees found some of the estimates had to undergo radical revisions. As a result, the total income was reduced to US\$100,348.19. The advice concerning this reduction did not reach us until January. It was not possible to modify the University's program at this time of the year. There was no choice but to go ahead on the original budget hoping that the combination of a favorable exchange and a successful conclusion of the emergency fund of US\$47,813.95 which the Trustees undertook to raise through the joint efforts of the Associated Boards would pull us through. I am happy to report that the latest news from the New York Office is very encouraging on the emergency campaign. This indicates that we will probably be able to close the year comfortably in spite of the alarming shrinkage of US\$20,710.86 in our endowed income. Income from student fees increased from \$99,675.97 in 1937-38 to \$156,593.89 this year due to the large increase in enrollment. Both the China Foundation and the British Boxer Indemnity Commission have paid over their grants in spite of the recent happenings to the Boxer Indemnity payments. The Government grant is again continued on its pre-war basis. Hereunder is the comparison of the income and expenditure for the year 1937-38 and the present year (in round figures):

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		<u>I N C O M E</u>		1938-1939	
		<u>1937-1938</u>		<u>Budget</u>	
		U.S.C.	L.C.	U.S.C.	L.C.
<u>I-II. General University</u>					
<u>University:</u>					
Trustees	\$4,273.41	\$164,740.81		\$50,196.82	
Student Fees		71,955.40			\$105,300.00
Other Local Income		83,835.67			47,820.00
<u>Arts & Letters:</u>					
Trustees	5,744.73	57,614.80			
Mission Bd. Salaries		31,200.00			
North China Council		39,281.06			
Others		1,040.21			
<u>III. Natural Sciences</u>					
Trustees	3,392.09	46,712.40		13,952.26	
China Foundation		30,000.00			30,000.00
Mission Bd. Salaries		14,400.00			
Local Income		415.75			400.00
Rockefeller Fdn.					10,000.00
British Boxer Indem.					3,333.00
<u>IV. College of Public Affairs</u>					
Princeton-Yenching	2,604.21	14,725.90		7,500.00	
Rockefeller Fdn.		40,000.00			40,000.00
Boxer Indemnity	2,517.84	26,667.00			16,667.00
Others		2,891.04			
China Committee				1,250.00	
<u>V. Graduate Divisions</u>					
H. Y. Institute	2,969.00	80,124.18		4,910.00	76,780.00
School of Religion					
Trustees	303.05	24,022.68		6,089.11	
Mission Bd. Salaries		9,600.00			
Others		99.40			
McBrier Fund	750.00	7,202.50		2,900.00	
<u>VI. Yenching College for Women</u>					
Trustees	4,677.96	43,530.93		13,550.00	
Student Fees		27,720.57			40,600.00
Mission Bd. Salaries		12,000.00			
Others		6,043.26			12,100.00
	<u>\$27,232.29</u>	<u>\$835,823.56</u>		<u>\$100,348.19</u>	<u>\$383,000.00</u>
Amount to be exchanged at 3				61,944.19	185,832.57
				<u>\$ 38,404.00</u>	<u>\$568,832.57</u>
<u>Mission Board Appointees</u>					
<u>University</u>					
Women's College					55,200.00
					12,000.00
					<u>\$636,032.57</u>
Deficit				<u>\$38,404.00</u>	<u>\$842,952.00</u>

EXPENDITURES

	1937-1938		1938-1939 Budget	
	U.S.C.	L.C.	U.S.C.	L.C.
<u>1. General University</u>				
10 University Administration (incl. Power Station)	\$2,308.96	\$153,234.70	\$5,348	\$206,481
20 Operation & Maintenance		31,934.47		48,110
50 Library	1,964.45	40,185.22	6,400	38,194
60 Special Items		16,924.99		19,080
70 Contingent Fund		1,506.18		10,000
2. 32 College of Arts & Letters	5,744.73	138,313.72	4,743	104,148
3. 33 College of Nat. Sciences	3,392.09	121,112.95	5,804	108,589
4. 34 College of Pub. Affairs	5,122.05	51,735.51	3,292	73,041
5. 40 Graduate Divisions				
41 Graduate Yuan		958.79		1,850
42 Harvard Yenching Inst.	2,969.00	80,124.18	4,910	76,780
43 School of Religion	303.05	26,002.74	760	22,340
McBrier Fund	750.00	3,208.90	400	7,500
6. Women's College	4,677.96	89,294.76	6,747	80,639
	<u>\$27,232.29</u>	<u>\$754,537.11</u>	<u>\$38,404</u>	<u>\$796,752</u>
Exchange profit, Surplus, etc.		81,286.45		
	<u>\$27,232.29</u>	<u>\$835,823.56</u>		
Less Duplications - Rent				21,000
				<u>\$775,752</u>
Mission Board Appointees				55,200
University				12,000
Women's College				
			<u>\$38,404</u>	<u>\$842,952</u>

Investment

As reported to you a year ago, the Administration adopted a policy of transferring to New York all available funds which had been invested in China before the hostilities. Thus far we have succeeded in transferring US\$74,500.00 to New York which represents \$251,744.00 local currency. There still remains in our port-folio IC\$537,728.02 invested in the following list of securities. Although the market value, especially the government bonds, has been considerably impaired as a result of the war, there has been no default in either interest payment or redemption.

<u>Security</u>	<u>Face Value</u>	<u>Cost Price</u>
Chinese Government Bonds Class "C"	\$88,000.00	\$54,017.89
Chinese Government Bonds Class "D"	30,200.00	21,939.46
Chinese Government Bonds Class "E"	338,600.00	208,870.94
Shanghai City Bonds	11,000.00	10,999.88
Shanghai Power Co. Debentures	110,000.00	106,455.13
Shanghai Telephone Debentures	35,000.00	34,967.74
S. M. C. Debentures 5½%	43,000.00	39,560.00
Shanghai F. M. C. Debentures 6%	2,797.20	2,975.66
Fixed Deposits and Cash Awaiting Invest.		57,941.32
		<u>\$537,728.02</u>

Operation & Maintenance of Physical Plant

The sudden influx of students beyond the maximum capacity of our dormitory accommodation last fall presented this office with the rather perplexing problem of finding temporary living quarters for more than 50 men students. We were finally able to improvise space on the campus and in the village to take care of this surplus but only with considerable inconvenience. We are indebted to the Y.M.C.A. for lending us enough chairs and desks to furnish these new quarters.

The problem of securing an adequate supply of the proper kind of coal for our boilers in the Power Plant loomed very serious for some time last fall. The kind we require is Tatung coal. As the winter approached, the prospect of getting this kind of coal became less and less as no Tatung coal was coming to this area. Fortunately, we obtained about 1,000 tons of it late in the fall by good luck. Realizing the predicament we were in, we at once began to mix the Tatung coal with Mentoukou anthracite, which was still available, in the ratio of 1 part Tatung to 3 parts Mentoukou. This arrangement tided us over until mid-winter when we were able to get a supply of Ching-hsing bituminous. The prices we paid were about \$15.50 for the bituminous and \$18.00 for the anthracite per ton delivered. Before the hostilities, we used to pay about \$10.00 per ton for the bituminous. This means our coal bill this year is over 50% more than normal years. Our present plan is to accumulate in our yards as much coal as we can get during the months when the demand elsewhere is generally slack. In this, I am glad to report, we have met with fair success.

The Bus Service

The problem of transportation between the city and the campus and the plan for inaugurating a bus service by the University were reported to the Board a year ago. The Service was started in July with three busses. During the ten months and half of operation some 76,000 passengers were carried. The fare has been 30¢ one way, the same as the Municipal bus which makes a stop at our gate. In starting the Service the Administration announced that it was to be self-supporting - no profit and no loss. With the present high cost of materials and with the fare at 30¢ F.R.B., it has not been able to make both ends

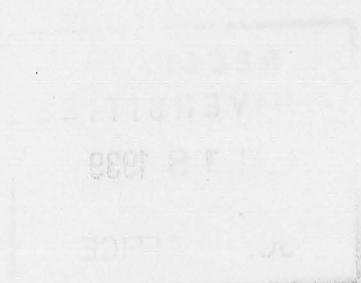
meet. To raise the fare sufficient to cover the cost of operation and depreciation is not feasible. After considering the matter carefully, the Administrative Committee at its last meeting decided to raise the fare to 40¢ from July 1st on. The Management has been instructed to exercise every measure of economy without impairing the service. The University will stand for any financial consequences, if the raised fare is still unable to cover the cost. The three vehicles are not adequate to handle the weekend and holiday crowds. The unavoidable congestion during the rush hours in those days has been a source of dissatisfaction in the community. An Advisory Committee on the Bus Service was appointed by the President. It is hoped that this committee will be able to advise with the Management to improve the Service and to help explaining to the community certain administrative difficulties which seem to be inherent in the situation.

This report would not be complete without a mention of warm appreciation to Dr. Galt who, in addition to his regular teaching load, took over the Controller's Office during my absence in 1937-38. During the later part of that period he had the very tedious responsibility of solving the University's transportation problems. At present he is still giving the benefit of his experience and wisdom to the Bus Service as Chairman of the Advisory Committee. He is also countersigning the checks in the Bursar's Office during the absence of Miss Cookingham, who has been granted a short leave and is not expected to be back until September.

Respectfully submitted,

June 8, 1939.

Stephen Tsai, Controller.



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Yenching UniversityAnnual Report of the Controller

1939 - 1940

This has been a record year for the University from the financial point of view, in more ways than one. The depreciation of the Chinese dollar has caused "inflation" in both our income and expenditure. While it is too early to report exactly how the University will come out at the end of the year, it is safe to say that we will have a substantial surplus. This surplus will all be in U.S. currency, since the University has followed a policy since 1937 only to exchange its U.S. dollars as required to finance the budget from month to month. What has happened to the Chinese dollar in recent months has amply proved the wisdom of such a policy.

While the depreciation of the currency has brought in more income to the University, it has adversely affected the financial well-being of the staff. The hardship is particularly felt by the lower paid members. To ameliorate the situation, the University instituted a system of "exchange compensation" in a graduated scale a year ago. The amount of compensation has increased gradually as the cost of living rose. It started with 20% of the basic salary a year ago and for the present month it is 60% for those above \$100 and 70% for those under \$100. These amounts can by no means compensate to the full extent of the increased cost of living which reached the highest mark of 460% in March as compared with the pre-war indices. It is admittedly but a relief measure. To try to restore the "real wage" to the pre-war level would not only be beyond the financial ability of the University to undertake, but might also create unfavorable impression elsewhere.

I cannot finish a financial report for the year without expressing the deep appreciation of the office as well as my personal gratitude to Dr. Galt who has once more responded to our call to help in the Bursar's Office necessitated by the absence of Miss Cookingham who has been on leave.

Aside from financial matters, the only other matter which might merit your attention is the Power Plant equipment which we have purchased recently. You are familiar with the unsatisfactory condition of our old boilers. The situation became very critical last winter when we could not get up the required steam pressure. It became quite evident that we could not go through another winter without new equipment. Steps were taken early in the year to secure two new boilers. This we have succeeded in doing when a complete new power plant unit was

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purchased in Tientsin, including two 25 H.P. Babcock Wilcox boilers, two steam engines and two A.C. generators of 125 K.W. each. We had to buy the whole set, because the owners were not willing to sell the boilers alone. In view of the present uncertainty of transportation, the University deemed it wise to buy the whole set thereby assured ourselves of new boilers. With this problem satisfactorily solved, all that we need to do in maintaining our public services uninterruptedly is to get enough coal for the year. For this we are exerting every effort at present.

May 31, 1940

Respectfully submitted,

Stephen Tsai,
Controller.

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Yenching University in Chengtu
Report of the Controller's Office
Autumn Semester - 1944 - 45

Of the three offices under the jurisdiction of the Controller, that of the Secretarial Bureau is perhaps the one which receives the least amount of supervision. This is mainly due to the fact that the nature of the work in that section affects the other two departments in a more indirect manner than do the other two one to another, and to the Controller's office in general. However, as is to be expected, the work in that office requires considerable time, especially in regard to official correspondence with government authorities, both national and local. The amount of mimeographing and other work for which the secretary's office is responsible also takes time, in view of the fact that much mimeographing must be done in place of printing because of the tremendous cost of the latter in these days of increasing costs.

One of the major problems affecting the Business Office is still that of housing faculty and staff members. Not only are houses scarcer than the proverbial "hen's teeth", when anything is found the expense of putting down large deposits, the payment of exorbitant rents, repairs and other expenses connected with this phase of running a refugee university, are so prohibitive that the Controller finds it almost impossible to provide the required funds therefore. Another "job" in this department which takes not only time, but patience and persistence, requiring almost full time of one member is the purchasing of rice. Numerous trips must be made to the Rice Bureaus; warehouses which frequently are located at quite some distance from the University; and trips to other places, all necessary before final delivery is affected - and then the supervision of weighing-in, the proper recording, storing and distribution, is not a minor job in this department. Although we are charged only N.C. \$500 per "tou" of rice by the Rice Bureaus (market price at present is more than three times this price), the cost of transportation, including expenses of employees who must go to warehouses and other places, together with many other expenses, adds greatly to the net cost of the rice, but the faculty and staff members have been charged only N.C. \$530 per tou during this semester which is far below the actual cost. This may all seem like a mundane matter to put in this report, but the fact is that the "rice bowl" is still a perennial requisite even in university circles, especially in this province of Szechuan where rice and not bread is the "staff of life". Too much cannot be said in commendation of the work done by the members of this office.

As for the Bursar's office, again it must be reported that the accountant is still greatly over-worked, but in spite of the tremendous amount of detail coming to his attention he carries on with the same efficiency as always. Since fall we have insisted that he take a longer rest in the afternoon as recommended by the doctor which he now does - but it has been noticed that he takes work home with him every now and then. Because of the change in the classification of accounts, requiring much more bookkeeping, we have been unable to prepare a report of the term's financial situation, but we are hoping to work on this during the winter vacation.

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Perhaps the chief responsibility of the Controller these days, if not always, is the obtaining of sufficient funds to meet the constantly increasing costs of running a refugee university, Yenching having more difficulties as such refugee institution than some of the others. Reasons for this are likely known by those who may read this report making it unnecessary to go into detail concerning such problems. At times the difficulty in securing such funds constitutes a serious problem. We have had to borrow, as a result of such lack of funds, N.C. \$1,500,000 repayment of which does not look very hopeful for the next term, and all the while such loans are unpaid we are obliged to pay 3% interest per month.

At the beginning of the term, that is for the month of July (the beginning of our fiscal year) the index on which Full ^{Service} Increment was paid on salaries was 28.2, whereas for the ~~corresponding~~ month of January the corresponding index was 44. In other words, including a few additions of personnel, for July our total payroll, faculty and staff only, was N.C. \$604,064.25 while for January it was N.C. \$1,313,635.00.

Budgetary control under inflationary conditions as exist in China today is practically impossible. Quoting from the Reader's Digest, "A Budget is a method of worrying before you spend, as well as afterward", the Controller wishes to say that there is even more ~~worry~~ worrying than indicated in that saying! Or as someone else remarked facetiously, "You don't have to be crazy to work in this office - but it helps"!

However, in spite of the fact that someone is constantly moving the ends apart just when you think you are going to make ends meet, there must come a time when we hope to reach a satisfactory end - and we look forward to that end here in Chengtu before too long when a new beginning can be made back in Peiping!

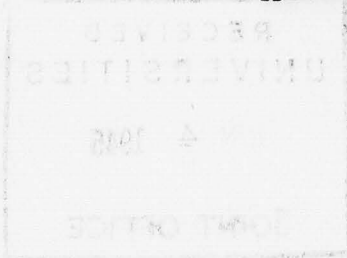
The Controller wishes to thank, in this report, all the members of the University who have been more than patient with his many shortcomings and with his frequent refusals to pay funds (which he did not have to disburse!), even when requests for money were legitimate as far as the budget was concerned. If the Controller finds it necessary to be more "li-hai" during the coming term, it is hoped that all will understand his difficulties and will show the same kind consideration so generously given since taking over this office.

Respectfully yours

Albert C. Hausske

Albert C. Hausske
Acting Controller.

February 15, 1945



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YENCHING UNIVERSITYReport of the Controller to the Board of Managers

In these days of great financial confusion, figures in National Currency cease to have any meaning unless they are qualified with respect to both time and place. According to the index numbers compiled by our Department of Economics, \$100 in last July was only worth about \$30 in December and \$6.10 in May this year. Yet in our accounts the July dollar is treated exactly the same as the May dollar. For this reason, the traditional method of presenting financial reports in tables and statements will not be of any value. I wish, therefore, to ask your permission to limit this report to a summary.

I am glad to state that the financial condition of both the University and the Women's College are in a much better shape than we had expected in spite of the frequent adjustments in salary payments and the high cost of supplies. During the year the Administration has reviewed the salary payment of the staff from month to month, and in some months reviewed it more than once, and has made determined efforts to meet the crisis caused by the continually rising prices. These efforts have become particularly necessary since the beginning of the present calendar year.

The total income assured by the Trustees for the current year, including endowment income and other reliable sources comes to US\$165,169.00. Student fees, which in normal years constituted about 12% of the total receipts, amounted to less than 10% this year. So, when the year began we faced a staggering deficit. Fortunately, during the year the following gifts have been received:

From the Trustees' Sustaining Fund	US\$39,000.00
From Harvard Yen-ching Institute.....	8,000.00
From other sources in China and abroad, approximately.....	30,000.00

In addition to the above we have also received \$660,000,000 from the Ministry of Education, of which \$460,000,000 came in October 1947, as a response to the joint appeal of the Christian Colleges. It is these "windfalls" which have made it possible for the University to carry on through this difficult year and still leave us a small balance.

With the inflation continuing unabatedly and the civil war spreading, the plight of the students has gone from bad to worse. No less than 55% of the students are now receiving financial aid from the University. The Alumni have been very generous in giving help to needy students. As already reported in a recent letter from the Acting President to the Alumni, the various alumni clubs have contributed during the year CN\$323,491,500.00, HK\$1,800.00 and US\$466.00 toward student aid.

Another important gift received this year is US\$10,000. - for the completion of the five-story engineering building which has been named Pi Kiang Lou in memory of the father of the donors, the late Mr. Hu Pi Kiang. An equal amount was received from the same donors for the same purpose during 1946-47.

Rehabilitation

During the past two years and a half we have exerted great efforts in the big task of rehabilitation and repairs of the buildings, grounds and equipment damaged and removed during the Japanese occupation. We have spent up to date US\$218,938.44 for this purpose. A little less than half of this sum has gone to the replacement of equipment and the balance for repair of buildings and grounds. Of the total already spent, about \$24,000 represents loans from other accounts of the

University and must be repaid. The two big repair jobs in progress at present involve the Physics-Biology Building and Power Plant roofs; these will require about US\$3,000 more to complete. All the other buildings have been repaired and restored to their original shape and form as far as the exteriors are concerned. The one big job still remaining to be done before we can consider ourselves anywhere near the pre-war standard is the repair and reconditioning of our mechanical installations, which comprises the heating and water mains in the underground trenches, Power Plant machinery, water softening plant, the sewage disposal plant, the plumbing and hardware accessories, electric wiring and fixtures, and gas plant. It is estimated that this will require no less than US\$100,000.00.

Stephen Tsai

June 16, 1948

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