

FROM

V. F. Bradfield

December 31, 1927

DATE

TO

Mr. L. M. Dashiell

Audit

SUBJECT

TO	DATE	REC'D	DATE
REV	FEB 10 28	RPH	2/10/28
UBB	3/19/28	Gyn	Audit
		Comptroller	

CONFIRMATION COPY

*Have been
read
communications
write
in connection
with new
auditing
Comtee*

Lowe, Bingham & Matthews who audited our accounts for the fiscal year 1926-27 and Thomson & Co. who audited in previous years, have been consulted in regard to their proposals for conducting "complete audits" in alternate years. Both firms submit, and we concur, that a "complete audit" would entail a complete and full check of all receipts and payments, a thorough test of the correctness of the accounts of each department, paying attention to the analysing and recording of transactions, a very full check on the receipts and issues of stocks and stores both as to quantities and values, a full test of the correctness of postings and additions, verification of authorities for all unusual payments, assurance that any instructions as to accounting matters have been carried out as the authority from which they emanate would desire and satisfaction that to the best of their knowledge the Assets and Liabilities shown on the annual Balance Sheet are correctly stated. The audit would be continuous throughout the year and permission (within reason) for them to examine the books and accounts at any time would be necessary. The extent of much of the checking would be dependent upon the individual requirements of each department and be influenced by the results of the auditors' investigations. The auditors state that it is not their custom in conducting large audits to adhere to any laid out scheme of work because with a constant variation in their routine, they believe they secure an additional moral check which is of considerable benefit.

Both firms propose a fee of Hong P'ing Taels 2,500.00 which amounts to Mex.3,633.72 at the present rate of exchange. Lowe, Bingham & Matthews have no office in Peking and if employed would submit accounts for travelling expenses from Tientsin to Peking and return and for hotel bills, amounting to approximately Mex.600 per year.

Thomson & Co. have proposed with the concurrence of Lowe, Bingham & Matthews that they be employed as joint auditors, both signing the annual Balance Sheets. They point out that is customary in England for banks and other institutions to have joint auditors. There would be some advantage in accepting their plan. Items carried forward from one year to another would be familiar to both.

It could also be arranged to have the staff of both firms work together, Lowe, Bingham & Matthews signing the accounts one year and Thomson & Co. the next. The annual audit fee would then be payable to the firm certifying to the correctness of the accounts.

Mr. Greene and I feel that Lowe, Bingham & Matthews should be employed again this year and be instructed to proceed immediately with a "complete audit" as outlined above. We feel that their criticism has been valuable but that they will have still more to contribute after a more thorough study of our accounts as suggested.

If the plan for joint auditing meets with the approval of the Trustees, such an arrangement could take effect after July 1, 1928. Mr. Greene is doubtful whether a joint audit would be satisfactory to the Trustees and the Treasurer, in view of the importance attached to the advantage of having each auditor come to the work with as fresh a point of view as possible. We therefore merely submit this proposal for the judgment of the Trustees without recommendation. Perhaps the Treasurer will consent to advise the Trustees on this point.

It is important that a decision be made as early as possible so that work can be begun in February or March at the latest, on the current accounts, instead of leaving the whole job to be done after the year is over which would hold up the settlement of the accounts long after the end of the year. Please therefore submit the matter to the Executive Committee and telegraph its decision

both as to designation of the auditors and as to whether the kind of audit described above is satisfactory or not. | A detailed letter should then be sent addressed to the auditors, instructing them as to precisely what is expected of them. | With these instructions should be sent copies of by-laws showing powers of the Comptroller and Director and any other resolutions defining their duties and powers in respect to financial matters. Lowe, Bingham & Matthews' address is 128 Victoria Road, Tientsin. Thomson & Co's address is 57 Sui An Po Hutung, Peking.

In this connection perhaps Mr. Beal and Mr. Dashiell would be willing to draw up rules and some general authorization that would regularize expenditures on the so-called service accounts, trust funds, etc., which are now carried as suspense accounts. It would be difficult to put these into our regular budget system. The monthly reports and particularly the financial report for the year ending June 30, 1927, with Mr. Greene's comments thereon show the nature of the problem.

VFB/JSC

VFB
V. F. Bradfield

PEKING UNION MEDICAL COLLEGE

TREASURER'S OFFICE

ROOM 2602

61 BROADWAY

NEW YORK

TELEPHONE: BOWLING GREEN 5640

PLEASE ADDRESS REPLY TO
TREASURER'S OFFICE

L. G. MYERS, TREASURER

L. M. DASHIELL, ASSISTANT TREASURER

*Audit
Squires & Co*

June 21, 1929.

*No copying letter used
Copy to Miss Eggleston*

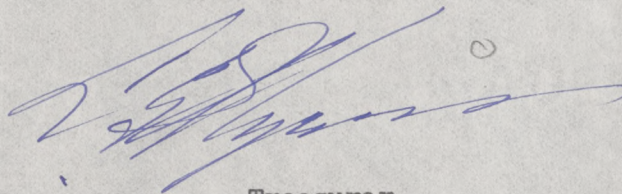
MIKE	JUN 25 29	MIKE
ES	JUN 25 29	ES
SP		SP

My dear Miss Eggleston:

In response to your letter of June 17th

I have notified Squires and Company of their appointment as auditors of the Peking Union Medical College for the year ending June 30, 1929.

Very truly yours,



Treasurer.

K

COPY SENT TO PEKING 6/25/29

PEKING UNION MEDICAL COLLEGE
TRANSCRIPT FROM CABLEGRAM FOR ACTION AND RECORD

NUMBER 440
DATE OF TRANSMISSION July 5, 1929
DATE OF RECEIPT July 5, 1929
FROM Peking
TO New York

	MKE	7/8/29	✓	
			Audit	
			Squires & Co	

TRUSTEES MEETING HELD SUCCESSFULLY. SQUIRES APPOINTED AUDITORS.
SHENEHON ACTING ASSISTANT SECRETARY. R. S. GREENE.

INITIALED FILE COPY

			ms	
			Audit	
			Squires & Co	

July 8, 1929

Dear Mr. Myers:

At a meeting of the Trustees of the Peking Union Medical College, held on July 5, 1929, Squires & Company were appointed auditors for the books of the College in New York. This confirms statement sent to us previously by cablegram.

Very truly yours,

MARGERY K. EGGLESTON
Secretary.

Mr. L. G. Myers, Treasurer,
Peking Union Medical College,
61 Broadway,
New York City.

MKE:HH

Audit
Myers

GJB	10/11/29	RS
HMG		idmc
MKE	OCT 14 29	✓
		hms

Dear Mr. Myers:

There is enclosed the auditor's report of the Peking Union Medical College for the month of June, 1929 and for the year ending June 30, 1929.

As the duplicate copy of this report for our files has not yet been received and you already have a copy of this report, might we have this extra copy?

Very truly yours,

GEORGE J. BEAL

Mr. L. G. Myers
61 Broadway
New York

GJB:RS

Enclosure - auditor's report.

Audit
Squires & Co

May 21, 1930.

My dear Miss Eggleston:

I beg to acknowledge your several letters of May 16 and 17, instant.

As to that with reference to the reinvestment of \$ 8,300, Mr. Greene has written me and I have replied as per copy enclosed.

As to the Arthur Woo Fund, I think Mr. Greene should invest any monies in that fund as directed by the Trustees without reference to me.

The matter of the John Ho bond has been taken care of some time since.

I note your reference to the audit of the books of the College; I am not sure that any auditing firm has as yet been appointed for this year. If so, will you be good enough to let me know the name of the firm. If there has as yet been no appointment, I would suggest the continuance of Squires & Company who have done the work before and who have perhaps now, after their years' experience, higher qualifications for this particular kind of work.

Very truly yours,

(Signed) L.G. Myers

Miss Margery K. Eggleston, Sec.
Peking Union Medical College,
Building

Treasurer.

Encl: Copy of Mr. Myers' letter of May 12, 1930 to Mr. Greene re Wenham and Cochrane Funds.

Copy

May 12, 1930

Dear Mr. Greene:

Thank you very much for your letter of April 16 advising me of redemptions of securities composing part of the Wenham and Cochrane funds. I note that \$3,000 of the 1910 issue and \$ 2,000 of the 1916 issue belong in the Wenham fund and \$ 2,200 of the 1914 issue and \$ 1,100 of the 1916 issue in the Cochrane fund. Upon the receipt of notices from the Hongkong and Shanghai Banking Corporation as to the amount received and the cost of the 1926 debentures which are to replace these redemptions, I trust that you will send me full copies. I thoroughly approve of your ordering the replacement purchases at once. It would be too bad to have to wait a month or two for a letter of approval to come here and go back again. Besides, I imagine that the Trustees now have full control of these funds though they are still in our names.

Trusting that you are well, I am

Sincerely yours,

Mr. Roger S. Greene,

The Rockefeller Foundation,

Peiping, China.

P.S. I just note that the years of issue mentioned in the Resolution quoted in your letter do not agree with the notice from the bank. According to our records neither fund has bonds of the 1915 issue.

Copy to Miss Neilson
Copy to Miss Eggleston

PEKING UNION MEDICAL COLLEGE
PEKING, CHINA

SUBJECT: Audit of the Books of the College

IN REPLY TO: MKE/RSG 7-2-30



FROM: R. S. Greene
TO: M. K. Eggleston
DATE: July 31, 1930

SEP -2 30
SEP 12 30

Audit
Squires & Co

MKE 8/15/30
CJB AUG 18 30

Referring to your letter of July 2nd in regard to the audit of the New York books of the college, I shall request the Executive Committee of the Trustees to consider the appointment of Messrs. Squires & Company for the year ending June 30, 1930, and will inform you as soon as formal action is taken.

RSG/RP

Roger S. Greene

PEKING UNION MEDICAL COLLEGE
PEKING, CHINA

SUBJECT: Audit

IN REPLY TO: Yours of July 2, 1930

FROM: R. S. Greene
TO: M. K. Eggleston
DATE: Sept. 15, 1930

Referring to your letter of July 2, 1930 in regard to the audit of the books of the Treasurer in New York, I have to report that at a meeting of the Executive Committee of the Board of Trustees on August 14th the following resolution was adopted:

"RESOLVED, That Messrs. Squires and Company be and they are hereby appointed auditors of the accounts of the Treasurer in New York for the year ending June 30, 1930, and that the officers be and they are hereby authorized to make the necessary arrangements with the said auditors."

I regret that I failed to send you notice of this action immediately after it was taken. Will you kindly inform Mr. Myers and ask him to make the necessary arrangements for the audit.

Roger S. Greene

PEKING UNION MEDICAL COLLEGE
TRANSCRIPT FROM CABLEGRAM FOR ACTION AND RECORD

	MKE	9/17/30	<i>RLG</i>	
			<i>Audit</i>	
			<i>Squires + Co</i>	

NUMBER

DATE OF TRANSMISSION September 16, 1930

DATE OF RECEIPT September 17, 1930

FROM Peiping

TO New York

REPORT PROGRESS SQUIRES APPOINTED AUDITORS NEWYORK BOOKS

GREENE

INITIALED FILE COPY

HAJ		1871	Auditor
GJR	SEP 30 30		Squires & Co
JHG			
JS	OCT 1 1930		
CSR	OCT 2 30		

September 18, 1930.

My dear Mr. Myers:

A cablegram just received from Mr. Roger S. Greene in Peking states that Squires and Company have been appointed auditors of the New York books of the Peking Union Medical College.

Sincerely yours,

MARGERY K. EGGLESTON
Secretary.

Mr. L.G. Myers,
61 Broadway,
New York, N.Y.

MKE:SP

Audit
Myers

DATE September 18, 1930

RECEIVED FROM MKE

SENT TO L.G. Myers

RELATING TO Squires and Co. have been appointed auditors of the New
York books of the Peking Union Medical College

WILL BE FOUND WITH Auditors - Squires and Co.

Audit
Squires & Co

DATE January 14, 1931

RECEIVED FROM MKE

SENT TO Mr. Myers

RELATING TO notice of the appointment of Squires and Co. to audit the
New York books and of Lowe, Bingham and Mathews to audit the
Peking Books.

WILL BE FOUND WITH Auditors - Myers

INITIALED FILE COPY

			Audit	
			Squires & Co.	

January 16, 1931

Squires and Company
 101 Park Avenue
 New York City

Gentlemen:

We are pleased to inform you that the
 Executive Committee of the Trustees of the Peiping
 Union Medical College passed the following resolu-
 tion at the meeting held in Peiping November 22, 1930:

RESOLVED that Messrs. Lowe, Bingham and Matthews be,
 and they are hereby, appointed to conduct
 an audit of the books of the College in
 China for the year 1930-31; and further that
 Squires and Company be and they are hereby,
 appointed to audit the books of the College
 in New York for the same period.

Sincerely yours,

Assistant Secretary

FPH:LM

TELEPHONE LEXINGTON 8855-8856-8857

SQUIRES & COMPANY

ACCOUNTANTS AND AUDITORS

MEMBERS OF AMERICAN INSTITUTE OF ACCOUNTANTS

101 PARK AVENUE

NEW YORK

January 17, 1931

PITTSBURGH
FIRST NATIONAL BANK BUILDING
CHICAGO
208 SOUTH LA SALLE STREET

File
on
Audit
Squires & Co.

Mr. F. P. Harned, Asst. Secretary,
Peiping Union Medical College,
61 Broadway,
New York City.

Dear Mr. Harned:

Thank you for your letter of January 16th
advising us of our appointment as auditors for Peip-
ing Union Medical College for the year 1930-1931.
We greatly appreciate the honor conferred on us.

Yours very truly,

FWS:SD

Squires & Company
4

[Handwritten mark]

Audit
Squires + Co

DATE Jan 21, 1931 To
" 19, 1931 From

RECEIVED FROM Squires + Co

SENT TO " "

RELATING TO balance available under CM 2753

WILL BE FOUND WITH Accounts - Squires + Co

*Audit
Squires & Co*

SQUIRES & COMPANY

ACCOUNTANTS AND AUDITORS

MEMBERS OF AMERICAN INSTITUTE OF ACCOUNTANTS

PITTSBURGH
FIRST NATIONAL BANK BUILDING
CHICAGO
208 SOUTH LA SALLE STREET

101 PARK AVENUE
NEW YORK

January 19, 1931

	RS	JAN 20 31	RS	
	GJB		GJB	11/21/31
	MKE	JAN 22 31	MKE	
	FRH		FRH	

Rockefeller Foundation,
61 Broadway,
New York City.

Dear Sir: Attention Mr. George J. Beal, Comptroller

In connection with our report on Peking Union Medical College for the fiscal year ended June 30, 1930, would you kindly advise what is the amount of the unexpended balance at June 30, 1930 and at the present date, in appropriation C.M.2646 P.U.M.C. Building & Fixed Equipment, First Construction Program, and in appropriation C.M.2753 P.U.M.C. Operations 1926-1927, available to cover depreciation on materials and supplies included in the Peking Stock at Nov. 4, 1927.

Thanking you for giving this letter your kind attention, we are,

Very truly yours,

Squires & Company

WR:SD

*Balance in
P.U.M.C. Operations &
Approp C.M. 2753-88,282.51*

WORONOCO BOND 1931
MADE IN U.S.A.

INITIALED FILE COPY

	HMG		HMG	
	JHG		JHG	Audit
				Squires & Co
January 21, 1931.				

Gentlemen:

In answer to your letter of January 19th, we would say that the balance available June 30, 1930, under appropriation CM 2753 to cover depreciation of field supplies included in the Peiping Stock at November 4, 1927, was \$88,282.81.

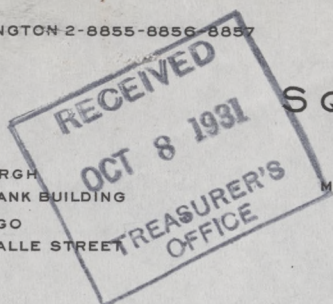
Very truly yours,

GEORGE J. BEAL

Squires & Company
101 Park Avenue
New York

GJB:RS

COPY



PITTSBURGH
FIRST NATIONAL BANK BUILDING
CHICAGO
208 SOUTH LA SALLE STREET

SQUIRES & COMPANY

ACCOUNTANTS AND AUDITORS

MEMBERS OF AMERICAN INSTITUTE OF ACCOUNTANTS

101 PARK AVENUE

NEW YORK

GJB		gh	pl
MWB		ck	
VFB		VFB	

October 7, 1931.

Audit
Squires & Co.

Mr. L. G. Myers, Treasurer,
Peiping Union Medical College,
61 Broadway,
New York, N. Y.

Dear Mr. Myers:

Comptroller's Monthly Reports.

In recent discussion with Mr. V. C. Bradfield, the Comptroller of the College, he raised the question of eliminating from future monthly reports, as furnished to the New York Office, as many of the schedules as possible to reduce the clerical labor involved in their preparation.

It is our understanding that four copies of each month's report are received in New York for distribution to Miss Eggleston, Mr. Beal, Miss Neilson and yourself.

Mr. Bradfield mentioned that a number of these schedules were apparently maintained only because they follow a form set up by his predecessor, and felt that it was desirable to eliminate this "dead wood".

From our review of the June 1931 report, we list hereunder such of the schedules which we feel could be eliminated from reports in the future:

Schedules to be omitted from Comptroller's Reports

Omit from Monthly
Reports July thru
November and Janu-
ary thru May

Omit from
December Report

Omit from
June Report

✓ 1. Statement of Charges
for Month against
Contingent Account.

Statement of
Charges for Month
against Contingent
Account.

Statement of
Charges for Month
against Contingent
Account.

✓ 2. Classification of
Suspense Accounts
(detail of Accts.
Receivable and
Accounts Payable)

October 7, 1931.

Schedules to be omitted from Comptroller's Reports

Omit from Monthly
Reports July thru
November and Janu-
ary thru May

Omit from
December Report

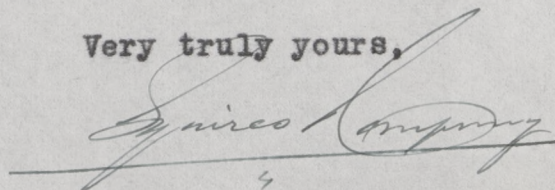
Omit from
June Report

- | | | |
|---|--|--|
| ✓ 3. Statement of Re-
ceipts and Disburse-
ments of Special
Funds for the Month | Statement of Re-
ceipts and Disburse-
ments of Special
Funds for the Month ✓ | Statement of Re-
ceipts and Disburse-
ments of Special
Funds for the Month |
| ✓ 4. Statement of Re-
ceipts and Disburse-
ments of Service
Divisions for the
Month | Statement of Re-
ceipts and Disburse-
ments of Service
Divisions for the
Month ✓ | Statement of Re-
ceipts and Disburse-
ments of Service
Divisions for the
Month |
| 5. ---- | ---- | Statement of Re-
ceipts and Disburse-
ments of the College
for the period Janu-
ary 1 to June 30. ✓ |
| 6. ---- | ---- | Statement of Income
of the College for
the Period January
1 to June 30
(Exhibit A). ✓ |
| 7. ---- | ---- | Statement of Ex-
penditures of the
College for Oper-
ation in China for
the Period January
1 to June 30.
(Exhibit B) ✓ |

The suggestion is accordingly offered that Miss Eggleston, Mr. Beal and yourself review the above list for additions thereto or eliminations therefrom, after which the Comptroller's Office should be advised of what schedules could be omitted from future reports.

We would be pleased to go over this matter with you, if you would care to have us do so.

Very truly yours,



WR:HS

Audit
Squires & Co
Myers

DATE January 7, 1932 to

" 4, 1932 from

RECEIVED FROM L. M. Dashiell

SENT TO " "

RELATING TO re-appointing Squires and Co, for the year 1931-32.

WILL BE FOUND WITH Auditors - Myers

Audit
Squires & Co
Greene

DATE January 7, 1932

RECEIVED FROM MKE

SENT TO RSG

RELATING TO Auditors for the year 1931-32

Mr. Dashiell recommends that we re-appoint Squires and Co.

They have taken a good deal of interest in the College accounts.

WILL BE FOUND WITH Auditors - Greene

PEIPING UNION MEDICAL COLLEGE
PEIPING, CHINA

SUBJECT: Auditors for the year 1931-32

IN REPLY TO: Yours of January 7, 1932

FROM: R.S. Greene
TO: M.K. Eggleston
DATE: February 8, 1932

MKE
LAM

Audit
Squires + Co.

I note from your letter of January 7th Mr. Dashiell's suggestions that an auditor be appointed immediately for the P.U.M.C. New York accounts for the fiscal year 1931-32. I agree with Mr. Dashiell's opinion that it would be desirable to reappoint Squires & Company. It seems to me that the matter should not be taken up by the Executive Committee, but should await action by the Board, which will not meet until April 13th. We will cable as soon as action is taken.

RSG:RP

Roger P. Greene

Audit
Squires & Co.

DATE February 16, 1932

Cable

RECEIVED FROM R.S. Greene

SENT TO

RELATING TO "Trustees appoint Squires auditors."

WILL BE FOUND WITH Cable

Handwritten:
Audit
Squires & Co.
Stamp:
LMD

2/17/32

I have pleasure in informing you that
we have a cable from Peiping which reads in
part as follows:

TRUSTEES APPOINT SQUIRES AUDITORS

Notification of the exact action of the
Trustees will be forwarded later in due course.

MKE:LM

MARGERY K. EGGLESTON

Handwritten signature: MKE

MADE IN U.S.A.

BOND
HAMMERMILL

INITIALED FILE COPY

Miss Nielsen	FEB 19 '32	Abn -	
LmD	FEB 19 1932	///	
		Audit	
		Squires & Co	

February 18, 1932

Squires and Company
101 Park Avenue
New York, N. Y.

Gentlemen:

I beg to inform you that by action
of the Executive Committee of the Trustees of
the Peiping Union Medical College you have
been requested to conduct an audit of the books
of the College in New York for the period
1931-1932.

Very truly yours,

MARGERY K. EGGLESTON

Secretary

MKE:LM

Perhaps it would be well to mention
that the fee for the audit is the same as for
the previous year namely \$500. —
LmD

Audit
Squires & Company

SQUIRES & COMPANY

ACCOUNTANTS AND AUDITORS

MEMBERS OF AMERICAN INSTITUTE OF ACCOUNTANTS

101 PARK AVENUE

NEW YORK

PITTSBURGH
FIRST NATIONAL BANK BUILDING
CHICAGO
208 SOUTH LA SALLE STREET

February 20, 1932.

Miss Margery K. Eggleston, Secretary,
Trustees of the Peiping Union
Medical College,
61 Broadway,
New York, N. Y.

MKE FEB 23 '32

LMD FEB 23 '32

MKE FEB 23 '32

Handwritten initials and marks

Dear Miss Eggleston:

We have your letter of February 18th
advising us of our appointment as auditors of
the books of the College for the period 1931-
1932, and desire to express our appreciation
of the honor conferred on us. The work will
have our attention in due course.

Yours very truly,

Squires & Company

FWS:EM

INITIALED FILE COPY

Audit
Squires & Co.

February 29, 1932

Squires and Company
101 Park Avenue
New York, N. Y.

Gentlemen:

Recurring to my letter of February 18th,
informing you that by action of the Executive Committee
of the Trustees of the Peiping Union Medical College
you were appointed to conduct an audit of the books for
the year 1931-32, and your letter of February 20th
accepting this responsibility, may I say that we under-
stand that the fee for the audit will be the same as
for the previous year--that is, \$800.

Sincerely yours,

MARGERY K. EGGLESTON

Secretary

MKE:LM

*Audit
Squires & Co.*

SQUIRES & COMPANY

ACCOUNTANTS AND AUDITORS

MEMBERS OF AMERICAN INSTITUTE OF ACCOUNTANTS

PITTSBURGH
FIRST NATIONAL BANK BUILDING
CHICAGO
208 SOUTH LA SALLE STREET

101 PARK AVENUE
NEW YORK

WKE MAR-2 '32 *WKE*
LHM MAR-3 '32 *LHM*
LMW MAR-3 '32 *LMW*

March 1, 1932.

Miss Margery K. Eggleston, Secty.,
Peiping Union Medical College,
61 Broadway,
New York, N. Y.

Dear Miss Eggleston:

In reply to your letter of
February 29th we advise you that our
letter of February 20th was written
with the understanding that the price
for the audit of the books for the
year 1931-1932 was to be \$800.00.

Yours sincerely,

Squires Company

FWS:HS

Audit
Comptroller

DATE March 16, 1932

RECEIVED FROM E. Robinson

SENT TO V. F. Bradfield

RELATING TO "Up to this writing the Treasurer's Office has not received a copy
of the letter to be written by Lowe, Bingham & Matthews, setting forth the general
scheme for adjusting the Peiping accounts, as referred to in your letter of
January 21, 1932, forwarding your December 1931 Comptroller's Report."

WILL BE FOUND WITH Accounts - Comptroller

Audit
Squires + Co.

DATE March 30, 1932

RECEIVED FROM L. M. Dashiell

SENT TO R. S. Greene

RELATING TO enclosing letter addressed to Mr. Bradfield from Squires & Co. which
sets forth their idea with reference to the treatment of the exchange situation
and the readjustment of the inventory accounts.

WILL BE FOUND WITH Accounts - Peking Stock - Greene

Audit
Squires & Co
Greene

DATE April 14, 1932

RECEIVED FROM M.E. Ferguson

SENT TO MKE

RELATING TO "Referring to the resolution of the Trustees asking for a statement from Squires and Company that the accounts are in order, I attach a copy of the certificate which Lowe, Bingham and Mathews give us on their audit of our Peiping accounts. Will you ask the Treasurer to secure for us some such statement from Squires and Company?"

WILL BE FOUND WITH Minutes - Greene

Audit
Squires & Co
ss Eggleston

April 15, 1932

I have the honor to inform you that at the annual meeting of the Board of Trustees on April 13, 1932, the following action was taken:

Secretary in New York to
action, so that he can
quires & Co. about it.

Assistant Secretary

Peiping Union Medical College

C
O
P
Y

*Hudell
Conytrall*

April 27, 1932

Dear Mr. Dashiell,

I gratefully acknowledge the receipt of two letters from you dated March 16, your letter addressed to Mr. Greene dated March 30 and Squires & Company's letter to me of March 29. These are very helpful to me just at this time.

Mr. Greene left Peiping two days before your letter of March 30 arrived. I immediately discussed your recommendations with Dr. Dieuaide, the Acting Director, and secured his authority to invite Lowe, Bingham & Matthews to undertake a special checking of the adjustments of the exchange situation and stock inventory accounts. All adjustments will be completed within the next few days, and included in the financial reports for April. I shall ask the auditors for a report of their findings which will be forwarded to you with the April accounts and which should be in your hands before the middle of June. They will, of course, review all of the correspondence that has passed between you and me, and from Squires & Company before beginning their work. They promised to have two accountants here on April 29. I shall also request Lowe, Bingham & Matthews for a certificate covering the adjustments made in the accounts of the trust funds which were outlined in Squires & Company's letter to me dated October 7, 1931.

There are several points raised in your letter which I should like to comment upon but I prefer to wait until I have discussed them with the auditors. Meanwhile, I forward herewith my statements of accounts for the month of March which show that considerable progress has been made along the lines outlined in my letters of January 21 and February 16. It must appear to you that we have been very slow in supplying you with up-to-date reports of our final activities here. We were unable to tackle the knotty problems of inventory adjustments until along in January. A tremendous amount of detail work on the new form of budget for 1932-33 and other pressing duties outside of routine kept us fairly well occupied during March and the early part of April. Routine work was oftentimes unavoidably delayed.

Sincerely yours,

V. F. BRADFELD

Mr. L. M. Dashiell
Peiping Union Medical College
61 Broadway
New York City, N. Y.

Encl. as stated
VFB:ET

INITIALED FILE COPY

LIK	MAY 17 '32	gfm	
		Audit	
		Squires & Co	
		Dashiell	

mg

May 16, 1932

My dear Mr. Dashiell:

I have the honor to inform you that at a meeting of the Trustees of the Peiping Union Medical College held on April 13, 1932, the following action was taken;

RESOLVED that Messrs. Squires and Co. be, and they are hereby, asked to provide a statement that the accounts for 1929-30 and 1930-31 are in order.

I enclose a copy of a statement from Lowe, Bingham and Matthews dated Tientsin, August 5, 1931, in a form which is acceptable to the Trustees. We shall appreciate it if you can secure from Squires & Co. some such report as this.

Very truly yours,

MARGERY K. EGGLESTON

Secretary

Mr. L. M. Dashiell
61 Broadway
New York, N. Y.

MKE:AMP

Enc.: Statement from Lowe,
Bingham and Matthews

Copy sent to ffb

5/16/32
and

COPY SENT TO PEKING,

5/23/32
and

*Habit
Squires & Co*

DATE May 16, 1932

RECEIVED FROM Miss M. K. Eggleston

SENT TO Mr. G. J. Beal

RELATING TO Resolution re Statement by Squires and Company sent to Mr. L. M.
Dashiell

WILL BE FOUND WITH Accounts

Audit
Squires + Company

DATE June 23, 1932

RECEIVED FROM Squires and Company

SENT TO L.M. Dashiell

RELATING TO question as to whether the College was entitled to claim a refund
of \$23,557.80 from the Rockefeller Foundation covering depreciation of inventory
items on hand November 4, 1927 and still on hand unissued at April 30, 1932.

WILL BE FOUND WITH ^{Pekingstock-}Accounts Squires and Company

Extra Audit
Comptroller

orig. Accounts
Revised Stock
Comptroller
with note from July 7, 1932
G.J.B. approving

Dear Mr. Bradfield:

Messrs. Lowe, Bingham, and Matthews's report of May 13th to Dr. Dicouaide on adjustment of stock values was duly studied by Messrs. Dashiell and Seal and by Messrs. Squires and Company, New York auditors for the College. I have asked the treasurer's office to send you copies of Messrs. Squires and Company's letter on this subject, from which you will note that they reported favorably on the proposals. Mr. Dashiell and Mr. Seal were also disposed to approve in principle, subject to certain qualifications which I will discuss with you below.

1. Claim against the Rockefeller Foundation. Mr. Seal will write you fully about this matter. I may say, however, that the report of Messrs. Lowe, Bingham, and Matthews did not make it clear that the new values placed on the stores acquired prior to November 1927 represented their estimated values as of that date. The appropriation is not available for depreciation occurring subsequent to November, 1927. Mr. Seal will also take up with you another aspect of this matter dealing with your proposed refunds to the Foundation in case of issues on the stock of values in excess of those at which the goods are now carried. He prefers that there should be a final settlement at this time.

July 7, 1932

2. Claims against the China Medical Board. Messrs. Dashiell and Beal agree with me that it would be inadvisable to present any depreciation claim to the China Medical Board. We recognize that at least a considerable part of the claim is quite valid, as if we had credited the stock account with the full equivalent of gold values, there would not have been such a large refund to the China Medical Board on account of gain by exchange. On the other hand, this would not apply to the claim for \$7,126.15, due to our failure to make sufficient charge for stocks issued during July, 1931. It would seem that this loss was a proper charge against the 1931-32 budget.

With regard to further claims against the China Medical Board, it is my feeling that it would be difficult to present the matter clearly to the Board, and that furthermore it would not be easy to convince the members that a refund from the Board would represent anything more than the fulfillment of a legal obligation at a time when the College already possessed a considerable unexpended balance which would prevent us from showing that the additional funds were actually needed.

In general, I think you will agree that large gold balances can be better cared for by the China Medical Board than by the College Trustees, and since the interests of the two boards are practically identical, proposals tending to transfer large gold sums to the College prior to actual need of them would hardly be considered wise.

The question arises whether your revolving fund represented by the stock account really needs to be restored to its original figure. It would be my impression that since we have been operating for the past year with a stock account actually reduced very considerably in value

Mr. Bradfield

-3-

July 7, 1932

without feeling any embarrassment, it is probably unnecessary to restore the full original value of that fund. On general principles it is best that such revolving funds should not be much larger than circumstances actually require.

As far as taking up with the Trustees the question of writing down the stock account is concerned, I believe that it would be preferable to get this done before you close your accounts, and that it would also be better not to hold your accounts open until I arrive. Messrs. Lowe, Bingham, and Matthews should be able to explain the situation to the satisfaction of the Trustees, so that they can take immediate action. On the other hand, if you think it very important to wait until my arrival, I am prepared to have you postpone the proposed action. Such delay, while undesirable, will not do any real harm.

This letter is merely intended to explain my part in the discussion. Mr. Deal will send you an authoritative statement showing the attitude of the Foundation.

Yours sincerely,

ROGER S. GREENE

Roger S. Greene

Mr. V. F. Bradfield
Peiping Union Medical College
Peiping, China

RSQ:LM

Audit
Squires & Company

DATE December 22, 1932 to

" 21, 1932 from

RECEIVED FROM L. M. Dashiell

SENT TO " "

RELATING TO the two copies of Squires and Company's report of the

finances of the Peiping Union Medical College for the year ended June 30, 1932

are being sent to Peiping for submission to the Board of Trustees of the PUMC.

WILL BE FOUND WITH Accounts - Dashiell

Audit
Squires & Co.

DATE March 30, 1933

RECEIVED FROM RSG

SENT TO L. M. Dashiell

RELATING TO Mr. Bradfield's comment "The reports of the treasurer and auditors

contained all of the essential information necessary to set up the treasurer's books here in Peiping as at July 1, 1932 and for continued smooth operation of the account to our satisfaction.

"I have a great deal of admiration for Mr. Ruhl of Squires and Company whom I had the pleasure of meeting in New York in September, 1931. The way in which he grasped and analyzed our stock accounts and before him at the time, amazed me. Our local auditors were likewise impressed".

WILL BE FOUND WITH Accounts - Greene

copy

*Orig. - CMB, Inc.
Audit
Squires & Co.
Dashiell*

*Audit
Squires & Company*

October 25, 1933

To the Board of Trustees of
China Medical Board, Inc.

Gentlemen:

I am enclosing herewith copies of three letters received from Squires & Company, the Board's auditors, written under date of October 21, 1933, each relative to a phase of the Board's accounting problem.

These letters have been voluntarily offered by the auditors and while the Trustees may not desire to accept the point of view suggested therein, they do, in my opinion, help to clarify the particular problems of all concerned with the accounting of the CMB and PUMC.

You will note that Mr. Beal and I have made certain comments at the end of each letter.

Very truly yours,

(signed) L. M. Dashiell

Treasurer

Enclosures (3)

copy to Miss Eggleston
Messrs. Vincent
Fosdick
John D. Rockefeller, 3rd
Gregg
Monroe
Greene
Beal
Bradfield

LMD:G

October 21, 1933

Mr. L. M. Dashiell, Treasurer,
China Medical Board, Inc.,
49 West 49th Street
New York City.

Dear Sir:

Supplementary Letter on Budgets

A budget never agrees precisely with the actual results, and the possibility of variations from actual is greater where a budget is prepared for a full year in advance, and before the close of the preceding year. The budget experience of past years indicates that income estimates have been too conservative, but that expense estimates generally have been made with sufficient latitude to provide for unexpected happenings.

Whether it is advisable to trim the budget down closer to the experience of prior years and run the risk of having to make further appropriations, if too fine a line has been drawn, appears to be a matter of business judgment after taking into consideration whether too comfortable a budget will lead to excess expenditure unless controlled by the efficiency and fidelity of the management. Speaking generally, we believe it is better to have too little to spend rather than too much provided the provision is not so low as to destroy initiative.

Controversial questions are involved where an excess of the budget over the appropriation occurs because it is sometimes difficult to determine whether the excess is brought about by a fortuitous chain of circumstances, through advanced sales methods, through economy in expenditure, or through faulty estimates in the budget, consequently it would appear to us that primarily any so called "savings" should revert in full to the China Medical Board and be subject to its decision as to apportionment, thus removing the question of to whom the excess belongs, based on the theory that China Medical Board appropriation while expressed in a definite original amount is only tentative and its final amount in any year is to be measured by the actual results.

We note that in 1930-1931 and 1931-1932 appropriations were made from the accumulated "Reserve for Corporate Purposes" as follows:

	<u>1930-31</u>	<u>1931-32</u>
(1) Obstetrical and Gynecological Clinic Building	\$	\$23,000.00
(2) Purchase of Additional Movable Equipment	5,610.15
(3) Operation of Radium Emanation Plant	43,000.00
(4) Foreign Fellowships for the Staff	10,000.00	1,000.00
(5) Bonus to Members of the Staff, etc	<u>30,000.00</u>	<u>.....</u>
<u>Totals</u>	\$88,610.00	\$24,000.00
(6) Appropriation lapsed - Item 5 above	<u>30,000.00</u>	<u>.....</u>
<u>Net Totals</u>	<u>\$58,610.15</u>	<u>\$24,000.00</u>

From the above it is apparent that the uses to which the "Reserve for Corporate Purposes" is put have been determined after due deliberation by the College

October 21, 1933

and the Board, and that due recognition has been accorded the efforts of the members of the Staff, etc. for their share in the results produced and it appears therefore that the disposition of the funds is properly made.

The principles to be followed appear to us to be the following:-

- (1) China Medical Board should determine that future budgets should be passed for appropriation only after the estimates of income particularly and expenditures have been thoroughly surveyed to determine their reasonableness.
- (2) That if a revision of budget estimates leads to a deficit, China Medical Board will provide a further appropriation, but if,
- (3) A surplus occurs it shall revert to China Medical Board for such disposition as may appear most wise and be possible under the restrictions of its charter and by-laws.

Very truly yours,

FWS/AH

(Signed) SQUIRES & COMPANY

MEMO. Mr. Beal and Mr. Dashiell feel that where amounts are spent by the P.U.M.C. from its Reserve for Corporate Purposes for buildings or for objects which will in effect increase future P.U.M.C. operating budgets, the expenditure should be first approved by the C.M.B. Trustees.

Re #2 at bottom of Page 2 Mr. Beal and Mr. Dashiell do not agree and think that revision of budget must be within the maximum set by the budget.

EXHIBIT B

COPY OF A LETTER RECEIVED FROM SQUIRES & COMPANY

October 21, 1933

Mr. L. M. Dashiell, Treasurer,
China Medical Board, Inc.,
49 West 49th Street
New York, N.Y.

Dear Sir:

We have made a review of the typed statements prepared by your office relating to the composition of the savings on the College operating budget, covering the five fiscal years ended June 30, 1933.

From these statements it is apparent that the saving results from two factors:

- (1) Actual saving on expenditures; difference between amount included in advance budget on which appropriation was based and amount actually expended.
- (2) Increase in actual income for year from college and hospital over amount included as income in the original budget.

The first item is a true saving resulting from careful planning and efficiency in making expenditures.

The second item may result from a natural uncontrollable income increase resulting from more favorable local conditions and may result in part from the use of too conservative income figures in the preliminary budget.

The appropriation made by the Board each year for College operations is based on the budget submitted by the College and is for the excess of estimated expenditures over estimated income.

To the extent that net operating costs at the end of each fiscal year are less than the original net budget requirement such differences have been regarded as savings which were retained by the College and transferred to its Reserve for Corporate Purposes.

Analysis of this situation is somewhat obscured by the fact that whereas the budget expense is calculated in advance on an estimated expectancy of income, it would be natural to assume that any material increase in income over the estimate would cause an increase in expense, and that if the estimate of income was made larger there would then have to be an increase in the estimated expense budget which would alter the amount of so called "savings" on the budget to some extent.

The comparison of actual expenses over a five year period with budget shows the following condition:

Saving on Silver and Gold Expenditures by Years

1932-1933		\$15,214.61
1931-1932		576.48
1930-1931	(Dr.)	10,216.91 (Loss)
1929-1930		4,430.77
1928-1929		10,362.74
		<u>\$20,367.69</u>

From which the conclusion may be drawn that the expense estimate is not materially affected by a moderate increase of income and the excess of actual income over the estimated budget income is not a "saving" in the true meaning of that word as related to budgets.

Two situations are apparent -

- (1) That the savings computation to the extent that it includes the increase in actual income over estimated income is not a saving but a diversion of income; in other words, that, under the present plan, any income earned by the College in excess of its original estimate is retained by the College.
- (2) To the extent that income per the budget has been underestimated in each year over this five year period, the Board has made a larger appropriation than it would otherwise have made. As the difference between such appropriation and the actual net expenditure thereunder is treated as a saving which is retained by the College, the College has been receiving a larger sum under the guise of savings than it should have received with a closer income estimate.

The effect of understating estimated income on a preliminary budget is illustrated as follows:

	(1)	(2)
	Budget Submitted	Budget using more Accurate Income Estimate
Estimated Expenditures	\$1,000,000.	\$1,000,000.
Estimated Income	140,000.	180,000.
Net Requirement, as appro- priated by Board	\$ 860,000.	\$ 820,000.
Actual Net Cost	800,000.	800,000.
Saving-retained by College	\$ 60,000.	\$ 20,000.

With the preliminary income estimate closer to actual as in the second example, the saving retained by the College would only have been \$20,000. instead of \$60,000., subject however to adjustment of expense estimate to conform to the requirements of a larger income.

From the Treasurer's statements we have prepared the attached analysis of savings retained by the College for the five years ended June 30, 1933. This indicates that only 80.57% results from the excess of actual income over estimated income used on the preliminary budget. As expressed in dollars -

Saving on Expenditures	\$20,367.69
Excess of Income Actual)	
Over Estimated)	<u>84,432.06</u>
<u>Total Five Years</u>	<u>\$104,799.75</u>

Three solutions of this situation are advanced for consideration by the officers and trustees of China Medical Board, Inc.:

- (1) The excess of the advance appropriation over actual net expenditures to be returned to the Board at the end of each year, eliminating the savings question entirely, or
- (2) The saving represented by the excess of the advance appropriation over actual net expenditures should be reduced by the excess of actual income over estimated income used on the budget, in determining the savings to be retained by the College; the balance to be refunded to the Board, or
- (3) Closer examination of preliminary budget by Trustees or Finance Committee of the Board to see that estimated income is more in line with actual figures of past periods than heretofore before the budget is accepted as the basis for an appropriation.

Very truly yours,

(Signed) SQUIRES & COMPANY

NOTE

Mr.G.J.Beal or Mr. L.M.Dashiell have no comments to make.

Analysis of Saving on College Operating Budget
Five Years Ended June 30, 1933

4

	<u>P.\$</u>	<u>Rate</u>	<u>U.S. \$</u>	<u>Ratio to</u> <u>Total</u>
Saving on Expenditures -)				
<u>Silver):</u>				
1932-1933 (Loss) (Dr) P.\$ 5,476.12 4.80 (Dr) U.S.\$ 1,140.85				
1931-1932 101,900.31 4.42 8,549.34*				
1930-1931 (Loss) (Dr) 20,433.82 2.00 (Dr) 10,216.91				
1929-1930 8,861.54 2.00 4,430.77				
1928-1929 20,725.48 2.00 10,362.74				
	<u>P.\$105,577.39</u>		<u>U.S.\$ 11,985.09</u>	
Saving on Expenditures -)				
<u>Gold):</u>				
1932-1933 U.S.\$ 16,355.46				
1931-1932 (Loss) (Dr) 7,972.86				
			<u>U.S.\$ 8,382.60</u>	
(1) Saving on All Ex-				
<u>penditures)</u>			<u>U.S.\$ 20,367.69</u>	19.43%
Excess of Actual Income)				
<u>Over Budget Estimate):</u>				
1932-1933 P.\$ 68,773.75 4.80 U.S.\$ 14,327.86				
1931-1932 133,506.58 4.42 11,211.01**				
1930-1931 59,694.19 2.00 29,847.09				
1929-1930 35,888.68 2.00 17,794.34				
1928-1929 22,503.53 2.00 11,251.76				
	<u>P.\$320,366.73</u>		<u>U.S.\$ 84,432.06</u>	80.57%
(2) Income Increase			<u>U.S.\$104,799.75</u>	100.00%
<u>Combined Total</u>				
Comparison with Saving)				
on Budget transferred)				
yearly to Reserve for)				
<u>Corporate Purposes...):</u>				
1932-1933 U.S.\$ 29,542.47				
1931-1932 11,787.49				
1930-1931 19,630.18				
1929-1930 22,225.11				
1928-1929 21,614.50				
			<u>U.S.\$104,799.75</u>	

Footnote:

* (\$23,054.54 less 43.3% on exchange adjustment \$14,505.20 = \$8,549.34)
 ** (\$30,205.11 less 56.7% on exchange adjustment 18,994.10 = 11,211.01)
(\$53,259.65) \$33,499.30 = \$19,760.35

COPY OF LETTER RECEIVED FROM SQUIRES & COMPANY

October 21, 1933

Mr. L. M. Dashiell, Treasurer,
China Medical Board, Inc.,
49 West 49th Street,
New York, N.Y.

Dear Sir:

The question of exchange adjustments at June 30, 1933 and during 1933-1934 was raised by Mr. Bradfield in his letter of June 30, 1933.

A fixed rate of P\$4.80 to U.S.\$1.00 had been used on the College books during the year ended June 30, 1933. At that date the exchange rate prevailing was P\$3.61 to U.S.\$1.00. The College books contain net assets (cash, inventory and accounts receivable, less accounts payable and appropriation obligations) in both U.S. gold currency and Peiping currency. In revaluing the latter assets at their U.S.\$1.00 value at June 30, 1933, an exchange adjustment profit resulted on net silver assets of P\$385,860.72 in the amount of \$26,498.97. As "accumulated exchange loss on operation of pounds sterling and Reichsmark current account and sundry silver currency transactions at bank's current rates during the year" resulted in an exchange loss of \$684.50, the net result of the two is an exchange adjustment profit or credit of U.S. \$25,814.47.

Having given expression on the College books, to the appropriation by the Board of U.S.\$381,491.00 and of P\$1,418,727.00 (the latter at the rate of P\$4.80 to U.S.\$1.00, at which rate the books of the College were likewise maintained throughout 1932-1933), it was found necessary at June 30, 1933 to increase the amount of the pledge receivable from the Board by U.S.\$97,431.04, which represented the "difference on exchange between previously estimated rate of 4.80 and the June 30, 1933 rate of 3.61 on the 1933-1934 silver appropriation of P\$1,418,727.00 for operation". In other words, had the Board settled for the full amount of its obligation on the P.U.M.C. 1933-1934 operation pledge at June 30, 1933, it would have cost \$677,059.00 (as originally appropriated) plus \$97,431.04, or together \$774,490.04.

Mr. Bradfield accordingly shows as an account receivable on the College books at June 30, 1933, in addition to the amount due on the original pledge, Account Receivable - China Medical Board, Inc. - for exchange adjustments U.S.\$71,616.57 (which is \$97,431.04 minus \$25,814.47).

No question of gain or loss on exchange in connection with the purchase of silver dollars for the year 1932-1933 is involved for the reason that the entire silver dollar requirements for the year were contracted for in July 1932 at the rate 4.80 and the Board accordingly revised its appropriation of U.S. Gold dollars for 1932-1933 to the exact amount needed, using the rate 4.80 on the silver dollars included in the appropriation.

The books maintained by the College have two major divisions; one part is maintained entirely in Peiping currency, the other in U.S. gold currency. Both sections balance in themselves and the two sections interlock. In order that they may

interlock, a fixed rate of exchange throughout any stated accounting period (whether the month, quarter or year) must be used. Prior to June 30, 1931, a 2 to 1 rate was used; during 1931-1932 a rate of 4.42 to 1 was used, and during 1932-1933 a rate of 4.80 to 1. For the year 1933-1934, Mr. Bradfield starts the year with the rate 3.61 to 1. which expresses the exchange rate at June 30, 1933.

To obtain a clear picture of what the College balance sheet represents at any given date, the Peiping silver currency assets and liabilities would be converted (on work sheets) to their U.S. dollar value at the rate used on the books. If the actual rate differs materially, the actual rate should be used, with a resulting gain or loss on exchange due to fluctuation in the rate.

The adjustment of the books to the current exchange rate at the end of any accounting period does two things: (1) ascertains the exchange profit or loss at a specific date, which ultimately may or may not be realized, depending upon the exchange situation when the net assets are finally realized, and (2) places the books upon the fixed exchange rate which will be used in the succeeding month, quarter or year on any transactions which involve the two currencies and transfer of values from the books kept in the one currency to the books kept in the other currency.

Both the College treasurer and the College auditors, Messrs. Lowe, Bingham and Matthews, are agreed on the proposition that the exchange adjustment credit of U.S.\$25,814.47 belongs to the Board. This is evidenced by their use of this amount as a deduction from the amount due from the Board in connection with the additional cost of financing the 1933-1934 operations appropriation--the net of the two appearing as an asset on the College balance sheet in both the treasurer's and the auditor's reports. Mr. Beal, in his memo of August 25th, expresses the same conclusion with respect to this item.

In his letter of June 30th, Mr. Bradfield proposes, however, to retain this credit of \$25,814.47, leaving it in an exchange adjustment account and debiting or crediting it as future fluctuations occur. It was his plan "to settle exchange on monthly silver requirements at the beginning of each month and to correct the gold value of silver balances at the end of the preceding month (beginning July 30th) to the new month's rate by debits or credits to the exchange account". In other words, to revise the exchange rate used on the two sets of books to the actual prevailing rate on the first of each month during 1933-1934.

The exchange rate on June 30th was 3.61, on September 30th it was 3.226, on October 19th it was 3.08. The U.S. dollar value of Peiping silver currency has appreciated 17.2% between June 30, 1933 and October 19, 1933 as can be seen from the following example:

P\$385,000.00	- On June 30th were worth	U.S.\$106,648.19
"	On Oct. 19th were worth	<u>125,000.00</u>
	Gain on fluctuation in exchange	U.S.\$ <u>18,351.81</u>

Hereunder is summarized, for your information, the exchange rates effective on the various dates indicated:

At June 30, 1928 - U.S. \$1.00 could purchase	P\$2,073
" " 1929 - " " " " " "	2,388
" " 1930 - " " " " " "	3,686
" " 1931 - " " " " " "	4,420
" " 1932 - " " " " " "	4,800
" " 1933 - " " " " " "	3,610
" Sept 30, 1933 - " " " " " "	3,226
" Oct. 19, 1933 - " " " " " "	3,080

The U.S. dollar reached its highest purchasing value in June 1932 and since then such purchasing value, as expressed in Peiping currency has been receding rapidly.

Out of the foregoing, we have reached the following conclusions:

- (1) In view of the sharp fluctuation in the exchange rate which is taking place at present, the College treasurer should readjust the U.S. dollar value of his silver currency assets at the end of every three or four months during the year 1933-1934 to the current exchange rate. Such rate would be used during the succeeding three or four months period when revaluation and a new rate would again be in order:

- (a) An exception to this would be made, as in the past, on the funds for human paleontological research, where the silver funds have been contracted for in advance at a specified rate.

We have already shown that such exchange adjustment would amount at October 19, 1933 to around U.S.\$18,000.00.

- (2) In making the balance sheet revaluation at the end of any stated three or four months period during 1933-1934, the College treasurer should set up as an addition to the pledge receivable from the Board, on account the operating budget, the increased U.S. dollar cost necessary to provide for the balance of the Peiping currency pledge. The College treasurer should charge the Board pledge receivable account with the excess of U.S. dollar purchase cost on silver dollars purchased month by month over the U.S. dollar purchase cost on the same number of silver dollars at the rate 3.61, taking care of fluctuations as silver is actually purchased; the adjustment to current rate at end of any three or four months period would cover only the balance of the Peiping currency appropriation, and the subsequent charge on silver dollar purchases would be for the excess cost over the new exchange rate placed on the books at the end of the three or four months period (instead of an excess cost over the rate 3.61).

(2) (Continued)

In other words, the pledge receivable from the Board covering the Peiping currency appropriation, in the absence of a contract rate for silver purchases, should be increased or decreased, whenever the book exchange rates are changed (every three or four months, or annually as in the past) so as to indicate the current U.S. dollar cost for providing the balance of the appropriation, and in addition should be increased by the additional cost or decreased to the extent of a lesser cost on silver purchases as compared with the cost at which such pledge has last been computed and set up in the pledge receivable account.

Taking the account - pledge receivable through September 30th, it would appear as follows:

Original pledge - gold	U.S.\$381,491.00
" " - silver P\$1,418,727. @ 4.80 ..	<u>295,568.00</u>

<u>Total</u>	U.S.\$677,059.00
--------------------	------------------

6/30/33-Additional cost on silver pledge)	
adjusted to rate 3.61	<u>97,431.04</u>

<u>Total at June 30, 1933</u>	U.S.\$774,490.04
-------------------------------------	------------------

Additional Cost (as compared with rate 3.61) on)
silver dollar purchases July/September 1933 ..):

P\$298,650.00 - Cost	U.S.\$85,000.00
Cost of same @ 3.61	<u>82,728.53</u>
	<u>2,271.47</u>

Total Debits	U.S.\$776,761.51
--------------------	------------------

Less: Cash received on account	<u>165,000.00</u>
--------------------------------------	-------------------

Balance - September 30, 1933	<u>U.S.\$611,761.51</u>
------------------------------------	-------------------------

(This is before adjustment to 9/30/33 exchange rate on balance)
(of silver pledge remaining unpurchased.)

- (3) A definite distinction should be drawn and maintained between fluctuation in the cost to the Board of meeting its pledge to furnish a specified sum in Peiping dollars for College operations over a fiscal period, and the gain or loss on exchange incidental to (a) minor transactions during the year involving purchases of silver currency or of German or English currency, and (b) the adjustment of the U.S. dollar value of Peiping currency assets and obligations (other than the Board's silver dollar appropriation) to the current rate at the end of each three or four months period during the fiscal year. The two should not be intermingled.

- (4) In order that settlement between the College and the Board should remain clear cut and that operating results for each fiscal year are not confused, the gain or loss on exchange analogous to the sum of U.S.\$25,814.47 at June 30, 1933 should be promptly disposed of as of that date, either
- (a) by refund to the Board, as already proposed by Mr. Bradfield, the College auditors and Mr. Beal, or
 - (b) by credit on the College books to its Reserve for Corporate Purposes. (Had this sum been credited to operations at the end of 1933, the budget saving and transfer thereof to the College's Reserve for Corporate Purposes would have been correspondingly increased.)

Note on above: Treatment 4 (a) is based on the assumption that all gain on exchange, no matter how it originates, belongs to the Board.

Treatment 4 (b) is based on the assumption that the Board is only entitled to this so-called gain on exchange which is incidental to the actual purchase of the Peiping silver dollar requirements for the operating budget at a rate which is more favorable than that estimated rate which was used in the original appropriation.

Gain on exchange for the three fiscal years ending June 30, 1931 was settled under method 4(a), but adjustment of the Peiping currency assets at the end of each of these years to the actual rate of exchange then in force was not made. Subsequently the Peiping silver dollar assets, as of June 30, 1931 were revalued on the basis of the current exchange rate; U.S.\$56,373.17 of the loss on exchange which resulted was written off by the College against Working Capital for Stock, (covering depreciation in U.S. dollar value of specific portions of the Peiping currency inventory or stock) and the balance of the loss on exchange U.S.\$35,885.69 was written off against operations for 1931-1932.

Method 4 (b) was followed at June 30, 1933. Loss on exchange on minor items during the year and in adjusting the U.S. dollar value of the Peiping currency assets at June 30, 1932 amounted together to U.S.\$6,395.61 and was charged off against operating results. (\$35,885.69 plus \$6,395.61 equals \$42,281.30, which amount was written off against operations at June 30, 1932).

As the contract rate for purchase of silver dollars for 1932-1933 was known in July 1932, the Board merely corrected its U.S. dollar equivalent of silver dollars to be purchased to the known rate, eliminating the question of gain or loss incidental to financing for the year. The disposal of the item \$25,814.47 is the only matter left at issue for that fiscal year.

October 21, 1933

- (5) The increase in cost of the Board's pledge to furnish a specified amount in Peiping currency over the fiscal year 1933-1934 is a matter for concern by the Finance Committee and the Treasurer of the Board. Using rates of exchange at June 30, 1933 and at September 30, 1933, (other compensating factors to reduce the increased exchange cost at the latter date also being taken into consideration) the cost of meeting this appropriation had increased over its original estimated cost by \$97,431.04 and \$124,660.00, respectively.

Responsibility for a course of action with respect to the purchase of Peiping silver dollars apparently rests with and should be accepted by the Finance Committee.

The Committee may find it advisable to consider the engagement of a foreign exchange specialist on an annual basis for the purpose of advising them in formulating a policy with respect to foreign currency purchases under the Board's appropriation for College operations, not only for 1933-1934, but for succeeding fiscal years and until such time as exchange between the two currencies becomes reasonably stable.

- (6) The entire exchange problem can be transferred to the College by making the original appropriation definite and final - i. e. so much U.S. gold to take care of both gold and Peiping currency requirements - the latter computed at a fair and reasonable rate, reflecting current rate of exchange at time of appropriation and possibly discounting future exchange rate trend. This money is then turned over to the College, as required, and the problem of buying silver dollars at a greater or lower cost than was provided for becomes the problem of the College treasurer and trustees.

Decision as to the time at which and the extent to which silver dollars should be bought during the year would rest with the College treasurer and trustees. The College having assumed the risk, any gain or loss incidental to the silver purchase would belong to the College.

We would be pleased to discuss the foregoing with you at your convenience.

Very truly yours,

(Signed) SQUIRES & COMPANY

MEMO.

Re #2 at bottom of Page 3-4 Mr. Beal and Mr. Dashiell do not agree. P.U.M.C. balance sheet for June 30, 1933 shows \$677,059.00 due from C.M.B. account 1933-34 budget and then on the offset shows it separated into silver and gold with silver at current rate.

We believe it should be shown on both sides in gold and silver without any revaluation of silver as the item has to do with a future year operation.

Re #4(b) on Page 5 - An incorrect statement

Bradfield

May 7, 1934

Subject: China Medical Board, Inc., meeting,
April 17, 1934

Dear Mr. Greene:

A copy of the docket for the Special Meeting of Members and Trustees of China Medical Board, Inc., has already been forwarded to you.

The members present at the meeting were: Mr. Vincent, in the chair; Dr. Gregg; and Mr. Rockefeller. Legal counsel ruled that this number was sufficient for a quorum. Mr. Fosdick had expected to be present, but was ill. Professor Monroe expressed the opinion that since his resignation was to be brought to the attention of the Board on the occasion he would prefer not to be present unless needed for a quorum. He is just on the point of sailing for Istanbul.

A copy of the statement of condition of finances of China Medical Board, Inc., has been forwarded to you separately.

The following resolution was adopted in regard to Mr. Monroe's resignation:

RESOLVED that the resignation of Paul Monroe be, and it is hereby, accepted and that the Secretary be instructed to express to Mr. Monroe on behalf of the Trustees their regret at losing him from the Board.

The amendments to the by-laws were adopted as recommended.

The docket item in regard to the operation budget of the Peiping Union Medical College for the year 1934-35 was considered very carefully and fully. The second of the alternative resolutions was voted, with the omission of the phrase "which shall be less by \$50,000 than the amount provided for the year 1933-34". Mr. Vincent has written to you in regard to this. It is understood that the unused balance of the appropriation from the Rockefeller Foundation, amounting to \$16,150, will be returned to

May 7, 1934

the Foundation. The resolution as finally adopted reads as follows:

RESOLVED that the sum of Seven hundred eighty-eight thousand eighty-three dollars (\$788,083) be, and it is hereby, appropriated, of which so much as may be necessary shall be used to cover a budget to be prepared by Trustees of Peiping Union Medical College for operation of the College during the period July 1, 1934, to June 30, 1935, with the understanding that no more than half shall be payable before December 31, 1934.

On page 10 the appropriation for commutation was changed to read as follows and so adopted:

RESOLVED that the sum of Thirty-four thousand four hundred dollars (\$34,400) be, and it is hereby, appropriated for commutation for foreign staff and visiting professors at Peiping Union Medical College for the year 1934-1935, payments to be made in accordance with the schedule presented.

This, as you will observe, is a reduction of \$600 from the proposal made from Peiping. A separate resolution was adopted providing a bonus of \$600 for Mr. V. F. Bradfield covering the year 1934-35, its method of payment to be at your discretion, whether in a single sum or monthly, like salary.

The appropriation on page 11 for alterations and repairs was made as usual.

On page 12 the appropriation proposed for the New York Office budget was made.

The budget for the Director's office in Peiping, shown on Page 13, was also adopted, as was the resolution on page 14 covering the cost of moving the New York office.

On page 15 the unexpended balances of certain appropriations were allowed to lapse, as recommended, and on page 16 Dr. Gregg and Mr. Rockefeller were designated to sign checks. Mr. Rockefeller was appointed a committee of one on audit.

On page 18 appears the election of new members. Dr. H. S. Houghton has been elected as a regular member and trustee of China Medical Board, Inc. As the discussion and study of possible candidates for the other positions had

May 7, 1934

not yet reached the point where a recommendation could be made, Mr. Gumbel and Mr. Richardson were asked temporarily to fill the vacant memberships, so that we can continue to have a quorum of the Board.

The remaining material in the docket is either simple routine or matters which have already received informal action about which you have been notified.

Two additional items were submitted in a supplemental docket. The actions taken are indicated in the attached material.

Sincerely yours,

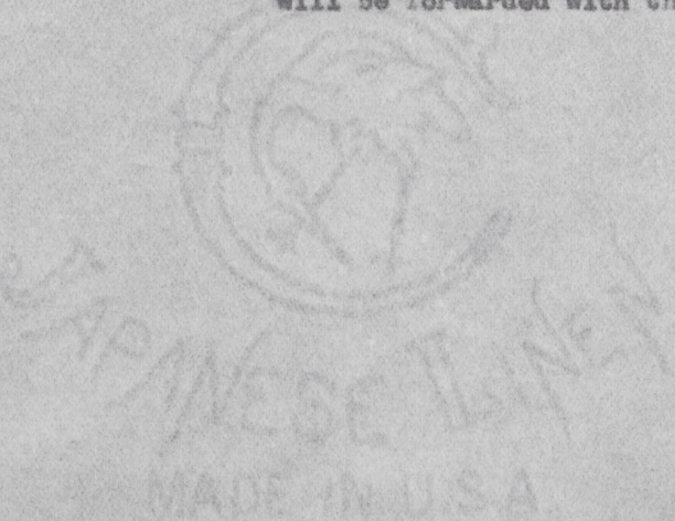
MARGERY K. EGGLESTON

Secretary

Mr. Roger S. Greene
Peiping Union Medical College
Peiping, China

MKE:AMP

P.S. The form of the two final resolutions concerning Dr. Houghton's possible service with C.M.B., Inc., and an additional financial expert has not yet finally been determined. This material will be forwarded with the next mail.



私立北平協和醫學院
PEIPING UNION MEDICAL COLLEGE
PEIPING, CHINA

Audit
Controller

ASH

November 9th, 1935

Mr. DEC-4 '35

Long

Sm. D. - to him B. B. 12/10/35

Mr. Z

Mr. Z

Dear Miss Eggleston:

Appointment of Auditors

I am glad to have your memorandum dated October 14th because I think there are certain aspects of the situation that are important and they may modify your point of view.

The situation is of course that the Trustees here appoint an Audit Committee which, in turn, makes recommendations to the Board of Trustees on the appointment of auditors. I offered certain suggestions to this Committee and even went so far at the recent Trustees' Meeting as to repeat these suggestions concerning a change of auditors. The response of the members of this Committee to these suggestions made it clear that their opinion had been arrived at after quite earnest consideration of the matter, and it indicated that they had very grave doubts as to the advisability as well as the practicability of changing this appointment. The members were decidedly of the opinion, based upon previous experience with other auditing firms in Tientsin and Shanghai, that the quality of the work would suffer and the expense of it would increase if any change were made. The point that any convenience would be served by having the Shanghai Branch or correspondents of the auditors who do the New York office audit also do our work, carried very little weight.

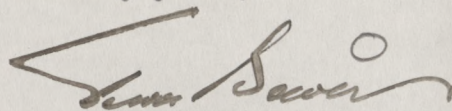
I will confess that I have no very strong conviction myself on that point, for the reason that accountants can correspond with accountants over long

distances irrespective of whether they work for the same or different firms.

In any event, it was quite clear that no good purpose would be served by pressing the matter as the Trustees were acting on very well considered judgment; as a matter of fact further pressure would inevitably, in my opinion, have results much more far reaching than the point at issue. As I see it, it is everybody's wish to have the Trustees of the College use their own best judgment in this as in all other matters; officials of the C. M. B. have done everything possible to cultivate this attitude in the minds of the Trustees here. Quite obviously the spirit of such an attitude can be carried forward only in the ^{practice} doing of it, and it would be altogether a pity to cast a doubt on the whole spirit of this careful cultivation by an insistence on other views in such a matter as the appointment of auditors.

For these reasons I think it will be wise for me to make no further attempt to influence the minds of the Trustees in regard to the selection of auditors unless I receive from New York more convincing proof of the need for it.

Sincerely yours,



Trevor Bowen
Controller

Miss M. K. Eggleston
China Medical Board, Inc.
New York, N.Y.

TB:HT
cc. to Mr. L. M. Dashiell

PEIPING UNION MEDICAL COLLEGE

*Auditors
Comptroller*

*Copy - Accounts
Comptroller*

CONFIRMATION COPY
January 29th, 1936

cc. to Miss Eggleston

BR

Dear Mr. Dashiell:

Concerning the appointment of auditors, referred to in the last paragraph of your letter dated December 20th, 1935:

I am quite sure the gentle chiding in it results from what sociologists might describe as the geographical rather than the ideological distance between us. I am afraid that I do not make as much attempt as I should to remove these distances.

I really did my best to have your suggestion followed and will continue to do so, but having been unsuccessful I rather welcome the opportunity to work out some of our own new points of view arrived at on the basis of study and experience. I would like nothing better than to be able to chat things over with you now so that you may know how our thinking and planning goes: this includes "major operations" and for that reason cannot proceed as quickly as we would like. First is the need for an intensive survey designed to restate the purpose, policy and program of the organization and to arrive at a standard balance of departmental personnel based on these findings. This applies particularly to the nursing service, the social service department, dietary, public health department and the health centre, the psychiatric department and neurological hospital, in fact all the departments in the school as well as the departments of our own hospital. Are we training crack nurses along the "Yale" lines or are we training nurses for the job they are to do in China, and is the first the only way to secure the second result? (By the way, as one of the things to note in passing, in our nursing service

CONFIRMATION COPY
alone comprising approximately 240 people each having a month's vacation, we pay for 20 years' vacation every year). As to the hospital itself, to what extent is it a service institution, or should it be purely a teaching institution? How does it fit in with "preventive medicine", the Public Health department? What of the private patients' ward and the O.P.D. in these respects? Are we to teach social service workers for the needs of China or for our own institution only? What of the problems raised by our destitute charges which we cannot dump at the hospital gates because it would be too expensive for us to do so in the long run because we need them to return for clinical records? In America there are thousands of organizations from "charity" to the "Masons" to take things over but there is nobody here to take over from us. All of these points and dozens of others I could elaborate upon are control questions: the answers to them rather than the niceties of accounting procedure, no matter how important this latter may be, are the first deciding factors in how much money we are to spend and how we should spend it. Only on the basis of such decisions can budgets be compiled and control exercised in places where professional decision practically excludes lay opinion .

Again, in the revenue division we have now a certain scale of charges, though this scale is liable to quite a wide fluctuation on the basis of the ability of the patient to pay, and this latter point is settled by the admitting clerk. Actually, however, our scale of charges is quite arbitrary; we don't know actually what the cost of the hotel portion of the service is by private, semi-private and wards, let alone the medical service, and while it may be that the scale of charges would still be settled arbitrarily we should know exactly what these services are costing by classes of patients per patient day, even though in the final analysis the charge is still actually fixed by the admitting clerk on the basis of his enquiry as to the financial status of the patient. This means almost an entire reconstruction of the

hospital accounts, and for this we have already made a complete outline which I hope to put into effect on a memorandum basis as a trial for the remaining five months of the year to give us some data upon which to proceed with such a form as of July 1st, 1936. The income also must be arranged on the same basis to find out just where we are in respect to each class of patient separately. It is wise for the trial purposes to get the present system going for the remaining portion of this fiscal year as well as keep the old one going for comparative purposes. The old "exchange" problem now practically excluded from our whole accounting system, together with the arrangement of the accounts, make the record of earlier years quite useless for comparative purposes. I won't go further into details at this time but I can assure you that we are trying to look at things from a new point of view. The final answer in each of the things I have mentioned is reflected in terms of dollars and it is absolutely essential that "major operations" of this kind be undertaken if we are to hope to bring budgets to even a standard level against the urge of automatic salary and wage increases. As a matter of fact the effort to keep budgets down in recent years on an increasing scale of operation with an increasing salary and wage rate, has meant that a good deal of necessary alteration, repair and replacement work has been delayed to the point where it cannot be delayed any longer, with the result that this year we have a very fat and handsome request for funds to supply replacement equipment in the hospital and elsewhere: the sterilizer bill alone is quite terrifying and most of those now in use have arrived at the place where they no longer sterilize and it takes emergency work over week ends to keep them in even an appearance of usefulness. (Incidentally we also are now feeling the prophesied reduced earning power, due to politico-economic causes). In the budget presentation I am having the increasing salary rate analyzed to show just how the budget increases automatically and under contract, but this I won't go into further at this time. In a few days I expect to forward the actual budget with full explanation.

ation and analysis as I present it to the Administrative Council for discussion. CONFIRMATION COPY
I won't begin to discuss here the minute difficulties of the purchasing division.

I am also having an inventory of equipment, including apparatus, compiled for each department in the entire institution. The hospital wards have this in good shape.

I hope I haven't bothered you at too great length with this attempt to at least indicate some of the many problems that must be answered if we are to make any progress in the direction of improvement and economy. I only want to show that I am quite with you in the desire to make a new point of view effective. The probability is however that the expression of the point of view in action seems necessary from the spot here, quite likely assumes different and more fundamental procedures than could possibly be suggested by New York auditors, and I would like to get out ideas working first. Further elaboration or refinement of the recording and accounting procedures afterwards will, I can assure you, receive our very hearty cooperation and support. But it takes time.

Cordially,

Trevor Bowen
Controller

Mr. L. M. Dashiell
China Medical Board, Inc.
49 West 49th Street
New York, N.Y.

TB:HT