

CATHOLICS WILL KEEP CITY FUNDS SEPARATE

And Their Charitable Institutions
Will Pay the Sisters for Ser-
vices They Perform There.

CONTROLLER SO INFORMED

Right of the City to Scrutinize Private
Accounts Again Denied—Bookkeep-
ing Surplus to be Wiped Out.

The Catholic charitable institutions of this city, through counsel representing them by direction of Cardinal Farley and Bishop McDonnell, made public yesterday their position in the controversy with Controller Prendergast, as to whether the relation between the institutions and the city is of a fiduciary or contractual nature, which involves the question as to whether or not the city has the right of review over all the finances of the institutions accepting commitments and funds from its hands. The central subject matter of the controversy will probably become a matter for court adjudication. In the meantime, however, there will be a report from the committee of the Board of Estimate, made up of the Controller and President Mitchel of the Board of Aldermen. This report is expected within the next four or five days.

Edward M. Grout, of counsel for the institutions, made public this statement:

It has been determined to eliminate this whole suggestion that the institutions are making a profit from their work, a suggestion entirely due, I believe, to the fact that they are the recipients of unpaid service of members of various sisterhoods. This elimination will be accomplished by having the institutions hereafter pay for such service just as do the Jewish and Protestant institutions. This is unfortunate, as it does violence to the feelings of the members of such sisterhoods, who hate to feel that their labor is at all commercialized. This they will mitigate by turning back to the Orders, of which they are members, the sums which they so earn. The net result to the City and to the institutions will be the same except that it will then appear, as is the fact, that instead of any appearance of a profit, there is in fact a deficiency because the per capita sums paid by the City are not sufficient in any of the institutions, whether Catholic, Jewish or Protestant, to meet the expense of caring for the children. In addition care will be taken to keep the accounts of all City moneys absolutely separate and distinct from the account of the private funds of the institutions, and the controversy will thereby be brought back to what we had supposed all along, during the year and a half it has continued, and until the Controller's statement of December 1, to be the single points involved. These points are whether or not the City has a right to examine into the strictly private affairs of these institutions, and whether or not the Board of Estimate has a right to construe and to limit the meaning of the words, "care, support, maintenance and secular education" so as to mean something different than what the law gives them as a meaning.

Controller's Conclusion Disputed.

The decision as to the payment of salaries to the sisters who do the labor of the institutions was reached as the result of Controller Prendergast's setting down \$613,706 unexpended city money as profits to the institutions. Accountants for the institutions reach no such figure in their researches, but contend anyway that the surplus is not a profit when the cost of the land and buildings and the value of services of the sisters are taken into account.

"The services of the sisters," said Controller Prendergast last week, "are represented as a contribution to the great cause of charity, and this is the splendid motive that underlies them. But how is the city the beneficiary of these manifestations of charity if the outlays saved by them are to be deflected by the institutions to the upbuilding of their private concerns and properties?"

The institutions did not know, some of their friends argued yesterday, that the city was supposed to be a beneficiary, in the sense that the Controller means, and their accountants point out that his contention that the city should be the beneficiary is the basis of his bookkeeping results. So the change is to be made.

The intention of keeping the city's moneys separate follows the advice of the accountants. It was one of the points of criticism made by the Controller that the books were so kept that when he sought to follow the disposition of the city contributions, he found them intertwined inextricably with the other accounts. The protest against any review of the private funds had its origin, it was explained yesterday, in the sentiment of the sisters and their delicacy as to their private business.

Reasons for Privacy.

Each novice brings her worldly goods as a dowry to the Order she enters, and that goes into the general community fund with which their needs are met. One who has watched the course of the controversy, said yesterday, that the sisters had the same objection to an investigation of the funds that any woman would entertain to a strange man going over her private accounts.

Their accountants' report and their own statement have been forwarded to the Controller and also to Commissioner Drummond, setting forth in this way what they are willing to do. What they will not do is put in a paragraph:

We send you this as official notice that such institutions question the right of the Board of Estimate, or of the Controller, or of any public official to inquire into the receipt and disbursement by such institutions of moneys other than those received from the city, the accounts of which other and private moneys will hereafter be kept absolute and distinct and separate from the accounts of moneys received from the city. Such institutions, therefore, refuse to be bound by any rule or condition requiring them to submit such private receipts and disbursements to official examination.

It is understood that Controller Prendergast would be quite happy to confine his supervision to the city accounts, if so kept separate, but maintains that he cannot relinquish a broader right under the conditions named in the 1912 budget, where it is provided:

"All institutions receiving payments of public money in pursuance of appropriations made in this budget and all their books of record and all their accounts relating to institutional funds, from whatever source received, shall, at all reasonable times, be open to the visitation, inspection, and examination of duly authorized representatives of the Department of Finance and the Board of Estimate."