

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP
FINANCIAL REPORT
DECEMBER 31, 2004

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Geneva House, Inc.
Project No. 034-44815NP
Scranton, Pennsylvania

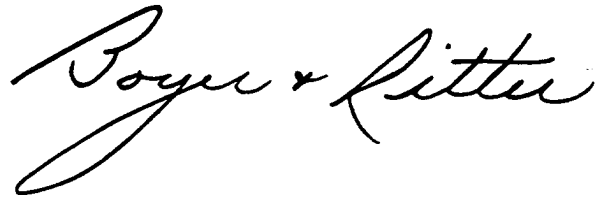
We have audited the accompanying statements of financial position of Geneva House, Inc., Project No. 034-44815NP, as of December 31, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Geneva House, Inc., as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2005, on our consideration of Geneva House, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Geneva House, Inc., taken as a whole. The accompanying supplementary information on pages 12 to 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Geneva House, Inc., Project No. 034-44815NP. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in dark ink and is positioned to the right of the main text block.

Carlisle, Pennsylvania
January 14, 2005

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

STATEMENTS OF FINANCIAL POSITION
December 31, 2004 and 2003

ASSETS	2004	2003
Current Assets		
Cash and cash equivalents	\$ 8,727	\$ 9,333
Accounts receivable - tenants	4,126	279
Prepaid expenses	5,223	5,181
	<hr/>	<hr/>
Total current assets	18,076	14,793
Noncurrent Assets		
Restricted deposits		
Replacement reserve	82,223	72,597
Escrow deposits	36,125	36,585
Tenant deposits held in trust	13,131	13,629
Total restricted deposits	131,479	122,811
Property and Equipment		
Land	50,000	50,000
Building and improvements	2,152,417	2,123,846
Furniture and equipment	96,955	106,874
	<hr/>	<hr/>
	2,299,372	2,280,720
Less accumulated depreciation	(1,597,931)	(1,536,611)
Property and equipment - net	701,441	744,109
	<hr/>	<hr/>
Total assets	\$ 850,996	\$ 881,713

See Notes to Financial Statements.

LIABILITIES AND NET DEFICIT	2004	2003
Current Liabilities		
Line-of-credit	\$ 100,320	\$ 92,000
Current maturities of long-term debt	78,136	72,868
Accounts payable	26,862	34,137
Accrued expenses		
Wages	1,618	4,106
Payroll taxes and withholdings	2,201	-
Management fee	11,376	11,040
Interest payable - note payable	421	312
Parking deposits	2,528	1,688
Prepaid revenue	728	3,426
Total current liabilities	224,190	219,577
Noncurrent Liabilities		
Tenant deposits held in trust	13,131	13,629
Long-term debt - net of current maturities		
Mortgage payable	774,635	852,772
Flexible subsidy loan		
Loan payable	117,250	117,250
Accrued interest payable	24,721	23,548
Total liabilities	1,153,927	1,226,776
Unrestricted Net Deficit	(302,931)	(345,063)
Total liabilities and net deficit	\$ 850,996	\$ 881,713

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2004 and 2003

	2004	2003
Revenue		
Rent	\$ 453,205	\$ 427,841
Financial	346	454
Other	25,168	22,816
Total revenue	478,719	451,111
Expenses		
Administrative	138,453	132,524
Utilities	78,488	85,134
Operating and maintenance	39,700	54,902
Taxes and insurance	86,709	86,369
Financial	10,190	9,465
Depreciation	83,047	76,713
Total expenses	436,587	445,107
Changes in net deficit	42,132	6,004
Net Deficit - Beginning	(345,063)	(351,067)
Net Deficit - Ending	\$ (302,931)	\$ (345,063)

See Notes to Financial Statements.

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2004 and 2003

	2004	2003
Cash Flows From Operating Activities		
Rental receipts	\$ 447,500	\$ 431,436
Interest receipts	67	41
Other operating receipts	3,300	6,788
Total receipts	<u>450,867</u>	<u>438,265</u>
Administrative	31,951	19,157
Management fee	32,789	23,225
Utilities	86,295	84,814
Salaries and wages	89,196	87,631
Operating and maintenance	23,037	41,747
Real estate taxes	45,976	45,427
Property insurance	14,506	14,274
Miscellaneous taxes and insurance	31,298	36,739
Interest on notes payable	4,478	3,198
Total disbursements	<u>359,526</u>	<u>356,212</u>
Net cash provided by operating activities	<u>91,341</u>	<u>82,053</u>
Cash Flows From Investing Activities		
Net deposits into mortgage escrow account	460	(11,074)
Net (deposits) withdrawals into replacement reserve account	(9,347)	19,729
Purchase of property and equipment	(40,379)	(59,623)
Net cash used in investing activities	<u>(49,266)</u>	<u>(50,968)</u>
Cash Flows From Financing Activities		
Mortgage principal payments - net of excess interest subsidy	(51,001)	(46,445)
Net borrowings under note payable	8,320	18,000
Net cash used in financing activities	<u>(42,681)</u>	<u>(28,445)</u>
Net increase (decrease) in cash and cash equivalents	(606)	2,640
Cash and Cash Equivalents:		
Beginning	9,333	6,693
Ending	<u>\$ 8,727</u>	<u>\$ 9,333</u>

(Continued)

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

STATEMENTS OF CASH FLOWS (Continued)
Years Ended December 31, 2004 and 2003

	2004	2003
Reconciliation of Changes in Net Deficit to Net		
Cash Provided by Operating Activities		
Changes in net deficit	\$ 42,132	\$ 6,004
Adjustments to reconcile changes in net deficit to net cash provided by operating activities		
Depreciation	83,047	76,713
Interest reduction subsidy - excess of interest expense	(21,868)	(16,028)
Interest earned in replacement reserve account	(279)	(413)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - tenants	(3,847)	1,136
Prepaid expenses	(42)	(3,222)
Tenant deposits held in trust	498	(3,806)
(Decrease) increase in:		
Accounts payable and bank overdraft	(7,275)	7,023
Accrued liabilities	49	6,897
Accrued interest payable	1,282	1,484
Tenant deposits held in trust	(498)	3,806
Parking deposits	840	98
Prepaid revenue	(2,698)	2,361
Net cash provided by operating activities	\$ 91,341	\$ 82,053

See Notes to Financial Statements.

**GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP**

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of Organization: Geneva House, Inc., is a nonprofit corporation formed under the Non-Profit Corporation Laws of Pennsylvania. The Project is a 64 unit apartment for the elderly located in Scranton, Pennsylvania. The Project is operated under Section 236 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD). The project's major program is its Section 236 mortgage insurance and rate reduction loan.

The Project is also subject to Section 8 New Construction and Rent Supplements Housing Assistance payment agreements with HUD. A significant portion of the Project's rental income is received under these agreements with HUD.

PHI, another non-profit corporation has approval rights for the Board of Trustee appointments.

Restricted Deposits and Funded Reserves: Mortgage escrow deposits represent funds to be used to pay taxes and insurance. The reserve for replacements represents funds held, invested or transferred to the mortgagee. Disbursements from these reserves require HUD approval.

Fixed Assets: The Corporation provides for depreciation of fixed assets using the straight-line method as follows:

Building	10 - 45 years
Building equipment	10 years
Furniture	5 - 10 years
Maintenance equipment	5 years

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Income Taxes: The Organization is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3).

Cash Equivalents: For purposes of the Statements of Cash Flows, the Organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Note 2. Management Fees

The Organization has a contract with Management Enterprises, Inc., wherein Management Enterprises, Inc., agrees to manage and supervise the operations of the project. For this service, the Organization paid the management company 7.5% of allowable rental collections.

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

NOTES TO FINANCIAL STATEMENTS

Note 3. Flexible Subsidy

A residual receipts note of \$117,250 with non-compounded interest of 1% per annum was issued on July 29, 1983, to secure a subsidy awarded from the Department of Housing and Urban Development under its Flexible Subsidy Program. The note and accrued interest thereon is due and payable; (a) when the FHA Insured Project Mortgage Note matures or is prepaid, or (b) upon the sale, foreclosure, refinancing, assignment or disposition of the project.

Non-compounding interest has been accruing at 1% since the note's inception.

Note 4. Mortgage Payable

On March 29, 1973, final closing of the mortgage with Fannie Mae was executed in the amount of \$1,815,000. Amortization of the principal began May 1, 1973, and will end September 2013. GMAC Commercial Credit is now the servicing agent.

	2004	2003
Monthly payments - principal and interest	\$ 135,355	\$ 124,076
Less FHA interest subsidy (S3100-120)	(84,354)	(77,631)
Escrow for mortgage insurance premium	4,699	4,591
Escrow for insurance and real estate taxes	59,253	72,453
Escrow for replacement cost	33,939	30,645
Net monthly payments by Geneva House, Inc.	<u>\$ 148,892</u>	<u>\$ 154,134</u>

The mortgage has an interest rate of 7%, however, the effective rate was less than 0% due to FHA subsidy.

	2004	2003
Balance - Beginning	\$ 925,640	\$ 988,113
Principal reduction	72,869	62,473
Balance - Ending	<u>\$ 852,771</u>	<u>\$ 925,640</u>

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

NOTES TO FINANCIAL STATEMENTS

Note 4. Mortgage Payable (Continued)

Maturities of the mortgage note for each of the next five years and in the aggregate are as follows:

Account Number	Year	Amount
S3100-070	2005	\$ 78,136
S3100-080	2006	83,785
S3100-090	2007	39,841
S3100-100	2008	96,336
	2009	103,301
S3100-110	Future years	401,372
		<u>\$ 852,771</u>

Note 5. Line-of-Credit

The Organization increased its line-of-credit with Penn Security Bank from \$100,000 to \$150,000 during March 2004. The line expires on March 10, 2005. The line bears interest at the Bank's base rate, which equals the prime rate. At December 31, 2004 and 2003, the rate was 5.25% and 4.00%, respectively.

Note 6. Unrestricted Net Assets (Deficit)

None of the Project's net assets are subject to donor-imposed restrictions. Accordingly, all net assets (deficit) are accounted for as unrestricted net assets (deficit) under SFAS No. 117.

Note 7. Retirement Plan

The Organization has established a SIMPLE IRA Plan for its eligible employees. The Organization contributes a matching contribution equal to a participant's salary reduction contribution; up to three percent of the participant's compensation. During 2004, the Organization contributed approximately \$1,775 to the plan.

NOTES TO FINANCIAL STATEMENTS

Note 8. Rent Increases

Under the regulatory agreement, the Project may not increase rent charged to tenants without prior HUD approval.

Note 9. Functional Allocation of Expenses

Expenditures incurred in connection with project operations have been summarized on a functional basis in the Statements of Activities.

Note 10. Current Vulnerability due to Certain Concentrations

The Project's sole asset is a 64 unit apartment project. The Project's operations are concentrated in the multi-family real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of Federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

SUPPLEMENTARY INFORMATION

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

STATEMENT OF FINANCIAL POSITION DATA
December 31, 2004

Account Number	ASSETS		
	Current Assets		
1120	Cash and cash equivalents	\$	8,727
1130	Tenant accounts receivable		4,126
1200	Prepaid expenses		<u>5,223</u>
1100T	Total current assets		<u>18,076</u>
1191	Tenant deposits held in trust		13,131
	Restricted Deposits		
1310	Escrow deposits		36,125
1320	Replacement reserve		<u>82,223</u>
1300T	Total restricted deposits		<u>118,348</u>
	Fixed Assets		
1410	Land		50,000
1420	Buildings		2,152,417
1450	Furniture for project - tenant use		39,296
1460	Furnishings		42,350
1465	Office furniture and equipment		3,603
1470	Maintenance equipment		<u>11,706</u>
1400T	Total fixed assets		<u>2,299,372</u>
1495	Less accumulated depreciation		<u>(1,597,931)</u>
1400N	Fixed assets - net		<u>701,441</u>
1000T	Total assets	\$	<u><u>850,996</u></u>

Account Number	LIABILITIES AND NET DEFICIT		
	Current Liabilities		
2110	Accounts payable - operations	\$	26,862
	Accrued expenses		
2120	Wages		1,618
2121	Payroll taxes and withholdings		2,201
2123	Management fee		11,376
2134	Interest payable - note payable		421
2135	Interest payable - flexible subsidy		24,721
2160	Note payable		100,320
2170	Mortgage payable - current portion		78,136
2190	Parking deposits		2,528
2210	Prepaid revenue		728
2122T	Total current liabilities		<u>248,911</u>
2191	Tenant deposits held in trust		13,131
	Long-Term Debt		
2320	Mortgage payable - net of current portion		774,635
2325	Flexible subsidy loan payable		117,250
2300T	Total long-term debt		<u>891,885</u>
2000T	Total liabilities		1,153,927
3131	Unrestricted Net Deficit		<u>(302,931)</u>
2033T	Total liabilities and net deficit	\$	<u><u>850,996</u></u>

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

STATEMENT OF ACTIVITIES DATA
Year Ended December 31, 2004

Account Number			
	REVENUE		
5120	Rent - gross potential	\$	240,678
5121	Tenant assistance payments		172,025
5140	Rent - commercial		8,260
5170	Parking spaces		54,279
5190	Miscellaneous		3,962
5194	Retained excess income		4,332
5100T	Total potential rent revenue		<u>483,536</u>
	Vacancies		
5220	Vacancies - apartments		(29,011)
5250	Rental concessions		(1,002)
5270	Parking spaces		(318)
5200T	Total vacancies		<u>(30,331)</u>
5152N	Total rental revenue		<u>453,205</u>
5440	Revenue from investments - replacement reserve		279
5490	Revenue from investments - miscellaneous		67
5400T	Total financial revenue		<u>346</u>
5910	Laundry and vending revenue		1,594
5920	Tenant charges		1,706
5945	Interest reduction payments		21,868
5900T	Total other revenue		<u>25,168</u>
5000T	Total revenue		<u>478,719</u>
	EXPENSES		
6210	Advertising and marketing		1,245
6250	Other renting expenses		255
6310	Office salaries		40,262
6311	Office expenses		14,899
6320	Management fee		33,125
6330	Superintendent salaries		36,172
6340	Legal expense		6,021
6350	Audit expense		6,106
6370	Bad debts		160
6390	Miscellaneous administrative expense		208
6263T	Total administrative expenses		<u>138,453</u>
6450	Electricity		64,822
6451	Water		7,822
6453	Sewer		5,844
6400T	Total utilities expense		<u>78,488</u>

(Continued)

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

STATEMENT OF ACTIVITIES DATA (Continued)
Year Ended December 31, 2004

Account Number		
	EXPENSES (Continued)	
6510	Payroll	12,475
6515	Supplies	9,187
6520	Contracts	12,624
6525	Garbage and trash removal	3,187
6548	Snow removal	2,227
6500T	Total operating and maintenance expenses	<u>39,700</u>
6710	Real estate taxes	45,976
6711	Payroll taxes	9,104
6720	Property and liability insurance	14,506
6722	Workmen's compensation	4,243
6723	Health insurance and other employee benefits	11,897
6790	Miscellaneous taxes, licenses, permits and insurance	983
6700T	Total taxes and insurance	<u>86,709</u>
6830	Interest on notes payable - long-term	1,173
6840	Interest on notes payable - short-term	4,587
6850	Mortgage insurance premium	4,430
6800T	Total financial expenses	<u>10,190</u>
6000T	Total cost of operations before depreciation	<u>353,540</u>
5060T	Changes in net assets before depreciation	125,179
6600	Depreciation	83,047
3250	Changes in net deficit	<u>42,132</u>
S1100-050	Net Deficit - Beginning	(345,063)
3130	Net Deficit - Ending	<u>\$ (302,931)</u>
S1000-010	Total mortgage principal payments required during the year	<u>\$ 72,869</u>
S1000-020	Total of 12 monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement	<u>\$ 33,939</u>

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

STATEMENT OF CASH FLOWS DATA
Year Ended December 31, 2004

Account Number		
	Cash Flows From Operating Activities	
S1200-010	Rental receipts	\$ 447,500
S1200-020	Interest receipts	67
S1200-030	Other operating receipts	3,300
S1200-040	Total receipts	<u>450,867</u>
S1200-050	Administrative	31,951
S1200-070	Management fee	32,789
S1200-090	Utilities	86,295
S1200-100	Salaries and wages	89,196
S1200-110	Operating and maintenance	23,037
S1200-120	Real estate taxes	45,976
S1200-140	Property insurance	14,506
S1200-150	Miscellaneous taxes and insurance	26,988
S1200-190	Interest on notes payable	4,478
S1200-210	Mortgage insurance premium	4,310
S1200-230	Total disbursements	<u>359,526</u>
S1200-240	Net cash provided by operating activities	<u>91,341</u>
	Cash Flows From Investing Activities	
S1200-245	Net deposits into mortgage escrow account	739
S1200-250	Net deposits into replacement reserve account	(9,626)
S1200-330	Purchase of property and equipment	(40,379)
S1200-350	Net cash used in investing activities	<u>(49,266)</u>
	Cash Flows From Financing Activities	
S1200-360	Mortgage principal payments - net of excess interest subsidy	(51,001)
S1200-365	Net borrowings under note payable	8,320
S1200-460	Net cash used in financing activities	<u>(42,681)</u>
S1200-470	Net decrease in cash and cash equivalents	(606)
	Cash and Cash Equivalents:	
S1200-480	Beginning	9,333
S1200T	Ending	<u>\$ 8,727</u>

(Continued)

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

STATEMENT OF CASH FLOWS DATA (Continued)
Year Ended December 31, 2004

Account Number			
	Reconciliation of Changes in Net Deficit to Net		
	Cash Provided by Operating Activities		
3250	Changes in net deficit	\$	42,132
	Adjustments to reconcile changes in net deficit to net cash provided by operating activities		
6600	Depreciation		83,047
	Changes in assets and liabilities:		
	(Increase) decrease in:		
S1200-490	Accounts receivable - tenants		(3,847)
S1200-520	Prepaid expenses		(42)
S1200-530	Tenant deposits held in trust		498
	(Decrease) increase in:		
S1200-540	Accounts payable		(7,275)
S1200-560	Accrued liabilities		49
S1200-570	Accrued interest payable		1,282
S1200-580	Tenant deposits held in trust		(498)
S1200-590	Prepaid revenue		(2,698)
S1200-600	Other adjustments (Parking deposits and IRP subsidy)		(21,307)
S1200-610	Net cash provided by operating activities	\$	91,341

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

SCHEDULE OF RESERVE FOR REPLACEMENT
Year Ended December 31, 2004

Account Number			
1320P	Balance - January 1, 2004	\$	72,597
1320DT	Total Monthly Deposits (\$2,665 per month)		31,980
1320OT	Other deposits		1,959
1320INT	Interest earned		279
			<u>106,815</u>
1320WT	Less: Replacement monies issued for the payment of HUD approved projects		<u>24,592</u>
1320	Reserve for Replacement at December 31, 2004	\$	<u><u>82,223</u></u>

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

COMPUTATION OF SURPLUS CASH - ANNUAL
Year Ended December 31, 2004

Account Number			
S1300-010	Cash	\$	21,858
	Current Obligations		
S1300-075	Accounts payable within 30 days and bank overdraft		26,862
S1300-080	Loans and notes payable due within 30 days		4,260
S1300-100	Accrued expenses		15,616
2191	Tenant security deposits		13,131
2210	Prepaid revenue		728
S1300-140	Total current obligations		<u>60,597</u>
S1300-150	Cash deficiency	\$	<u>(38,739)</u>

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS
Year Ended December 31, 2004

Account Number		Assets			Balance 12-31-04
		Balance 1-1-04	Additions	Deletions	
1410	Land	\$ 50,000	\$ -	\$ -	\$ 50,000
1420	Buildings	2,123,846	35,526	(6,955)	2,152,417
1450	Furniture	39,296	-	-	39,296
1460	Furnishings	52,549	4,573	(14,772)	42,350
1465	Office furniture and equipment	3,323	280	-	3,603
1470	Maintenance equipment	11,706	-	-	11,706
1400T	Total fixed assets	\$ 2,280,720	\$ 40,379	\$ (21,727)	2,299,372
1495	Accumulated depreciation	\$ 1,536,611	\$ 83,047	\$ (21,727)	1,597,931
1400N	Total net book value				<u>\$ 701,441</u>

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2004

Federal Grantor	Federal C.F.D.A. Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
1 Interest Reduction Payments Rental and Cooperative Housing for Lower Income Families (236)		
Outstanding mortgage balance - December 31, 2004	14.103	\$ 852,771
Interest Reduction Payments received	14.103	<u>84,354</u>
		937,125
2 Operating Assistance for Troubled Multi-Family Housing Projects (Flexible Subsidy Fund)		
Outstanding principal balance - December 31, 2004	14.164	117,250
Accrued interest payable - December 31, 2004	14.164	<u>24,721</u>
		141,971
3 Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	146,838
4 Rent Supplements - Rental Housing for Lower Income Families	14.149	<u>25,187</u>
Total expenditures of federal awards		<u>\$ 1,251,121</u>

See Note to Schedule of Expenditures of Federal Awards.

GENEVA HOUSE, INC.
PROJECT NO. 034-44815NP

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2004

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Geneva House, Inc., Project No. 034-44815NP, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.