

**GENEVA HOUSE, INC.  
PROJECT NO. 034-11177**

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022 AND 2021  
AND  
INDEPENDENT AUDITOR'S REPORT



**McKONLY & ASBURY**  
CPAs & Business Advisors

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

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**GENEVA HOUSE, INC.  
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MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES  
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Geneva House, Inc.

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of Geneva House, Inc. (a nonprofit organization), HUD Project No. 034-11177, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Geneva House, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Geneva House, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Geneva House, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Geneva House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Geneva House, Inc.'s ability to continue as a going concern for a reasonable period of time.

### ***Other Information***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying Schedule of the Status of Prior Audit Findings, Questioned Costs, and Recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2023 on our consideration of Geneva House, Inc.'s internal control over financial reporting and on 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 effectiveness of Geneva House, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Geneva House, Inc.'s internal control over financial reporting and compliance.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
March 14, 2023

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

**ASSETS**

	2022	2021
<b>Current assets</b>		
Cash	\$ 95,717	\$ 111,103
Accounts receivable - tenants (net of allowance of zero and \$5,283)	1,120	701
Accounts receivable - grants	-	55,841
Accounts receivable - other	948	2,030
Prepaid expenses	33,417	9,590
Assets held for sale	1,891,726	-
Total current assets	2,022,928	179,265
<b>Restricted deposits and funded reserves</b>		
Replacement reserves	243,342	237,599
Escrow deposits	87,394	81,912
Residual receipts	83,581	-
Tenant security deposits	34,216	33,823
Total restricted deposits and funded reserves	448,533	353,334
<b>Fixed assets</b>		
Land	-	50,000
Building and improvements	-	4,821,601
Furniture and equipment	-	428,129
Construction in progress	-	1,750
Total fixed assets	-	5,301,480
Less accumulated depreciation	-	(3,443,976)
Fixed assets - net	-	1,857,504
<b>Total assets</b>	<b>\$ 2,471,461</b>	<b>\$ 2,390,103</b>

The accompanying notes are an integral part of these financial statements.

## LIABILITIES AND NET ASSETS

	2022	2021
Current liabilities		
Accounts payable	\$ 3,753	\$ 15,722
Accounts payable - related party	4,782	2,714
Accrued expenses		
Audit	9,400	9,175
Other	11,549	2,377
Current maturities of mortgage payable	53,846	51,898
Current portion of finance lease obligation	1,185	1,525
Prepaid rent	3,809	7,563
Refundable advances	2,799	-
	91,123	90,974
Long-term liabilities		
Tenant security deposits	24,341	23,814
Finance lease obligation	-	1,185
Mortgage payable - net of current maturities		
Mortgage payable	2,205,080	2,258,926
Smart rehab loan	91,085	91,085
Less debt issuance costs	(159,329)	(165,557)
	2,161,177	2,209,453
Total long-term liabilities	2,161,177	2,209,453
Total liabilities	2,252,300	2,300,427
Net assets		
Without donor restrictions	219,010	89,676
With donor restrictions	151	-
	219,161	89,676
Total net assets	219,161	89,676
Total liabilities and net assets	\$ 2,471,461	\$ 2,390,103



**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Rent, net	\$ 884,292	\$ -	\$ 884,292
Financial	192	-	192
Grant revenue	59,868	-	59,868
Contributions	-	1,350	1,350
Other	23,714	-	23,714
Released from restrictions	1,199	(1,199)	-
	<u>969,265</u>	<u>151</u>	<u>969,416</u>
Total revenue			
Expenses			
Administrative	130,816	-	130,816
Utilities	95,811	-	95,811
Operating and maintenance	171,730	-	171,730
Taxes and insurance	225,067	-	225,067
Interest and miscellaneous financial expenses	91,440	-	91,440
Mortgage insurance premium	12,589	-	12,589
Supportive services	46,799	-	46,799
Depreciation	65,679	-	65,679
	<u>839,931</u>	<u>-</u>	<u>839,931</u>
Total expenses			
Change in net assets	129,334	151	129,485
Net assets - beginning	<u>89,676</u>	<u>-</u>	<u>89,676</u>
Net assets - ending	<u>\$ 219,010</u>	<u>\$ 151</u>	<u>\$ 219,161</u>

The accompanying notes are an integral part of these financial statements.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Rent, net	\$ 878,946	\$ -	\$ 878,946
Financial	78	-	78
Grant revenue	74,135	-	74,135
Other	11,267	-	11,267
Total revenue	964,426	-	964,426
Expenses			
Administrative	130,741	-	130,741
Utilities	84,369	-	84,369
Operating and maintenance	158,919	-	158,919
Taxes and insurance	201,239	-	201,239
Interest and miscellaneous financial expenses	93,391	-	93,391
Mortgage insurance premium	10,729	-	10,729
Supportive services	47,268	-	47,268
Depreciation	126,946	-	126,946
Total expenses	853,602	-	853,602
Change in net assets	110,824	-	110,824
Net assets (deficit) - beginning	(21,148)	-	(21,148)
Net assets - ending	\$ 89,676	\$ -	\$ 89,676

The accompanying notes are an integral part of these financial statements.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Management General</u>	<u>Total</u>
Administrative	\$ 80,113	\$ 50,703	\$ 130,816
Utilities	95,811	-	95,811
Operating and maintenance	171,730	-	171,730
Taxes and insurance	225,067	-	225,067
Interest and miscellaneous financial expenses	91,440	-	91,440
Mortgage insurance premium	12,589	-	12,589
Supportive services	46,799	-	46,799
Depreciation	<u>65,679</u>	<u>-</u>	<u>65,679</u>
Total expenses	<u>\$ 789,228</u>	<u>\$ 50,703</u>	<u>\$ 839,931</u>

The accompanying notes are an integral part of these financial statements.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management General</u>	<u>Total</u>
Administrative	\$ 80,035	\$ 50,706	\$ 130,741
Utilities	84,369	-	84,369
Operating and maintenance	158,919	-	158,919
Taxes and insurance	201,239	-	201,239
Interest and miscellaneous financial expenses	93,391	-	93,391
Mortgage insurance premium	10,729	-	10,729
Supportive services	47,268	-	47,268
Depreciation	126,946	-	126,946
Total expenses	<u>\$ 802,896</u>	<u>\$ 50,706</u>	<u>\$ 853,602</u>

The accompanying notes are an integral part of these financial statements.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Receipts		
Rental receipts	\$ 880,119	\$ 880,452
Interest receipts	93	5
Grant revenue	118,508	105,965
Other operating receipts	25,064	11,267
Total receipts	1,023,784	997,689
Disbursements		
Administrative	61,668	20,055
Management fees	51,887	38,486
Utilities	92,936	84,114
Salaries and wages	158,598	259,940
Operating and maintenance	107,627	104,429
Real estate taxes	101,087	99,006
Property and liability insurance	44,428	40,511
Miscellaneous financial expenses	814	889
Tenant security deposits received	(527)	(1,706)
Interest on mortgage payable	84,398	86,275
Miscellaneous expenses	38,347	-
Supportive services	46,799	47,268
Total disbursements	788,062	779,267
Net cash provided by operating activities	235,722	218,422
Cash flows from investing activities		
Deposits to mortgage escrow account	(116,684)	(117,803)
Withdrawals from mortgage escrow account	111,202	109,357
Deposits to replacement reserves	(29,400)	(28,930)
Withdrawals from replacement reserves	23,736	-
Deposits to residual receipts	(83,561)	-
Cash paid for fixed assets	(102,585)	(47,236)
Net cash used in investing activities	(197,292)	(84,612)
Cash flows from financing activities		
Mortgage principal payments	(51,898)	(50,021)
Payment of finance lease obligation	(1,525)	(1,464)
Net cash used in financing activities	(53,423)	(51,485)
Net increase (decrease) in cash and restricted cash	(14,993)	82,325
Cash and restricted cash - beginning	144,926	62,601
Cash and restricted cash - ending	\$ 129,933	\$ 144,926

(continued)

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

STATEMENTS OF CASH FLOWS (Cont'd)

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 129,485	\$ 110,824
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	65,679	126,946
Amortization of debt issuance costs	6,228	6,227
Interest earned on replacement reserve account	(79)	(73)
Interest earned on residual receipts account	(20)	-
Allowance for doubtful accounts	5,283	1,639
Decrease (increase) in		
Accounts receivable - tenants	(5,702)	429
Accounts receivable - grants	55,841	31,830
Accounts receivable - other	1,082	(2,030)
Prepaid expenses	(23,827)	55
Increase (decrease) in		
Accounts payable	(7,217)	(58,501)
Accrued expenses	9,397	(68)
Tenant security deposits	527	1,706
Prepaid rent	(3,754)	(562)
Refundable advances	2,799	-
Net cash provided by operating activities	\$ 235,722	\$ 218,422
Supplemental schedule of noncash investing and financing activities		
Total purchase of fixed assets	\$ 99,901	\$ 49,920
Less: Amount in accounts payable in current year	-	(2,684)
Add: Amount in accounts payable in prior year	2,684	-
Total cash paid for fixed assets	\$ 102,585	\$ 47,236

The accompanying notes are an integral part of these financial statements.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

NOTES TO FINANCIAL STATEMENTS

**1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Organization*

Geneva House, Inc. (the “Organization”), is a nonprofit corporation formed under the non-profit corporation laws of Pennsylvania. Geneva House Apartments (the “Project”) is a 64-unit apartment complex for the elderly located in Scranton, Pennsylvania. The Project is operated under Section 223(f) of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD).

The Project is also subject to Section 8 Housing Assistance Payments (HAP) and Rent Supplements Housing Assistance payment agreements with HUD. The Rent Supplements Housing Assistance payment agreement with HUD expired August 2012. The Organization received approval from HUD to withdrawal funds from the Reserve for Replacement to fund tenant assistance payments for the remainder of the year. Effective January 1, 2013, the Organization entered into a new Rental Assistance Demonstration agreement. The Section 8 HAP agreement was renewed along with the refinancing of the debt, and was effective July 31, 2013, for a period of 20 years. A significant portion of the Project's rental income is received under these agreements with HUD.

PHI, d/b/a, Presbyterian Senior Living (“PSL”), has approval rights for the Board of Trustee appointments. PSL is a provider of senior care services, including housing, nursing, personal care, and day care in Pennsylvania, Maryland, Ohio and Delaware.

*Financial Statement Presentation*

The Organization follows the requirements of FASB Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Cash Equivalents*

The Organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2022 and 2021.

For purposes of the statements of cash flows presentation, cash and restricted cash consist of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$ 95,717	\$ 111,103
Tenant security deposits	<u>34,216</u>	<u>33,823</u>
Total cash and restricted cash	<u>\$ 129,933</u>	<u>\$ 144,926</u>

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

NOTES TO FINANCIAL STATEMENTS

***Accounts Receivable - Tenants***

Tenant receivables are carried at original rental amount less an estimate made for doubtful receivables based on management's review of all outstanding amounts on a regular basis. Management determines the allowance for doubtful accounts by regularly evaluating individual tenant receivables and considering a tenant's financial condition, credit history and current economic conditions. Tenant receivables are written off when deemed uncollectible. Recoveries of tenant receivables previously written off are recorded when received. A tenant receivable is considered to be past due based on how payments are received compared to the tenant's payment history. Interest is not generally charged on trade receivables.

***Assets Held for Sale***

On July 15, 2022, the Organization signed a sale agreement with an unrelated third party for the sale of the apartment complex. The property and equipment of the Organization is classified as assets held for sale as of December 31, 2022. The assets held for sale is valued on the statements of financial position at the lower of its carrying value at December 31, 2022 or fair value less estimated costs to sell and is expected to be sold in 2023.

***Tenant Security Deposits***

Tenant security deposits are held in a bank account in the name of the Organization.

***Restricted Deposits and Funded Reserves***

Escrow deposits represent funds to be used to pay real estate 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***

Fixed assets are stated at cost. The Organization provided for depreciation of fixed assets using the straight-line or declining balance methods as follows:

Building and improvements	5 - 45 years
Furniture and equipment	3 - 10 years

Fixed assets and assets held for sale listed on the statements of financial position includes assets leased to tenants as operating leases.

***Impairment***

The Organization reviews its long-lived assets for impairment on an exception basis whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through future cash flows. If it is determined that an impairment loss has occurred, based on the expected cash flows, a loss is recognized in the statements of activities.



**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

NOTES TO FINANCIAL STATEMENTS

***Debt Issuance Costs***

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs are amortized over the life of the debt and are reported as a component of interest expense.

***Net Asset Classifications***

Net assets, revenues, and gains, and losses are classified based on the existence or absence or grantor imposed restrictions. Accordingly net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available to use in general operations and not subject to donor (or certain grantor restrictions).

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions may be temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both. Net assets with donor restrictions at December 31, 2022 are restricted for a project at the property. The Organization reported no net assets with donor restrictions at December 31, 2021.

***Revenue Recognition***

***Residential Rental Income***

The Organization's primary revenue stream is rent charged for residential units under leases with duration of one year or less. Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. At initial move-in, leases are for a period of one year. Subsequently, leases are renewed for one year. Rental payments are due monthly and all residential leases are operating leases. Advance receipts of revenue are deferred and classified as liabilities until earned.

Subsidy revenue for eligible tenants (tenant assistance payments) in the forty-nine subsidized units is provided under a Section 8 Project-Based Voucher Program administered by the Pennsylvania Housing Finance Agency ("PHFA"). This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the HUD. The difference between the contract rent and the tenant contributed portion is paid by HUD. The current contract expires on July 31, 2033.

Subsidy revenue for eligible tenants (tenant assistance payments) in the fifteen remaining units is provided under a Rental Assistance Demonstration agreement with HUD. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by HUD. The difference between the contract rent and the tenant contributed portion is paid by HUD. The current contract expires in July 2033.

Revenues from tenant assistance payments totaled \$539,493 and \$545,099 in 2022 and 2021.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

NOTES TO FINANCIAL STATEMENTS

*Other*

Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned at the point in time the performance obligation is met.

***Grant Revenue***

The Organization recognizes grant revenue in accordance with the terms and conditions included within the grant agreements. Grant revenue is considered to be a nonreciprocal transaction and follows contribution guidance in FASB ASC 958. Amounts received in advance of conditions being satisfied are recognized as a refundable advance. Grant revenue is classified on the statements of activities based on the existence of donor restrictions.

***Functional Allocation of Expenses***

The costs of providing the program and supporting service activities have been directly charged. Management and general costs primarily consist of management fees, audit expense, and miscellaneous administrative expenses.

***Income Taxes***

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). The Organization adheres to the provisions of Financial Accounting Standards Board Codification 740, *Income Taxes*. ASC 740 prescribes a comprehensive model for financial statement recognition, measurement, classification, and disclosure of uncertain tax positions. The Organization has concluded that it does not have any uncertain tax positions that require recognition or disclosure in the financial statements. Management believes it is no longer subject to income tax examinations for years prior to 2019.

***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.

***Recently Adopted Accounting Pronouncements***

In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842)*. The pronouncement, and related subsequent pronouncements, requires lessors to classify leases as operating, direct financing or sales-type. The changes became effective for the Organization on January 1, 2022 and were applied on the modified retrospective approach. Management has determined that these changes have no significant impact on the financial statements as a result of adopting this standard other than additional disclosures for operating leases.

***Subsequent Events***

Management evaluated subsequent events through March 14, 2023 the date the financial statements were available to be issued.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

NOTES TO FINANCIAL STATEMENTS

**2. LIQUIDITY AND AVAILABILITY**

The financial assets as of December 31, 2022 and 2021, which are available for general expenditures within one year of the statements of financial position dates comprise the following:

	2022	2021
Cash	\$ 95,717	\$ 111,103
Accounts receivable - tenants	1,120	701
Accounts receivable – grants	-	55,841
Accounts receivable - other	948	2,030
	97,785	169,675
Less: Net assets with donor restrictions	(151)	-
Financial assets available to meet general expenditures over the next twelve months	\$ 97,634	\$ 169,675

To help manage unanticipated liquidity needs, the Organization receives cash advances from PSL for operating expenses of the Project. See Note 5 for additional information.

**3. MORTGAGE PAYABLE**

The Organization refinanced its debt through a HUD-insured Section 223(f) mortgage on July 31, 2013, in the amount of \$2,676,400. The mortgage bears interest at 3.69% annually and monthly payments in the amount of \$11,358 are required. The servicing agent is Walker & Dunlop, LLC. The mortgage matures on August 1, 2048. The outstanding principal balance on the mortgage as of December 31, 2022 and 2021, was \$2,258,926 and \$2,310,824.

Current maturities of the mortgage payable for the remaining years are as follows:

Year	Amount
2023	\$ 53,846
2024	55,866
2025	57,963
2026	60,139
2027	62,396
Thereafter	1,968,716
	\$ 2,258,926

The Organization paid interest costs of \$84,398 and \$86,275 in 2022 and 2021.

The apartment complex is pledged as collateral for the loan. The loan is nonrecourse debt.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

NOTES TO FINANCIAL STATEMENTS

**4. SMART REHAB LOAN**

In 2012, PHFA issued a promissory note in the original amount of \$91,085 through the Preservation through Smart Rehab Program. This loan matures on the earliest of the date of the sale of the Project, the date of the termination of the Project, or 2042. The loan does not bear interest.

Principal payments are required to be made from any surplus of revenues over expenses generated by the Project after the payment of all project costs during any calendar year as determined by PHFA based upon a review of audited financial statements of the Organization. The outstanding balance as of December 31, 2022 and 2021, was \$91,085.

The apartment complex is pledged as collateral for the loan. The loan is nonrecourse debt.

**5. RELATED PARTY TRANSACTIONS**

Some members of the Board of Directors of the Organization are also officers of PSL. The Organization receives cash advances from Presbyterian Homes (PH) and Presbyterian Senior Living Housing Management Corporation (PSLHMC), an affiliate of PSL, for operating and payroll expenses of the Project. All costs owed to PH and PSLHMC for operating costs at December 31, 2022 and 2021, are included in accounts payable – related party on the statements of financial position.

PSLHMC is the management agent. Management fees were calculated at 7.49% of residential and commercial income, capped at \$47 per unit per month. Management fee expense for the years ended December 31, 2022 and 2021, was \$41,175 and \$41,500, of which \$3,088 and \$13,800 was payable at year end, respectively.

**6. RENT INCREASES**

Under the Section 8 Housing Assistance Payments contracts, the Project may not increase rent charged to tenants without prior approval from HUD.

**7. GRANT REVENUE**

Beginning January 1, 2013, the Project received a grant from HUD through its Service Coordinator grant program. The grant reimburses expenses related to the hiring, training, and other costs related to having a service coordinator at the Project. Total revenue related to the grant during the years ended December 31, 2022 and 2021, were \$59,868 and \$74,135, of which zero and \$55,841 was receivable at year end, respectively.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

NOTES TO FINANCIAL STATEMENTS

**8. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Organization's primary asset is a 64-unit apartment complex. The Organization's operations are concentrated in the multi-family real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules, and regulations of Federal, state and local regulatory agencies, including, but not limited to, HUD and PHFA. 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. 034-11177**

STATEMENT OF FINANCIAL POSITION DATA

DECEMBER 31, 2022

**ASSETS**

<u>Account Number</u>		
	Current assets	
1120	Cash - operations	\$ 95,717
1130	Accounts receivable - tenants	1,120
1140	Accounts receivable - other	948
1200	Prepaid expenses	33,417
1190	Assets held for sale	<u>1,891,726</u>
1100T	Total current assets	<u>2,022,928</u>
	Restricted deposits and funded reserves	
1191	Tenant deposits	34,216
1310	Escrow deposits	87,394
1340	Residual receipts reserve	83,581
1320	Replacement reserves	<u>243,342</u>
1300T	Total restricted deposits and funded reserves	<u>448,533</u>
1000T	Total assets	<u><u>\$ 2,471,461</u></u>

## LIABILITIES AND NET ASSETS

<u>Account Number</u>		
	Current liabilities	
2110	Accounts payable	\$ 8,535
2170	Mortgage payable - current portion	53,846
2190	Accrued audit	9,400
2190	Accrued expenses other	11,549
2190	Current portion of finance lease obligation	1,185
2210	Prepaid rent	3,809
2190	Refundable advances	<u>2,799</u>
2122T	Total current liabilities	<u>91,123</u>
2191	Tenant security deposits	<u>24,341</u>
	Long-term liabilities	
2320	Mortgage payable - net of current portion	2,205,080
2326	Smart rehab loan	91,085
2340	Debt issuance costs	<u>(159,329)</u>
2300T	Total long-term liabilities	<u>2,136,836</u>
2000T	Total liabilities	2,252,300
3130	Net assets	219,161
2033T	Total liabilities and net assets	<u><u>\$ 2,471,461</u></u>



**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

STATEMENT OF ACTIVITIES DATA

YEAR ENDED DECEMBER 31, 2022

Account Number			
	Revenue		
5120	Rent - gross potential	\$	314,413
5121	Tenant assistance payments		539,493
5170	Parking spaces		54,997
5100T	Total rent revenue		<u>908,903</u>
5220	Vacancies - apartments		(24,611)
5250	Rental concessions		-
5200T	Total vacancies		<u>(24,611)</u>
5152N	Net rental revenue		<u>884,292</u>
5430	Revenue from investments - residual receipts		20
5440	Revenue from investments - replacement reserve		79
5490	Revenue from investments - security deposits		93
5400T	Total financial revenue		<u>192</u>
5910	Laundry and vending revenue		7,129
5920	Tenant charges		333
5990	Grant revenue		59,868
5990	Contribution income		1,250
5990	Miscellaneous revenue		16,352
5900T	Total other revenue		<u>84,932</u>
5000T	Total revenue		<u>969,416</u>
	Expenses		
6210	Advertising and marketing		1,756
6311	Office expenses		8,671
6320	Management fee		41,175
6330	Manager salaries		58,418
6340	Legal expenses - project		424
6350	Audit expense		9,400
6370	Bad debts		3,293
6390	Miscellaneous administrative expenses		1,203
6390	Data processing fees		4,410
6390	Meeting and travel		2,066
6263T	Total administrative expenses		<u>130,816</u>
6450	Electricity		54,568
6451	Water		20,196
6453	Sewer		21,047
6400T	Total utilities expenses		<u>95,811</u>

(continued)

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

STATEMENT OF ACTIVITIES DATA (Cont'd)

YEAR ENDED DECEMBER 31, 2022

Account Number		
	Expenses (continued)	
6510	Payroll	69,925
6515	Supplies	1,647
6520	Contracts	63,445
6525	Garbage and trash removal	10,027
6546	Heating/cooling repairs and maintenance	5,068
6548	Snow removal	5,129
6590	Repairs material	13,105
6590	Decorating	3,384
6550T	Total operating and maintenance expenses	<u>171,730</u>
6710	Real estate taxes	101,087
6711	Payroll taxes	13,219
6720	Property and liability insurance	31,839
6723	Health insurance and other employee benefits	40,575
6790	Miscellaneous fees and permits	38,347
6700T	Total taxes and insurance	<u>225,067</u>
6820	Interest on mortgage payable	84,398
6825	Interest on other mortgages	6,228
6850	Mortgage insurance premium	12,589
6890	Bank fees	732
6890	Interest expense on finance lease obligation	82
6800T	Total financial expenses	<u>104,029</u>
6900	Supportive services	<u>46,799</u>
6000T	Total cost of operations before depreciation	<u>774,252</u>
5060T	Profit before depreciation	195,164
6600	Depreciation	<u>65,679</u>
5060N	Operating profit	<u>129,485</u>
3247	Change in net assets without donor restriction	129,334
3248	Change in net assets with donor restrictions	<u>151</u>
3250	Change in total net assets from operations	<u>\$ 129,485</u>
S1000-010	Total mortgage principal payments required during the year	<u>\$ 51,898</u>
S1000-020	Total of 12 monthly deposits during the year into the replacement reserve account, as required by the regulatory agreement	<u>\$ 29,400</u>
S1000-030	Replacement or painting reserve releases which are included as expense items on this profit and loss statement.	<u>\$ -</u>

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

STATEMENT OF CASH FLOWS DATA

YEAR ENDED DECEMBER 31, 2022

Account Number		
	Cash flows from operating activities	
S1200-010	Rental receipts	\$ 880,119
S1200-020	Interest receipts	93
S1200-030	Grant revenue	118,508
S1200-030	Other operating receipts	<u>25,064</u>
S1200-040	Total receipts	<u>1,023,784</u>
S1200-050	Administrative	(61,668)
S1200-070	Management fees	(51,887)
S1200-090	Utilities	(92,936)
S1200-100	Salaries and wages	(158,598)
S1200-110	Operating and maintenance	(107,627)
S1200-120	Real estate taxes	(101,087)
S1200-140	Property and liability insurance	(44,428)
S1200-160	Tenant security deposits	134
S1200-170	Other operating expenses	(85,146)
S1200-190	Interest on notes payable	(84,398)
S1200-220	Miscellaneous financial expenses	<u>(814)</u>
S1200-230	Total disbursements	<u>(788,455)</u>
S1200-240	Net cash provided by operating activities	<u>235,329</u>
	Cash flows from investing activities	
S1200-245	Net deposits to mortgage escrow account	(5,482)
S1200-250	Net deposits from replacement reserves	(5,664)
S1200-260	Net deposits to residual receipts	(83,561)
S1200-330	Cash paid for fixed assets	<u>(102,585)</u>
S1200-350	Net cash used in investing activities	<u>(197,292)</u>
	Cash flows from financing activities	
S1200-360	Mortgage principal payments	(51,898)
S1200-450	Other financing activities - repayment of capital lease obligation	<u>(1,525)</u>
S1200-460	Net cash used in financing activities	<u>(53,423)</u>
S1200-470	Net decrease in cash	(15,386)
	Cash	
S1200-480	Beginning	<u>111,103</u>
S1200T	Ending	<u><u>\$ 95,717</u></u>

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

SCHEDULE OF REPLACEMENT RESERVES AND RESIDUAL RECEIPTS

YEAR ENDED DECEMBER 31, 2022

<u>Account Number</u>		
1320P	Balance - January 1, 2022	\$ 237,599
1320DT	Total monthly deposits	29,400
1320INT	Interest earned	79
1320WT	Withdrawals approved by HUD	<u>(23,736)</u>
1320	Balance - December 31, 2022	<u><u>\$ 243,342</u></u>
<u>Account Number</u>		
1340P	Balance - January 1, 2022	\$ -
1340ODT	Other deposits	83,561
1340INT	Interest earned	<u>20</u>
1320	Balance - December 31, 2022	<u><u>\$ 83,581</u></u>

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

COMPUTATION OF SURPLUS CASH - ANNUAL

YEAR ENDED DECEMBER 31, 2022

<u>Account Number</u>		
S1300-010	Cash	<u>\$ 129,933</u>
S1300-040	Total cash	129,933
	Current obligations	
S1300-075	Accounts payable due within 30 days	8,535
S1300-100	Accrued expenses	20,949
2191	Tenant security deposits	24,341
2190	Refundable advances	2,799
2210	Prepaid rent	<u>3,809</u>
S1300-140	Total current obligations	<u>60,433</u>
S1300-150	Surplus cash	<u><u>\$ 69,500</u></u>
S1300-210	Deposit due residual receipts	<u><u>\$ 69,500</u></u>

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS

YEAR ENDED DECEMBER 31, 2022

Account Number		Beginning Balance	Additions	Reclassification (1)	Ending Balance
1410	Land	\$ 50,000	\$ -	\$ 50,000	\$ -
1420	Buildings	4,821,601	-	4,821,601	-
1440	Building equipment	127,505	-	127,505	-
1460	Furnishings	286,929	99,901	386,830	-
1470	Maintenance equipment	13,695	-	13,695	-
1490	Construction in progress	1,750	-	1,750	-
1400T	Total fixed assets	5,301,480	99,901	5,401,381	-
1495	Accumulated depreciation	3,443,976	65,679	3,509,655	-
1400N	Total net book value				<u>\$ -</u>

(1) Fixed assets were reclassified to assets held for sale during 2022.

***Schedule of Additions to Furnishings***

Description	Amount
Flooring and painting (7 units)	\$ 37,907
Ranges and refrigerators (5)	8,908
Cabinets (2)	8,204
Generator	18,646
Steam cleaner	2,910
Reflash windows	21,336
Water heater (2)	1,990
	<u>\$ 99,901</u>

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

<u>Federal Grantor</u>	<u>Assistance Listing Number</u>	<u>Pass Through Grantor Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Housing and Urban Development Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects (Section 223f)	14.155	Not applicable	\$ 2,310,824	\$ -
Multifamily Housing Service Coordinators	14.191	Not applicable	59,868	-
Section 8 Project-Based Cluster Section 8 New Construction And Substantial Rehabilitation	14.182	Not applicable	<u>484,848</u>	<u>-</u>
Total Section 8 Project-Based Cluster			<u>484,848</u>	<u>-</u>
Housing Voucher Cluster Passed-through from Scranton Housing Authority Section 8 Housing Choice Vouchers	14.871	Not available	<u>54,645</u>	<u>-</u>
Total Housing Voucher Cluster			<u>54,645</u>	<u>-</u>
Total expenditures of federal awards			<u><u>\$ 2,910,185</u></u>	<u><u>\$ -</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Geneva House, Inc., Project No. 034-11177, under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Geneva House, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Geneva House, Inc.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT LOAN PROGRAM**

Geneva House, Inc. has received a U.S. Department of Housing and Urban Development direct loan. The loan balances outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. Geneva House, Inc. received no additional loans during the year. The balance of the loan outstanding at December 31, 2022, consists of:

Assistance Listing Number	Program Name	Outstanding Balance at December 31, 2022
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects (Section 223f)	\$ 2,258,926

**4. INDIRECT COST RATE**

Geneva House, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES  
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

### *Independent Auditor's Report*

To the Board of Directors  
Geneva House, Inc.

We have audited, 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, the financial statements of Geneva House, Inc., HUD Project No. 034-11177, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 14, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Geneva House, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Geneva House, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Geneva House, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Geneva House, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
March 14, 2023

MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES  
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



## REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

### *Independent Auditor's Report*

To the Board of Directors  
Geneva House, Inc.

### **Report on Compliance for Each Major Federal Program**

#### *Opinion on Each Major Federal Program*

We have audited Geneva House, Inc.'s, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Geneva House, Inc.'s major federal programs for the year ended December 31, 2022. Geneva House, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, questioned costs, and recommendations.

In our opinion, Geneva House, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Geneva House, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Geneva House, Inc.'s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Geneva House, Inc.'s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Geneva House, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Geneva House, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Geneva House, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Geneva House, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Geneva House, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance

requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
March 14, 2023

**GENEVA HOUSE, INC.  
PROJECT NO. 034-11177**

SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

Financial Statements

Type of auditors’ report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiencies identified?

Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiencies identified?

Yes  None reported

Type of auditors’ report issued on compliance for major federal programs?

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?

Yes  No

Identification of major programs:

Assistance

Name of Federal Program or Cluster

Listing

Number

14.155

Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects (Section 223f)

14.182

Section 8 Project-Based Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS, AND  
RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

None.

**GENEVA HOUSE, INC.**  
**PROJECT NO. 034-11177**

OTHER INFORMATION

YEAR ENDED DECEMBER 31, 2022

1. Name and address of lead auditor

Mr. Gary J. Dubas, CPA  
Partner  
McKonly & Asbury, LLP  
Camp Hill, PA 17011  
717-761-7910  
gdubas@macpas.com

EIN: 23-1909723



**GENEVA HOUSE, INC.  
PROJECT NO. 034-11177**

**CERTIFICATE OF OFFICERS**

**YEAR ENDED DECEMBER 31, 2022**

We hereby certify that we have read the foregoing financial statements and additional information of Geneva House, Inc. and, to the best of our knowledge and belief, they are complete and accurate.

Corporate Officers

Date

DocuSigned by:

*Cynthia Hoffman*

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March 14, 2023

DocuSigned by:

*Dan Davis*

557430EDED64468...

March 14, 2023

**GENEVA HOUSE, INC.  
PROJECT NO. 034-11177**

**MANAGEMENT AGENT'S CERTIFICATION**

**YEAR ENDED DECEMBER 31, 2022**

We hereby certify that we have read the foregoing accompanying financial statements and additional information of Geneva House, Inc. and, to the best of our knowledge and belief, they are complete and accurate.

DocuSigned by:

*Cynthia Hoffman*

Presbyterian Senior Living Housing  
Management Corporation

March 14, 2023

Date



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