

5-Year Fixed Rate Renewable Certificates
30-Month Fixed Rate Renewable Certificates
12-Month Fixed Rate Renewable Certificates
Variable Rate Certificates
Demand Investment Certificates
Demand Individual Retirement Account ("IRA") Certificates
Term Individual Retirement Account ("IRA") Certificates
Health Savings Account ("HSA") Certificates

OFFERING CIRCULAR-
National Covenant Properties
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Chicago, IL 60631
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Telephone: (800) 366-6273
PENNSYLVANIA

NATIONAL COVENANT PROPERTIES

Up to \$200,000,000

National Covenant Properties ("NCP") was established in 1970 by The Evangelical Covenant Church (also referred to herein as the "Church") as an Illinois not for profit corporation for the purpose of making loans to member churches and other affiliated entities of the Church Denomination. The principal source of funds to make these loans is the sale of debt securities by NCP to members of, contributors to, participants in and affiliates of the Church and its member churches. The debt securities offered pursuant to this Offering Circular are the 5-Year Fixed Rate Renewable Certificates, the 30-Month Fixed Rate Renewable Certificates, the 12-Month Fixed Rate Renewable Certificates, the Variable Rate Certificates, the Demand Investment Certificates, the Demand Individual Retirement Account ("IRA") Certificates, the Term Individual Retirement Account ("IRA") Certificates (and together with the Demand Individual Retirement Account ("IRA") Certificates, the "Individual Retirement Account ("IRA") Certificates) and the Health Savings Account ("HSA") Certificates and are more fully described herein under the heading "DESCRIPTION OF THE CERTIFICATES".

<u>Certificate</u>	<u>Minimum Investment*</u>	<u>Term; Interest Rate</u>
5-Year Fixed Rate Renewable Certificates	\$ 500	5 years from the date of issuance; Interest rate fixed for term
30-Month Fixed Rate Renewable Certificates	\$ 500	30 months from the date of issuance; Interest rate fixed for term
12-Month Fixed Rate Renewable Certificates	\$ 500	12 months from the date of issuance; Interest rate fixed for term
**Variable Rate Certificates	\$ 500	No stated term (Demand + 30 days written notice); Interest rate adjustable monthly
Demand Investment Certificates	\$ 50	No stated term (Demand + 30 days written notice); Interest rate adjustable monthly
Demand Individual Retirement Account ("IRA") Certificates	\$ 10	No stated term; Interest rate adjustable monthly
Term Individual Retirement Account ("IRA") Certificates	\$3,000	5 years, 30 months, or 12 months from the date of issuance; Interest rate fixed for term
Health Savings Account ("HSA") Certificates	\$ 10	No stated term; Interest rate adjustable monthly

*NCP reserves the right to accept smaller investments.
**Variable Rate Certificates are available for investment solely by current holders of a Variable Rate Certificate.

CURRENT INTEREST RATES ON ALL CERTIFICATES ARE AS INDICATED IN THE ATTACHED APPENDIX "B" OR MAY BE OBTAINED BY CALLING 800-366-6273.

All of the foregoing are hereinafter collectively referred to as the "Certificates" and may be singularly referred to as a "Certificate." The Certificates are issued on a parity basis, and are not secured by a pledge of collateral. As such, NCP has a general obligation to repay the Certificates.

This Offering Circular does not constitute an offering in any jurisdiction where such would be deemed illegal. No person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of the Certificates, and if given or made, such information or representation must not be relied upon as having been made by NCP. Neither the delivery nor the sale of any Certificate implies that there has been no change in the matters described herein since the date hereof.

This offering is not underwritten and no commissions or discounts will be paid. NCP will receive 100% of the proceeds from the sale of the Certificates, and will bear all of the expenses incurred in making this offering. It is estimated that such offering expenses shall not exceed 1% of the offering. The aggregate amount of the Certificates being offered may be sold in any one or more of the offered categories and represents the amount to be sold nationwide. The amount currently anticipated is not a limitation on Certificates which may be offered.

There is no quoted market for the Certificates, and NCP does not intend to effectuate a secondary market for the Certificates.

THIS OFFERING INVOLVES CERTAIN RISKS WHICH ARE MORE FULLY DISCLOSED AT PAGE 8 ET SEQ. OF THIS OFFERING CIRCULAR.

THE CERTIFICATES MAY BE EITHER REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS JURISDICTIONS IN WHICH THEY ARE OFFERED OR SOLD BY NCP. THIS OFFERING CIRCULAR HAS BEEN FILED WITH THE STATE SECURITIES ADMINISTRATORS IN SUCH STATES OR JURISDICTIONS THAT REQUIRE IT FOR REGISTRATION OR EXEMPTION.

THE CERTIFICATES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE FEDERAL SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THE CERTIFICATES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE CERTIFICATES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THE CERTIFICATES OR APPROVED, DISAPPROVED, OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF NCP AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS AND RISKS INVOLVED.

THE CERTIFICATES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK, INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE CERTIFICATES IS DEPENDENT UPON NCP'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW NCP'S AUDITED FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE CERTIFICATES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, THE CHURCH, OR BY ANY MEMBER CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE CHURCH.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY NCP.

THE OFFER AND SALE OF CERTIFICATES IS LIMITED TO PERSONS OR ENTITIES WHO ARE, PRIOR TO RECEIPT OF THIS OFFERING CIRCULAR, (A) MEMBERS OF, CONTRIBUTORS TO, OR PARTICIPANTS IN THE EVANGELICAL COVENANT CHURCH, INCLUDING ANY PROGRAM, ACTIVITY OR ORGANIZATION WHICH CONSTITUTES A PART OF THE EVANGELICAL COVENANT CHURCH, ITS CONFERENCES OR ITS MEMBER CHURCHES; (B) AFFILIATES OF THE EVANGELICAL COVENANT CHURCH, INCLUDING ANY PROGRAM, ACTIVITY OR ORGANIZATION WHICH CONSTITUTES A PART OF THE EVANGELICAL COVENANT CHURCH, ITS CONFERENCES OR ITS MEMBER CHURCHES; (C) BENEFICIARIES OR SUCCESSORS IN INTEREST TO THOSE LISTED IN (A) OR (B) ABOVE; (D) RELATIVES OF INDIVIDUALS LISTED IN (A) ABOVE; (E) TRUSTS OR ACCOUNTS CONTROLLED BY OR FOR THE BENEFIT OF INDIVIDUALS LISTED IN (A) ABOVE; OR (F) OTHER PERSONS PURCHASING CERTIFICATES FOR THE BENEFIT OR ON BEHALF OF INDIVIDUALS LISTED IN (A) ABOVE (COLLECTIVELY, "INVESTORS").

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF CERTIFICATES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

THE DATE OF THIS OFFERING CIRCULAR IS APRIL 1, 2025

PENNSYLVANIA RESIDENTS

EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE NCP CERTIFICATES SHALL HAVE THE RIGHT TO WITHDRAW HIS OR HER ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO NCP OR ANY OTHER PERSON, WITHIN TWO (2) BUSINESS DAYS AFTER HE OR SHE RECEIVES AN OFFERING CIRCULAR RELATING TO THE OFFERING. IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE NCP CERTIFICATES MADE PURSUANT TO AN OFFERING CIRCULAR WHICH CONTAINS A WRITTEN NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(M) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, YOU MAY ELECT, WITHIN TWO BUSINESS DAYS AFTER THE FIRST TIME YOU RECEIVED THIS NOTICE AND OFFERING CIRCULAR, TO WITHDRAW FROM YOUR PURCHASE APPLICATION AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A WRITTEN NOTICE (INCLUDING A NOTICE BY FACSIMILE OR ELECTRONIC MAIL) TO NCP INDICATING YOUR INTENTION TO WITHDRAW.

A REGISTRATION STATEMENT WITH RESPECT TO THIS OFFERING CIRCULAR HAS BEEN FILED WITH THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, 17 N. 2ND STREET, SUITE 1300, ATTN: CORPORATE FINANCE OFFICE, HARRISBURG, PENNSYLVANIA 17101 (TELEPHONE – (717)787-8059). SUCH REGISTRATION STATEMENT INCLUDES EXHIBITS ONLY SUMMARIZED OR ALLUDED TO IN THIS OFFERING CIRCULAR, AND ARE AVAILABLE FOR INSPECTION AT THE OFFICES OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES DURING REGULAR BUSINESS HOURS (MONDAY THROUGH FRIDAY, 8:30 A.M. TO 5:00 P.M.).

IT IS THE POSITION OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES THAT INDEMNIFICATION BY NCP OF ITS OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES IN CONNECTION WITH VIOLATIONS OF SECURITIES LAWS IS AGAINST PUBLIC POLICY AND VOID.

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FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements” within the meaning of the federal and state securities laws. Statements about NCP and its expected financial position, business and financing plans are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “should”, “seeks”, “pro forma”, “anticipates”, “intends”, “projects”, or other variations or comparable terminology, or by discussions of strategy or intentions. Although NCP believes that the expectations reflected in its forward-looking statements are reasonable, NCP cannot assure any Investor that NCP’s expectations will prove to be correct. Forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks, uncertainties and other factors. Accordingly, prospective Investors should not consider NCP’s forward-looking statements as predictions of future events or circumstances. A number of factors could cause NCP’s actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by NCP’s forward-looking statements. These factors include, but are not limited to: changes in economic conditions in general and in NCP’s business; changes in prevailing interest rates and the availability and terms of financing to fund NCP’s business; changes in NCP’s capital expenditure plans; and other factors discussed in this Offering Circular. Given these uncertainties, prospective Investors should not rely on NCP’s forward-looking statements in making an investment decision. NCP disclaims any obligation to update Investors on any factors that may affect the likelihood of realization of NCP’s expectations. All written and oral forward-looking statements attributable to NCP, including statements before and after the date of this Offering Circular, are deemed to be supplements to this Offering Circular and are incorporated herein and are expressly qualified by these cautionary statements.

Although NCP believes that the forward-looking statements are reasonable, prospective Investors should not place undue reliance on any forward-looking statements, which speak only as of the date made. Prospective Investors should understand that the factors discussed under “**RISK FACTORS**” could affect NCP’s future results and performance. This could cause those results to differ materially from those expressed in the forward-looking statements.

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SUMMARY OF THE OFFERING

This summary is provided for the convenience of potential Investors. It must be read in conjunction with, and is qualified in its entirety by, the more complete statements made in this Offering Circular, including the Audited Financial Statements. In particular, potential Investors are urged to review the discussion under the heading “RISK FACTORS”. Certain capitalized terms referred to herein are defined elsewhere in this Offering Circular and in Appendix “A” entitled “Definitions”.

1. **Issuer.** NCP, the issuer of the Certificates, is an Illinois not for profit corporation affiliated with The Evangelical Covenant Church (the “Church”). NCP’s principal offices are located in Chicago, Illinois. See “HISTORY AND OPERATIONS” herein.
2. **Description of the Certificates.** NCP is offering unsecured debt securities designated as Certificates at various interest rates, which are not secured by particular loans to specific borrowers. The Certificates offered are: the 5-Year Fixed Rate Renewable Certificates, which mature five (5) years from the date of issuance and earn a fixed rate of interest; the 30-Month Fixed Rate Renewable Certificates, which mature thirty (30) months from the date of issuance and earn a fixed rate of interest; the 12-Month Fixed Rate Renewable Certificates, which mature 12 (12) months from the date of issuance and earn a fixed rate of interest; the Variable Rate Certificates (available for investment solely by current holders of a Variable Rate Certificate), which may be redeemed by the holder upon thirty (30) days demand and earn a variable rate of interest; the Demand Investment Certificates, which may be redeemed by the holder upon thirty (30) days demand and earn a variable rate of interest; the Demand Individual Retirement Account (“IRA”) Certificates, which are available for investment in the holder’s NCP Individual Retirement Account and earn a variable rate of interest; the Term Individual Retirement Account (“IRA”) Certificates, which are available for investment in the holder’s NCP Individual Retirement Account and mature either five (5) years, thirty (30) months or twelve (12) months from the date of issuance, at the option of the holder, and earn a fixed rate of interest; and the Health Savings Account (“HSA”) Certificates, which are available for investment in the holder’s NCP Health Savings Account and earn a variable rate of interest. As of December 31, 2024, NCP’s total Certificates payable equaled 278.3 million. See “DESCRIPTION OF THE CERTIFICATES” herein. Prior to this offering, the Demand Investment Certificates were offered and sold as Demand Investment Accounts. The Demand Investment Certificates are offered on the same terms and conditions as were the Demand Investment Accounts.
3. **Risk Factors.** The purchase of the Certificates is subject to certain described risks. See “RISK FACTORS” herein, which Investors are urged to read carefully.
4. **Use of Proceeds.** The proceeds of the offering will be added to NCP’s general funds and primarily used to make loans to member churches to be used for the construction, renovation and acquisition of church facilities and real estate and other mission related activities of Church-affiliated entities. Loans are also made to other entities affiliated with the Church. See “USE OF PROCEEDS” herein.
5. **Loans.** NCP makes both short-term (demand) loans and long-term loans to member churches, conferences and other Denominational entities. NCP also has 11 lines of credit with the Church, member churches, conferences and other Denominational entities. As of December 31, 2024, NCP’s total loans outstanding equaled \$218.4 million (net of allowance for doubtful accounts). See “DESCRIPTION OF NCP’S LENDING ACTIVITIES” herein.
6. **Management.** The affairs of NCP are managed by its Board of Directors that meets at least on a quarterly basis. The day-to-day operations of NCP are the responsibility of its executive officers. The voting members of the Executive Board of the Church are the corporate members of NCP who elect the directors of NCP. See “MANAGEMENT AND GOVERNANCE” herein.

7. **Summary of Financial Information.** The following is a summary of selected financial information for NCP for each of the last five (5) most recent fiscal years (dollars in thousands):

	2024	2023	2022	2021	2020
Cash, cash equivalents and readily marketable securities:	\$164,026	\$ 158,926	\$ 179,798	\$ 217,251	\$ 186,655
Total loans receivable (net of allowance):	218,380	\$ 227,563	\$ 237,151	\$ 237,189	\$ 248,853
Amount of unsecured loans receivable*:	\$ -	\$ -	\$ 405	\$ 892	\$ 796
Percent of unsecured loans receivable:	0.00%	0.00%	0.17%	0.38%	0.32%
Loan Delinquencies as a percentage of loans receivable:	0.00%	0.00%	0.00%	0.00%	0.00%
Total Assets:	\$ 384,521	\$ 388,534	\$ 418,738	\$ 456,419	\$ 445,802
Total Certificates payable:	\$ 278,296	\$ 295,090	\$ 337,302	\$ 366,757	\$ 359,723
Amount of Certificates redeemed:	\$ 82,999	\$ 107,111	\$ 90,403	\$ 94,200	\$ 72,725
Unrestricted Net Assets:	\$ 105,798	\$ 93,064	\$ 81,086	\$ 89,244	\$ 85,824
Change in Unrestricted Net Assets:	\$ 12,734	\$ 11,977	\$ (8,158)	\$ 3,420	\$ 11,123
Source of balances: Derived from the Audited Financial Statements of the fiscal year indicated.					
Source of percentages: general accounting records of NCP as of the fiscal year indicated.					
*Source of Amount of unsecured loans receivable: general accounting records of NCP as of the fiscal year indicated.					

RISK FACTORS

The purchase of the Certificates offered herein involves a number of risks. In addition to the factors set forth elsewhere in this Offering Circular, prospective Investors should carefully consider the following risk factors.

1. *Unsecured Obligations.* The Certificates are unsecured obligations of NCP. Interest and principal repayments on the Certificates, therefore, are dependent solely upon the financial condition of NCP.
2. *No Sinking Fund or Trust Indenture.* No sinking fund or trust indenture has been nor will be established by NCP to provide for the repayment of the Certificates. There is no assurance that funds will be available at the time of a Certificate's maturity.
3. *Maturing Certificates.* A portion of NCP's previously issued 5-Year Fixed Rate Renewable Certificates, 12-Month Fixed Rate Renewable Certificates, 30-Month Fixed Rate Renewable Certificates, and Term Individual Retirement Account ("IRA") Certificates have a remaining maturity of less than one year. The aggregate annual principal maturities of the 5-Year Fixed Rate Renewable Certificates outstanding as of December 31, 2024, and maturing in calendar year 2025 equal \$21,551,346. The aggregate annual principal maturities of the 12-Month Fixed Rate Renewable Certificates outstanding as of December 31, 2024, and maturing in calendar year 2025 equal \$10,633,047. The aggregate annual principal maturities of the 30-Month Fixed Rate Renewable Certificates outstanding as of December 31, 2024, and maturing in calendar year 2025 equal \$4,025,054. The aggregate annual principal maturities of the Term Individual Retirement Account ("IRA") Certificates outstanding as of December 31, 2024, and maturing in calendar year 2025 equal \$3,300,303. For the years ending December 31, 2024, December 31, 2023, December 31, 2022, 60%, 55%, and 65% respectively, of NCP's 30-Month Fixed Rate Renewable Certificates were renewed at maturity for an additional term. For the years ending December 31, 2024, December 31, 2023, and December 31, 2022, 62%, 57%, and 67%, respectively, of NCP's 5-Year Fixed Rate Renewable Certificates were renewed at maturity for an additional term. For the year ending December 31, 2024, 77% of NCP's 12-Month Fixed Rate Renewable Certificates were renewed at maturity for an additional term. For the year ending December 31, 2024, 73% of NCP's Term Individual Retirement Accounts ("IRA") Certificates were renewed at maturity for an additional term. The 12-Month Fixed Rate Renewable Certificates and the Term Individual Retirement Account ("IRA") Certificates were not offered prior to March 1, 2023. If demands for payment of NCP's Certificates upon maturity exceed prior experience or the availability of funds from other sources are not as anticipated, an adverse effect on NCP's financial condition could result. The holder of a Certificate may find that at the maturity of that Certificate NCP does not have sufficient funds to pay the Certificate. There is no assurance that purchasers of additional securities will be available at the time of a Certificate's maturity.

4. *Certificate Repayment Dependent upon Loan Repayments.* NCP is dependent upon timely repayment of its loans to member churches, conferences, and other Denominational entities in order to assure repayment of a Certificate and payment of interest thereon. Thus, the ability of NCP to meet its interest and principal payments on the Certificates is dependent upon the future operations of the member churches, conferences and other Denominational entities to which NCP has made loans.
5. *Certificate Repayment Dependent upon Contributions to Borrowers.* A loan by NCP to a member church is not personally guaranteed by any individual constituents of that church. The timely repayment of such a loan is dependent upon the ongoing success of that member church. In most instances, the ability of member churches to repay loans will be dependent upon contributions they receive from their constituents. Due to various national economic factors, member churches may experience a reduction in these contributions, which may negatively impact member churches' ability to repay their loans in accordance with the current loan terms.
6. *Accommodation of Loan Defaults.* NCP originated loans are made primarily to member churches, conferences, and other Denominational entities, some of which may not be qualified to secure commercial financing from an institutional lender. In view of the relationship of NCP with its borrowers, NCP may be willing in certain instances to accommodate late payments, extend the term of a loan, or otherwise modify the loan terms. Significant increases in Loan Delinquencies or accommodations made by NCP with certain borrowers could impair the ability of NCP to pay its Certificates when due.
7. *Marketability of Loan Collateral.* The church property and improvements given as collateral for loans may be a single purpose building and in the event of a default on a loan made by NCP, the marketability of a specific church property and improvements thereon may be limited. In addition, fluctuations in property values may result in a loan loss to NCP in the event of a foreclosure action. NCP has no current policy which requires an appraisal on the church's real property as part of the lending criteria, except in limited circumstances.
8. *Loan Delinquencies.* As of December 31, 2024, of the 239 loans outstanding, NCP had no loans that were delinquent as to payment of principal and/or interest. See "OTHER ACTIVITIES – Loan Delinquencies" herein.
9. *Loan Marketability.* There is no quoted market for NCP's loans to member churches, conferences, and other Denominational entities, and there is no intent by NCP to create such a market. Therefore, NCP may not have the ability to sell such loans to third parties, which could affect NCP's liquidity.
10. *Limited Class of Investors.* The offer and sale of Certificates is limited to persons or entities who are, prior to receipt of this Offering Circular, (a) members of, contributors to, or participants in The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (b) affiliates of The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (c) beneficiaries or successors in interest to those listed in (a) or (b) above; (d) relatives of individuals listed in (a) above; (e) trusts or accounts controlled by or for the benefit of individuals listed in (a) above; or (f) other persons purchasing Certificates for the benefit or on behalf of individuals listed in (a) above (collectively, "Investors").
11. *NCP's Certificate Redemption Rights.* A Certificate may be redeemed by NCP at any time prior to its maturity upon sixty (60) days written notice to the holder thereof, and payment of principal and accrued interest to the date of redemption.
12. *Larger Loans to Newer Churches.* Loans from NCP to member churches in recent years have tended to be larger in dollar amounts per church than in previous years and a number have been made to churches that are relatively new in their corporate existence. Thus, these larger loans to newer churches carry an additional risk factor as to the church's ability to service the debt obligation. A significant change in economic conditions could negatively impact the income of a member church since its principal source of revenue is from contributions of its

constituency. Additionally, larger loans with greater cash outlay could impede NCP's future ability to diversify its loan portfolio.

13. *Loans to Denominational Entities.* Loans from NCP to Denominational entities (which are defined herein as those entities affiliated with the Church which are not member churches or conferences) are likely to be larger in dollar amounts and are not always secured by a pledge of real or personal property. Moreover, many of the Denominational entities borrowing from NCP have other obligations that encumber the real or personal property owned by those entities. These larger loans with greater cash outlay could impede NCP's future ability to diversify its loan portfolio.
14. *Senior Secured Indebtedness.* NCP has the authority to create and issue new debt securities from time to time at such rates and on such terms as its Board of Directors deems advisable, including debt securities which may have priority as to repayment senior to the Certificates. If such debt securities are secured by assets of NCP in such manner as to have a priority claim against any of the assets of NCP over and above the Certificates, the amount of such debt securities shall not exceed ten percent (10%) of the tangible assets of NCP. See "FINANCING AND OPERATING ACTIVITIES – Senior Secured Indebtedness" herein.
15. *Change in NCP's Operations.* NCP is not obligated to continue offering debt securities, or to continue its current operations or its existence as a not-for-profit entity. Any such change in operations could have a negative impact on its ability to pay the Certificates.
16. *Interest on Certificates Taxed as Ordinary Income; Imputed Interest.* The purchase of Certificates is not a donation to a religious organization and is not eligible for any tax deduction as a charitable contribution. Interest paid or accrued on the Certificates, other than investments held in an Individual Retirement Account, or a Health Savings Account Certificate, will be taxable as ordinary income to an Investor in the year earned. If interest paid on a Certificate is below market interest, the Internal Revenue Service may impute interest income in accordance with applicable law. See "TAX MATTERS" herein.
17. *NCP's Liability for Church-Related Claims.* NCP is a separate not for profit corporation, and therefore not generally liable for claims against the Church and its other affiliated entities. However, it is possible that claims may be made against NCP in relation to matters associated with the Church or its other affiliates.
18. *Securities Registration.* Although securities issued by charitable organizations are exempt from the registration requirements of the Securities Act of 1933, as amended, and from the registration provisions of some state securities laws, securities such as the Certificates issued by NCP must be registered in other states prior to their offer or sale. In certain states in which the securities are exempt, an issuer is required to file certain documentation with the state securities authority in order to obtain such exemption. Additionally, in certain states the agents engaged in sales activities and/or the issuer itself must be registered pursuant to agent/salesperson and broker/dealer regulations. NCP has taken the necessary steps to file the required documentation in accordance with such securities laws in the states in which it offers and sells securities. However, changes in the various state securities laws in which NCP does business, as well as changes in federal securities laws, may impose costly and overly burdensome restraints upon the activities of NCP, such that NCP would be unable to continue its current operations.
19. *Certificates Are NOT Insured.* NCP's Certificates are not insured by any governmental agency or private insurance company, including the FDIC, or any state bank, insurance fund, or any other governmental agency.
20. *Church Not Obligated.* NCP is solely responsible with respect to its obligations under the Certificates, and neither the Church nor any member churches, conferences, or Denominational entities, other than NCP, are responsible for any obligations under the Certificates, including without limitation, payment of interest and repayment of principal for Certificates at maturity.

21. *Redemption Due to Personal Emergency.* NCP cannot assure that it will honor requests for early redemption of a Certificate due to personal or financial emergency of the holder, and it is not obligated to do so. See “REDEMPTION DUE TO A PERSONAL EMERGENCY” herein.
22. *Market Risk.* NCP’s liquid assets invested in readily marketable securities are subject to various market risks which may result in losses if market values of investments decline.
23. *Geographic Concentration of Loans.* There are risks related to geographic concentration of loans to member churches and other Church-affiliated entities within a limited region, such that changes in economic conditions of that region could affect the ability of the member churches and other Church-affiliated entities, as a group, to repay the loans. As of December 31, 2024, NCP’s total loans outstanding equal \$223.3 million. Although NCP has no geographic restrictions on where loans are made other than where member churches or other Church-affiliated entities are located, aggregate loans equal to or in excess of 5.0% of total balances of loans outstanding are located in the following states:

State	Loans Outstanding (Dollars in Thousands)	% of Total	# of Loans
California	\$ 71,325,781	32%	48
Illinois	\$ 35,507,942	16%	31
Washington	\$ 14,273,021	6%	23
Colorado	\$ 13,460,037	6%	10
Total	\$ 134,566,781	60%	112
Total Loans	\$ 223,280,465	100%	239

24. *Dollar Amount of Loans to a Single Borrower.* It is NCP’s policy to limit the principal amount of loans to a single borrower to not more than 25.0% of NCP’s Net Assets (fund balance) as of January 1 of each year for borrowers owning and operating a single site. If the borrower has multiple sites that are not contiguous, the lending limit will not exceed 40.0% of NCP’s Net Assets as of January 1 of each year. Bayside Covenant Church, Inc. (“Bayside”), headquartered in Roseville, California, which owns and/or operates multiple sites, has loans and loan commitments outstanding with NCP as of December 31, 2024, of \$38.7 million representing approximately 41.7% of NCP’s net assets as of January 1, 2024. See “DESCRIPTION OF NCP’S LENDING ACTIVITIES-Loan Policies” herein.
25. *Environmental Matters.* There is potential environmental liability associated with the loans made by NCP. With respect to loans involving the acquisition of property, NCP requires environmental surveys. However, if environmental contamination is found on or near the property securing a loan at any time after NCP makes such loan, NCP’s security for the loan could be impaired. In addition, changes in environmental regulations could require the borrower to incur substantial unexpected expenses to comply with such regulations, and this could impair both the value of the collateral and the borrower’s ability to repay the loan.
26. *Construction Loan Risks.* In such cases where a loan is used for construction, the borrower may be subject to risks associated with such construction, which could have an adverse effect on a borrower’s ability to repay its loan. Construction risks may include, without limitation, cost overruns, completion delays, errors and omissions in construction documents, lack of payment and performance bonds or completion bonds, all of which may have a significant impact on the cost of the new construction, or the borrower’s ability to complete the project in accordance with the construction documents.
27. *Liquidity.* NCP’s 5-Year Fixed Rate Renewable Certificates mature five (5) years from the date of issuance. NCP utilizes Certificate proceeds, in part, to fund loans that typically mature in twenty (20) years. NCP is dependent in part upon its loan repayments to fund redemption of its renewable Certificates. In addition, new Certificate sales are necessary to fund repayment of maturing Certificates. For the years ending December 2024, December 2023, December 2022, December 2021, and December 2020, 62%, 57%, 67%, 63%, and 82%, respectively, of NCP’s 5-Year Fixed Rate Renewable Certificates were renewed at maturity for an additional term. NCP’s 30-Month Fixed

Rate Renewable Certificates mature thirty (30) months from the date of issuance. For the years ending December 2024, December 2023, December 2022, December 2021, and December 2020, 60%, 55%, 65%, 63%, and 55%, respectively, of NCP's 30-Month Fixed Rate Certificates were renewed at maturity for an additional term. For the year ending December 31, 2024, 77% of NCP's 12-Month Fixed Rate Certificates were renewed at maturity for an additional term. For the year ended December 31, 2024, 73% of NCP's Term Individual Retirement Account ("IRA") Certificates were renewed at maturity for an additional term. However, there are no assurances that this level or any other level of renewal will continue. In the event that NCP experiences unusually adverse fluctuations in (i) loan re-payments; (ii) new Certificate sales; and/or (iii) Certificate renewals, such fluctuations could have an adverse impact on NCP's ability to repay maturing Certificates. The 12-Month Fixed Rate Renewable Certificates and the Term Individual Retirement Account ("IRA") Certificates were not offered prior to March 1, 2023, and thus, renewal data at maturity is limited to the year ended December 31, 2024.

28. *Non-transferability of Certificates.* No public market exists for the Certificates and none will develop. Therefore, the transferability of the Certificates is limited and restricted.
29. *COVID-19 Pandemic.* The worldwide outbreak of the COVID-19 pandemic in 2020 has had a devastating effect on public health, and national and international economies. NCP continues to monitor the lasting effects of COVID-19 as further described in "FINANCING AND OPERATING ACTIVITIES-Effects of COVID-19 Pandemic in Fiscal Year 2024" herein.
30. *Loan Participation Risk.* NCP entered into a loan participation agreement in December of 2023 with a third-party lender who loans funds to non-denominational Christian churches whereby NCP's participating interest was \$6,243,123. The participation interest resulted in NCP having a contractual relationship only with the lender, not the borrower. As a result, NCP assumed the credit risk of the lender selling the participation in addition to the credit risk of the borrower. By purchasing a participating interest, NCP has the right to receive payments of principal, interest and any fees owed on the loan only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. In the event of insolvency or bankruptcy of the lender which is a party to the participation, NCP may be treated as a general creditor of the lender and may not have a senior claim to the lender's interest in the loan. In addition, NCP may not be able to control the exercise of any remedies that the lender has under the loan. There is no assurance that the principal and interest owned on the loan will be repaid in full.

HISTORY AND OPERATIONS

National Covenant Properties (also referred to herein as "NCP") was incorporated as an Illinois not for profit corporation in 1970 for the purpose of making loans to member churches, conferences and other Denominational entities of The Evangelical Covenant Church (also referred to herein as the "Church"). Loans to a member church are typically secured by a mortgage or deed of trust on the Church's real property, an assignment of leases and rents and a security agreement on the church's personal property. Loans to other Denominational entities of the Church may or may not be secured by a pledge of collateral. The principal source of funds utilized to make these loans is the sale of the Certificates by NCP to members of, contributors to, participants in and affiliates of the Church. The Certificates are not secured by particular loans to specific borrowers.

During 2007 and thereafter, NCP expanded its operations to provide a broader range of real estate services to the Church, Denominational entities, conferences and member churches. These services had previously been provided by staff employed by the Church.

NCP currently has \$278.3 million in Certificates outstanding to Investors residing in fifty (50) states and the District of Columbia. The principal place of business of NCP is located at 8303 West Higgins Road, Chicago, Illinois 60631. Its telephone number is (800) 366-6273.

NCP is recognized as exempt from Federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended, (the "Code") as an organization described in Section 501(c)(3) of the Code as part of the group exemption ruling issued by the Internal Revenue Service to The Evangelical Covenant Church.

The Church

The Church was founded in 1885 for the purpose of promulgating evangelistic Christianity. The Church is an Illinois not for profit corporation, which has been issued a group exemption from Federal income taxation pursuant to Section 501(a) of the Code, as amended, as an organization described in Section 501(c)(3) of the Code. The corporate membership of the Church is comprised of approximately 819 member churches located throughout the United States and Canada. The member churches are separate not for profit corporations or religious associations of the state or province in which they are located whose membership is composed of the individual members of the church congregation. The member churches are represented at the Church's Annual Meeting by delegates from each member church. These churches are administratively organized into regional conferences, the number and boundaries of which conferences are determined by the Church.

Each regional conference is incorporated as a not-for-profit corporation whose membership is composed of the member churches belonging to that specific conference. Conferences own various organizations therein located, such as conference centers and Bible camps.

The Executive Board of the Church coordinates and implements the common mission of the Church as developed and articulated by the Annual Meeting of the Church, the Church's Constitution and Bylaws and the Strategic Planning Process of the Church. Denominational ministries of the Church are more fully described at the Church's website, which can be found at www.covchurch.org.

NCP's Audited Financial Statements contained herein indicate the dollar amounts outstanding in loans receivable attributable to regional conferences and member churches, and also to other Denominational entities (as set forth in the Audited Financial Statements under the caption "Loans Receivable").

THE CHURCH, AND ITS RELATED BOARDS AND MINISTRIES, MEMBER CHURCHES, CONFERENCES AND THE DENOMINATIONAL ENTITIES (EXCLUSIVE OF NCP) DO NOT GUARANTEE NCP'S OBLIGATION TO REPAY THE CERTIFICATES ISSUED PURSUANT TO THIS OFFERING CIRCULAR.

USE OF PROCEEDS

Proceeds received from the sale of the Certificates will be added to NCP's general funds. The general funds are used to make loans primarily to member churches, conferences and other Denominational entities, primarily for the purpose of financing capital improvement projects, including the purchase of facilities, the construction of new church facilities, and the remodeling of existing churches, and financing other mission related activities of Denominational entities. See "HISTORY AND OPERATIONS" herein. The proceeds may, however, be invested in certain marketable securities or investment accounts pending their utilization for NCP's activities. See "INVESTING ACTIVITIES – Investments" herein. As of the date of this Offering Circular, NCP has not committed all of the proceeds to be derived from this offering for any specific projects. In the normal course of its operations however, NCP is continuously making loan commitments based upon the availability of funds. The proceeds of this offering may be utilized to fund some portion of these loan commitments.

No underwriters are participating in this offering, and no underwriting discounts or commissions will be paid in connection with the sale of the Certificates. Sales of the Certificates will be affected solely through certain executive officers of NCP. All expenses of this offering, including printing, mailing, attorneys' fees, accountants' fees, and securities registration fees, will be borne by NCP, and are not expected to exceed one percent (1%) of the offering.

NCP's sale of its Certificates is primarily related to its need for loan funds and its desire to maintain reasonable liquidity. NCP does not presently require, nor does it anticipate that it will require, any proceeds of this offering to meet the interest payments on its outstanding Certificates. However, it is anticipated that NCP may be required to utilize a portion of the proceeds of this offering along with its existing general funds to meet principal repayments on its outstanding Certificates. See "FINANCING AND OPERATING ACTIVITIES" herein.

FINANCING AND OPERATING ACTIVITIES

The repayment of principal and the payment of interest on the Certificates are dependent upon NCP's financial condition. The primary source of funds available to NCP includes receipts from the sale of new Certificates and from cash flow generated from NCP's outstanding loans and other investments. In prior years, NCP has been able to meet principal and interest requirements on its outstanding Certificates from its available funds, and there has never been a default in NCP's payment of principal or interest to an Investor. NCP has a fiduciary obligation to repay the Certificates, and NCP will not intentionally take any action that jeopardizes its ability to repay the Certificates. The following information describes NCP's sources of funds and financial condition. Note that the 12-Month Fixed Rate Renewable Certificates and the Term Individual Retirement Account ("IRA") Certificates were not offered prior to March 1, 2023.

Outstanding Certificates

One of NCP's primary means of obtaining the funds necessary to conduct its operations is through the receipt of proceeds from the sale of its Certificates. The following is a description of NCP's outstanding Certificates as of December 31, 2024, December 31, 2023, and December 31, 2022 (all interest rates stated are for Certificates held as of December 31, 2024):

(The balance of this page is intentionally left blank.)

	2024	2023	2022
Demand IRA Certificates			
3%	71,791,599	\$ 78,798,305	\$ 106,141,106
*Term IRA Certificates - 5-Year			
3.75% (due 2028)	175,041	186,417	
4% (due 2028)	8,706,137	8,595,612	
4.25% (due 2028)	459,557	452,685	
4.5% (due 2028, 2029)	3,414,447	1,171,034	
4.75% (due 2028)	1,247,245	1,203,566	
*Term IRA Certificates - 30-Month			
3.25% (due 2025, 2026)	453,787	451,213	
3.5% (due 2026)	188,681	210,097	
4% (due 2026)	137,836		
4.25% (due 2027)	80,755		
*Term IRA Certificates - 12-Month			
3.25% (due 2024)		3,214,127	
3.5% (due 2024)		16,098	
4% (due 2024)		546,752	
4.0% (due 2025)	342,709		
4.25% (due 2025)	75,932		
4.5% (due 2025)	2,640,999		
HSA Certificates			
3%	1,877,455	2,179,141	2,481,277
Variable Rate Certificates			
3%	9,251,938	9,584,890	12,407,190
Demand Investment Certificates			
3%	74,524,721	85,486,078	101,698,105
5-Year Fixed Rate Renewable Certificates			
2.5% (due 2025, 2026, 2027)	32,927,485	32,800,361	33,950,529
2.75% (due 2025, 2027)	4,385,554	4,358,906	4,752,736
3% (due 2025, 2027, 2028)	17,889,620	17,878,349	18,807,837
3.25% (due 2027, 2028)	4,112,629	9,238,072	15,977,007
3.5% (2028)	1,140,108	15,233,978	25,266,581
3.75% (due 2028)	1,535,570	1,505,717	
4% (due 2028)	4,098,906	3,990,367	
4.25% (due 2028)	792,315	779,060	
4.5% (due 2028, 2029)	12,953,754	539,752	
4.75% (due 2028)	3,953,527	3,817,028	
30-Month Fixed Rate Renewable Certificates			
1.75% (due 2025)	800,518	7,357,300	11,197,815
2% (due 2025)	845,997	836,679	1,537,034
2.25% (due 2025)	508,766	519,303	3,084,680
2.5% (due 2025)	1,102,427	1,078,673	
2.75% (due 2022)	186,785	182,320	
3% (due 2025)	466,568	454,547	
3.25% (due 2025, 2026)	686,480	665,971	
3.5% (due 2026)	118,996	115,098	
4% (due 2026)	2,406,154	464,312	
4.25% (due 2026,2027)	1,382,237		
*12-Month Fixed Rate Renewable Certificates			
3% (due 2024)		126,090	
3.25% (due 2024)		683,670	
3.5% (due 2024)		50,618	
4% (due 2025)	306,684	317,599	
4.25% (due 2025)	938,986		
4.5% (due 2025)	9,387,377		
TOTAL	278,296,282	\$ 295,089,785	\$ 337,301,897

Source: Derived from the general accounting records of NCP as of the fiscal year indicated.

*Note: Term IRA Certificates and 12-Month Fixed Rate Renewable Certificates were not offered prior to March 1, 2023.

IRA Certificates and HSA Certificates are carried in the accounts at original issue price plus accrued interest. Interest on all other Certificates is either accrued or paid currently at the holder's option.

Aggregate annual principal maturities of the 5-Year, 30-Month, and 12-Month Fixed Rate Renewable Certificates outstanding as of December 31, 2024, are as follows:

	Principal Maturities			
Year	5-Year Fixed Rate	30-Month Fixed Rate	12-Month Fixed Rate	Total
2025	21,551,346	4,025,053	10,633,047	36,209,446
2026	19,740,690	3,305,716	-	23,046,406
2027	14,165,666	1,174,158	-	15,339,824
2028	15,915,100	-	-	15,915,100
2029	12,416,666	-	-	12,416,666
Total Fixed Rate Maturities	<u>\$ 83,789,468</u>	<u>\$ 8,504,927</u>	<u>\$ 10,633,047</u>	<u>\$ 102,927,442</u>

Source: Derived from the Audited Financial Statements included in this Offering Circular.

Note: 12-Month Fixed Rate Renewable Certificates and Term Individual Retirement Account ("IRA") Certificates were not offered prior to March 1, 2023.

Aggregate annual principal maturities of the Term IRA Certificates outstanding as of December 31, 2024, are as follows:

	Principal Maturities			
Year	5-Year	30-Month	12-Month	Total
2025	-	240,662	3,059,640	3,300,302
2026	-	539,643	-	539,643
2027	-	80,755	-	80,755
2028	11,771,455	-	-	11,771,455
2029	2,230,972	-	-	2,230,972
Total Maturities	<u>\$ 14,002,427</u>	<u>\$ 861,060</u>	<u>\$ 3,059,640</u>	<u>\$ 17,923,127</u>

Source: Derived from the Audited Financial Statements included in this Offering Circular.

Note: 12-Month Fixed Rate Renewable Certificates and Term Individual Retirement Account ("IRA") Certificates were not offered prior to March 1, 2023.

Senior Secured Indebtedness

The Certificates are issued on a parity basis with one another and with respect to all other NCP debt securities previously issued and outstanding and are a general obligation of NCP. Senior Secured Indebtedness is any debt or debt securities incurred or issued by NCP and secured by assets of NCP in such manner as to have a priority claim against any of the assets of NCP over and above the Certificates. To date, NCP has not incurred or issued any Senior Secured Indebtedness and has a Board policy that it will not incur or issue Senior Secured Indebtedness in an amount which exceeds ten percent (10%) of the tangible assets of NCP.

Sales and Redemptions of Certificates in Fiscal Year 2024

In the year ended December 31, 2024, NCP sold \$85.9 million of its Certificates, which is comprised of the following:

	Amount
New Sales:	
5-Year Fixed Rate Renewable Certificates	\$ 1,723,781
30-Month Fixed Rate Renewable Certificates	939,636
12-Month Fixed Rate Renewable Certificates	2,073,642
Variable Rate Certificates	357,318
Demand Investment Certificates	54,253,997
Demand IRA Certificates	2,002,365
HSA Certificates	214,187
Term IRA Certificates - 5 Year	2,866,046
Term IRA Certificates - 30-Month	240,254
Term IRA Certificates - 12-Month	1,534,739
Reinvestment:	
5-Year Fixed Rate Renewable Certificates	12,103,769
30-Month Fixed Rate Renewable Certificates	3,910,908
12-Month Fixed Rate Renewable Certificates	908,635
Term IRA Certificates - 12-month	2,763,132
Total Sales	<u>\$ 85,892,409</u>
Source: general accounting records of NCP.	

In the year ended December 31, 2024, outstanding Certificates in the total amount of \$83.0 million were redeemed by the holders thereof as follows:

	Amount
Redemptions:	
5-Year Fixed Rate Renewable Certificates	\$ 6,700,664
30-Month Fixed Rate Renewable Certificates	1,931,078
12-Month Fixed Rate Renewable Certificates	149,086
Variable Rate Certificates	541,894
Demand Investment Certificates	61,459,887
Demand IRA Certificates	8,935,472
HSA Certificates	515,873
Term IRA Certificates - 5-Year	472,933
Term IRA Certificates - 30-Month	40,505
Term IRA Certificates - 12-Month	2,252,076
Total Redemptions	<u>\$ 82,999,468</u>
Source: general accounting records of NCP.	
Note: 12-Month Fixed Rate Renewable Certificates and Term IRA Certificates were not offered prior to March 1, 2023.	

Outstanding Loans

At December 31, 2024, 2023, and 2022, NCP's outstanding loans (net of allowance for doubtful accounts) are as follows:

	Years Ended December 31		
	2024	2023	2022
Regional conferences, member churches and their affiliates:*			
Demand Loans	\$ 8,511,424	\$ 6,679,107	\$ 13,272,049
Long-Term Loans	204,219,347	214,529,845	216,363,766
Other Denominational entities:			
Demand Loans	1,350,000	1,350,000	1,855,761
Long-Term Loans	9,199,694	9,904,296	10,559,216
TOTAL ALL LOANS	\$ 223,280,465	232,463,248	242,050,792
Allowance for Doubtful Accounts	(4,900,000)	(4,900,000)	(4,900,000)
NET TOTAL ALL LOANS	<u>\$ 218,380,465</u>	<u>\$ 227,563,248</u>	<u>\$ 237,150,792</u>

Source: Derived from the Audited Financial Statements included in this Offering Circular.

*As of December 31, 2024 approximately \$10.0 million were loans outstanding to entities not affiliated with the Denomination, in accordance with NCP policy that the borrowers share a missional collaborative relationship or history with an affiliated entity, or a loan participation as described at "DESCRIPTION OF NCP'S LENDING ACTIVITIES - Loan Policies".

As of December 31, 2024, the allowance for doubtful accounts against outstanding loans is \$4.9 million. NCP's loans are generally secured by a mortgage or deed of trust on the borrower's real property, assignment of rents and a security agreement on the borrower's personal property, and are often also guaranteed by conferences, affiliates of the Church, the Church or third-party churches, with the exception of the lines of credit as more fully described at "OTHER ACTIVITIES – Lines of Credit" herein. The total loan principal due or scheduled for rate adjustment in the next five (5) years is set forth in Note 4 of the Audited Financial Statements herein.

Effects of COVID-19 Pandemic in Fiscal Year 2024

While the COVID-19 pandemic caused many member churches to refrain from in-person gatherings for much of 2020 and to slowly re-open in 2021 and to return to in person worship in 2022 and 2023, NCP did not have any delinquent loans as of December 31, 2021, December 31, 2022, and December 31, 2023. Due to the uncertainties relating to the economic and public health damage caused by the COVID-19 pandemic, NCP allocated additional reserves to the bad debt allowance. In 2023 and 2024 NCP observed that most churches have learned how to adjust to post pandemic ministry, with the biggest challenge going into 2024 and 2025 being the absence of any governmental assistance to churches, such as funding under the Paycheck Protection Program ("PPP") and Employee Retention Credits ("ERC").

DESCRIPTION OF NCP'S LENDING ACTIVITIES

Loan Processing

The general lending activities of NCP include the making of secured and unsecured loans primarily to member churches, conferences and Denominational entities primarily for the purpose of providing financing for (i) the acquisition and construction of new church facilities, (ii) renovations to existing church facilities, (iii) equipment purchases by churches, and (iv) other mission related activities of Denominational entities. Loans to entities not affiliated with the Church shall be made in accordance with NCP's policies, but shall in no event exceed ten percent (10%) of NCP's loan portfolio on a cumulative basis. Typically, a prospective borrower furnishes a loan application

to NCP. The application is reviewed by NCP's staff, and the loan is then presented to and considered by NCP's Board of Directors (the "Board") for action. Factors to be considered by the Board with respect to a particular loan include the value and nature of the specific collateral (if any) to be pledged, the previous financial record of the borrower, potential for growth, the borrower's ability to service the debt, and the existence or non-existence of a Church and/or conference guarantee, if applicable. NCP has 239 loans outstanding as of December 31, 2024, 222 of which are to member churches and regional conferences outstanding in the gross amount of \$212.7 million (which includes approximately \$10.0 million in loans outstanding to entities not affiliated with the Denomination as further described at "FINANCING AND OPERATING ACTIVITIES - Outstanding Loans"), and 17 of which are to other Denominational entities outstanding in the gross amount of \$10.5 million.

Congregational Investment Generation Requirement

In a typical loan to a member church, the member church is required to generate investments in NCP's 5-Year Fixed Rate Renewable Certificates, 30-Month Fixed Rate Renewable Certificates, 12-Month Fixed Rate Renewable Certificates, IRA Certificates or HSA Certificates through members and other eligible participants of that particular church congregation in an amount that is no less than fifteen percent (15%) of the principal amount of the loan (the "Congregational Investment Generation Requirement"). Since the inception of NCP, the Congregational Investment Generation Requirement has been reduced from two-thirds (2/3rds) of the loan amount to the current fifteen (15%) percent. NCP reserves the right to modify the Congregational Investment Generation Requirement, in its sole discretion, from time to time. In particular, NCP has been willing to accept less than fifteen percent (15%) of the principal amount of the loan as the Congregational Investment Generation Requirement, but the interest rate of the loan is then adjusted upward according to a formula which determines the amount of the interest rate adjustment based upon actual NCP investments generated by the borrowing church.

Loan Policies

A typical loan is evidenced by a loan agreement with an applicable note obligation and, in the case of a loan to a member church, generally secured by a mortgage or deed of trust and assignment of rents on the borrower's real property and a security agreement on the borrower's personal property. As of December 31, 2024, at least ninety-nine percent (99%) of NCP's outstanding loans were secured by real or personal property or a guaranty by a third party. In the case of such a mortgage or deed of trust, a mortgagee's title insurance policy is issued to NCP by a recognized commercial title insurance company. In the case of new construction, the policy of NCP is to require loan proceeds to be funded through a construction money lender's escrow where such is feasible. A payment reserve escrow equal to three (3) months of the principal and interest payment is generally required for loans which are guaranteed by the Church and/or a conference. NCP has no current policy which requires an appraisal on the borrower's real property as part of the lending criteria, except in limited circumstances, but often obtains a real estate broker's opinion as to real estate value. In addition, NCP requires financial statements from borrowers prior to making a loan, and in some cases, on a quarterly basis while the loan is outstanding. In general, NCP requires a loan to value ratio of no more than eighty percent (80%). Some of NCP's larger loans require a debt service coverage ratio covenant. NCP's loan documents prohibit the borrower from (i) incurring additional debt, as well as (ii) disposing and encumbering property. An acceptable environmental site assessment is required for all loans involving the acquisition of property.

The President of NCP can approve loans in principal amounts of \$250,000 or less, provided there is the security of a first mortgage or deed of trust and the borrower is a member church. The President can also approve unsecured loans to member churches in principal amounts of \$20,000 or less. In addition, the President of NCP is authorized to approve loans secured by NCP Certificates in an amount of \$250,000 or less, provided the borrower is affiliated with the Church (which includes member churches, regional conferences, camps, colleges, and other Denominational entities).

The policy of NCP is to limit the principal amount of loans to a single borrower to not more than 25.0% of NCP's Net Assets (fund balance) as of January 1 of each year for borrowers owning and operating a single site. If the borrower has multiple sites that are not contiguous, the lending limit will not exceed 40.0% of NCP's Net Assets (fund balance) as of January 1 of each year. At December 31, 2024, Bayside Covenant Church, Inc. ("Bayside"),

headquartered in Roseville, California, which owns and/or operates multiple sites, has loans and loan commitments outstanding with NCP as of December 31, 2024 of \$38.7 million representing approximately 41.7% of NCP's net assets as of January 1, 2024.

NCP entered into a loan participation agreement in December of 2023 with a lender who loans funds to independent Christian churches, or other autonomous churches or church ministries adhering to the beliefs and religious principles of the Restoration Movement Christian Churches, and their para-church ministries, or any religious organization that has a programmatic relationship with any of the foregoing. As such, NCP has a contractual relationship only with the lender, not the borrower. NCP has the right to receive payments of principal, interest and fees owed on the loan only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower.

No portion of NCP's loan portfolio is securitized or otherwise pledged to third parties.

OTHER ACTIVITIES

Church Fees

The Church assesses fees to certain of its affiliates, including NCP, in order that these entities share such Church expenses as are associated with the organization and management of the Church, consulting services and other services which help provide the investor base which the affiliated entities serve. NCP has been advised by the Church that the fee for 2025 will be \$515,000.

The total fees NCP has paid to the Church over the last five years are as follows:

Year	Church Fees
2024	\$ 505,616
2023	547,704
2022	551,886
2021	492,192
2020	491,538
Total	<u>\$ 2,588,936</u>
Statements for the fiscal year indicated.	

NCP also reimburses an affiliate of the Church for expenses incurred by the Church resulting from NCP's tenancy in the Church's headquarters, such as rent and payment of a prorata portion of utilities and other operating expenses of the Church headquarters building. In calendar year 2024, NCP paid an affiliate of the Church \$60,305 for rent at its current location of 8303 West Higgins Road, Chicago, Illinois.

Compensation for Real Estate Services

During 2007, and thereafter, NCP expanded its operations to provide a broader range of real estate services to the Church, Denominational entities, conferences and member churches. These services had previously been provided by staff employed by the Church. In 2024, NCP received \$150,000 in compensation from the Church and entities affiliated with the Church for the provision of these services.

Terms and Conditions of Loans – Long-Term Loans and Short-Term Loans

The material terms and conditions under which typical long-term loans to member churches, conferences and Denominational entities are made are as follows (note that exceptions thereto can be made at the discretion of the Board):

Term:	20 years
Amortization:	20 years
Rate Adjustment:	Every 3 years
Interest Rate:	Set by the Board (Rates on outstanding loans range from 3.875% to 7.5% and the weighted average interest rate was 5.66% at December 31, 2024.)

A typical short-term loan from NCP to member churches, conferences and Denominational entities is due on fifteen (15) days demand from NCP and is at an interest rate equal to the prime interest rate as published from time to time in the *Wall Street Journal* “Money Rates” section, and for all new and recent demand loans, the prime interest rate, but not less than four percent (4.0%). Older short-term loans may not have the interest rate floor of four percent (4.0%).

Other conditions to the granting of a loan by NCP may include the existence of adequate collateral and a negative pledge (prohibition) with respect to future borrowing. Loans to churches which receive financial support from the church’s regional conference require the guarantee of that conference and of the Church. Generally, the loan to value ratio required by NCP is a maximum of eighty percent (80%). However, in consideration of NCP’s acceptance of a higher loan to value ratio, NCP may require a conference and/or the Church acting as a guarantor of a loan to execute a collateral pledge of that guarantor’s NCP 5-Year Fixed Rate Renewable Certificate(s) as additional collateral, or that the loan be secured by an Equity Pledge Fund according to the terms thereof.

In general, NCP’s long-term and short-term loans are secured by a first mortgage or deed of trust and assignment of rents on the borrower’s real property and a security agreement on the borrower’s personal property. Equipment loans are secured by a security interest in the equipment being financed. However, NCP may grant a loan under limited circumstances that is not secured, or that is subordinate to a prior loan.

SWAPS

See Note 6 of the Audited Financial Statements for an update on SWAPS.

Loan Delinquencies

NCP characterizes loans as delinquent when payment of principal or interest thereon are delinquent ninety (90) days or more.

As of December 31, 2024, of the 239 loans outstanding, there were zero loans which were delinquent.

As of December 31, 2023, of the 243 loans outstanding, there were zero loans which were delinquent.

As of December 31, 2022, of the 259 loans outstanding, there were zero loans which were delinquent.

NCP reserves all rights of discretion in deciding whether or not to pursue legal remedies in connection with a default on a loan by any of its borrowing member churches, conferences or other Denominational entities.

Lines of Credit

NCP also issues lines of credit in certain circumstances to member churches, conferences and to certain Denominational entities in order to meet defined cash flow needs of the borrower. A line of credit is a commitment by NCP to lend money to a particular borrower up to the maximum amount allowed on the line. Such lines of credit may be unsecured or secured with collateral owned by the borrower as noted below. Lines of credit are reviewed annually by NCP's Board, which determines the applicable rates and terms for each line.

As of December 31, 2024, all such lines of credit bear interest at the prime rate as published from time to time in the *Wall Street Journal* "Money Rates" section (many with a floor of 4.0%), and are typically due on demand.

Borrower	Amount Approved	Amount Drawn 12/31/2024
Adelbrook, Cromwell, CT	\$ 500,000	\$ -
The Evangelical Covenant Church, Chicago, IL	2,500,000	-
The Evangelical Covenant Church, Chicago, IL	1,000,000	-
Thornapple Covenant Church, Grand Rapids, MI	100,000	-
Covenant Pines Bible Camp, McGror, MN	250,000	-
Covenant Ability Network of IL, Chicago, IL	100,000	-
*** Arctic Broadcasting, Nome, AK	125,000	-
*** Alaska Christian College, Soldotna, AK	500,000	-
Mission Springs Camps and Conference Center	2,000,000	60,000
CHET, Compton, CA	100,000	-
*** Bayside Covenant Church, Granite Bay, CA	3,000,000	-
	<u>\$ 10,175,000</u>	<u>\$ 60,000</u>
*Unsecured		
**Secured by borrower's NCP Certificates		
***Secured by real estate		
Source: general accounting records of NCP.		

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INVESTING ACTIVITIES

Investments

In accordance with its policy of maintaining reasonable liquidity, NCP maintains a portion of its assets pending utilization in other investments which consist of governmental agencies' securities, investment grade corporate bonds and income, index and convertible bond funds. At December 31, 2024, these investments had a market value of \$137.6 million. The following sets forth the market value, investment type and amount held in such investments as of the periods ending December 31, 2024, December 31, 2023, and December 31, 2022:

Year	Type of Investment	Market Value	Percentage of Total Investments
2024	Government Agencies' Securities	\$ 3,002,825	2.2%
	Investment Grade Corporate Bonds	51,740,656	37.6%
	Income, Index and Convertible Bond Funds	63,969,505	46.5%
	Equity Funds	16,875,506	12.2%
	Other Fixed Income Obligations	2,003,750	1.5%
		<u>\$ 137,592,242</u>	<u>100%</u>
2023	Government Agencies' Securities	\$ 12,022,138	8.6%
	Investment Grade Corporate Bonds	52,715,419	38.0%
	Income, Index and Convertible Bond Funds	60,048,863	43.2%
	Equity Funds	14,031,745	10.1%
	Swap Option	85,953	0.1%
		<u>\$ 138,904,118</u>	<u>100.0%</u>
2022	Government Agencies' Securities	\$ 24,571	0.0%
	Investment Grade Corporate Bonds	72,229,456	51.4%
	Income, Index and Convertible Bond Funds	56,464,206	40.2%
	Equity Funds	11,585,065	8.3%
	Swap Option	132,470	0.1%
		<u>\$ 140,435,768</u>	<u>100%</u>
Source: Derived from the Audited Financial Statements for the fiscal year indicated.			

None of these investments have been collateralized as of the date hereof. For more information concerning NCP's investments, see the Audited Statements of Cash Flows in the Audited Financial Statements herein.

Investment Policies

NCP is authorized to establish investment accounts, to purchase and sell investment grade corporate bonds, to purchase and sell investments in agencies of the U.S. government which have maturities of ten (10) years or less, to purchase and sell investments in money market funds and mutual funds listed on a weekly basis in the *Wall Street Journal*, and to establish checking accounts. Investments in the U.S. government agencies and investment grade corporate bonds shall be purchased with the intention of holding them until maturity; however, earlier redemptions will be permitted in order to meet NCP's cash flow requirements, or to rebalance the portfolio. NCP's investments

generally have an average maturity of between thirty (30) and sixty (60) months, and investments maturing beyond ten (10) years are prohibited. NCP's Investment Committee may authorize longer maturities based upon NCP's projected cash flow requirements.

It is NCP's policy to maintain liquid reserve funds in an amount not less than eight percent (8%) of the aggregate principal balance of NCP's outstanding Certificates at any given time. As of December 31, 2024, liquid reserve funds in the amount of \$164.0 million, representing 58.9% of the aggregate principal balance of outstanding Certificates as of the same date, were maintained in compliance with this policy. These reserve funds are not placed in a third-party escrow or otherwise restricted.

Investment in equities cannot exceed twenty percent (20%) of NCP's prior year fiscal year end Net Assets, and of this twenty percent (20%), the President of NCP is authorized to invest up to (i) fifty percent (50%) in Large-Cap, (ii) fifty percent (50%) in Mid-Cap/Small-Cap and (iii) fifteen percent (15%) in International Equity Funds. Any equity investments in Sector or Alternative Funds require the approval of NCP's Investment Committee as to the nature of the fund and the amount thereof. Investments in either index funds or managed funds are permitted.

Investment Management

All funds and investments of NCP are kept separate and apart from all other funds and investments of the Church and its affiliates. Management of NCP's investments is provided by NCP's Board of Directors. NCP does not currently retain an investment advisor.

SELECTED FINANCIAL DATA

Summary of Operations and Summary of Selected Balances

The following Summary of Operations and Summary of Selected Balances for the five (5) years ended December 31, 2024, have been derived from the Audited Financial Statements for the fiscal year indicated. THESE SUMMARIES SHOULD BE READ IN CONJUNCTION WITH THE AUDITED FINANCIAL STATEMENTS AND NOTES THERETO FOR THE THREE (3) YEARS ENDED DECEMBER 31, 2024, INCLUDED ELSEWHERE IN THIS OFFERING CIRCULAR.

(See Charts on the following page.)

Summary of Operations (Dollars in Thousands) Years Ended December 31					
	2024	2023	2022	2021	2020
Total Revenue	\$ 20,690	\$ 18,031	\$ 15,107	\$ 18,821	\$ 17,144
Interest Expense	8,910	8,384	7,114	7,956	8,968
Net Revenue	11,780	9,647	7,993	10,865	8,176
General & Administrative Expenses	3,134	3,154	3,336	2,970	2,858
Bad Debt Provision	-	-	-	-	1,910
Amortization of Swap	12	15	56	106	111
Change in Net Assets before Unrealized Gain (Loss) on Investments	8,634	6,478	4,601	7,789	3,297
Unrealized Gain (Loss) on Investments	4,100	5,499	(12,759)	(4,369)	7,826
Change in Net Assets Without Donor Restrictions	\$ 12,734	\$ 11,977	\$ (8,158)	\$ 3,420	\$ 11,123

Source: Derived from the Audited Financial Statements for the fiscal year indicated.

Summary of Selected Balances (Dollars in Thousands) Years Ended December 31					
	2024	2023	2022	2021	2020
Total Assets	\$ 384,521	\$ 388,534	\$ 418,738	\$ 456,419	\$ 445,802
Cash and Investments	164,026	158,926	179,698	217,251	186,655
Loans (net of allowance for doubtful accounts)	218,380	227,563	237,151	237,189	248,853
Certificates - Demand IRA	71,792	78,798	78,798	111,982	113,557
Certificates - Term IRA	17,923	16,048	-	-	-
Certificates - HSA	1,877	2,179	2,179	2,635	2,686
Certificates - 5 year	83,789	90,142	90,141	106,038	114,748
Certificates - 30 month	8,505	11,674	11,674	15,378	14,180
Certificates - 12 month	10,633	1,178	-	-	-
Certificates - Demand Investment Certificates, Variable	83,777	95,071	114,105	130,724	114,552
Total Liabilities	278,722	295,470	337,651	367,175	359,978
Net Assets-Unrestricted	105,798	93,064	81,086	89,244	85,824

Source: Derived from the Audited Financial Statements for the fiscal year indicated.

Note: the 12-Month Fixed Rate Renewable Certificates and the Term Individual Retirement Account ("IRA") Certificates were not offered prior to March 1, 2023.

Historically, the amount of principal and interest payments on NCP's loans receivable, along with proceeds from the sale of Certificates, has been sufficient to pay all operating expenses, including interest expenses and principal maturing on its outstanding debt securities. NCP anticipates that it will continue to experience similar results in the future.

Management Discussion of Financial Operations

2024 Total assets of NCP for 2024 decreased from \$388.5 million to \$384.5 million, a decrease of 1.0%. Total liabilities at December 31 were \$278.7 million. Revenues for 2024 were \$20.7 million, expenses were \$12.0 million, realized gains/losses and unrealized appreciation on investments was \$4.1 million which resulted in an increase in net assets without donor restrictions of \$12.7 million. Individual Retirement Account balances at December 31 totaled \$89.7 million. Long-term loans made in 2024 were \$19.3 million which were disbursed to 25 projects.

2023 Total assets of NCP for 2023 decreased from \$418.7 million to \$388.5 million, a decrease of 7.7%. Total liabilities at December 31 were \$295.5 million. Revenues for 2023 were \$18.0 million, expenses were \$11.6 million, realized gains/losses and unrealized appreciation on investments was \$5.5 million which resulted in an increase in net assets without donor restrictions of \$12.0 million. Individual Retirement Account balances at December 31 totaled \$94.8 million. Long-term loans made in 2023 were \$19.2 million which were disbursed to 28 projects.

2022 Total assets of NCP for 2022 decreased from \$456.4 million to \$418.7 million, a decrease of 8.3%. Total liabilities at December 31 were \$337.7 million. Revenues for 2022 were \$15.1 million, expenses were \$10.5 million, realized gains/losses and unrealized losses on investments was -\$12.8 million which resulted in a decrease in net assets without donor restrictions of \$8.2 million. Individual Retirement Account balances at December 31 totaled \$106.1 million. Long-term loans made in 2022 were \$17.2 million which were disbursed to 31 projects.

2021 Total assets of NCP for 2021 increased from \$445.8 million to \$456.4 million, an increase of 2.4%. Total liabilities at December 31 were \$367.2 million. Revenues for 2021 were \$18.8 million, expenses were \$11.0 million, realized gains/losses and unrealized losses on investments was -\$4.4 million which resulted in an increase in net assets without donor restrictions of \$3.4 million. Individual Retirement Account balances at December 31 totaled \$112.0 million. Long-term loans made in 2021 were \$25.2 million which were disbursed to 45 projects.

2020 Total assets of NCP for 2020 increased from \$412.7 million to \$445.8 million, an increase of 8.0%. Total liabilities at December 31 were \$360.0 million. Revenues for 2020 were \$17.1 million, expenses were \$13.8 million, realized gains/losses and unrealized appreciation on investments was \$7.8 million which resulted in an increase in net assets without donor restrictions of \$11.1 million. Individual Retirement Account balances at December 31 totaled \$113.5 million. Long-term loans made in 2020 were \$13.4 million which were disbursed to 30 projects.

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Management Discussion of Financial Benchmarks

The following financial information highlights the results of key financial benchmarks measured by NCP as of the periods indicated.

Capital Adequacy – At December 31, 2024, NCP’s Net Assets were equal to 27.5% of Total Assets.

Liquidity – At December 31, 2024, NCP’s liquidity status is as calculated below:

Cash and Cash Equivalents	\$ 26,433,406
Investments (market)	137,592,242
Total	<u>\$ 164,025,648</u>
Investment Certificates Payable	<u>\$ 278,296,282</u>
Liquidity Status	58.94%
Source of balances: Derived from the Audited Financial Statements included in this Offering Circular.	

Cash Flow – Cash Flow performance examines the amount of available cash as compared to cash redemptions of Certificates. The calculation of the cash coverage ratio for the most recent three fiscal years is as follows:

	2024	2023	2022
Cash flow from operations	\$ 16,145,192	\$ 13,128,350	\$ 10,183,089
Liquid assets at beginning of year:			
Cash and Cash Equivalents	20,021,428	39,262,241	57,576,810
Investments	138,904,118	140,435,768	159,674,395
Loan principal repayments	33,942,522	34,544,213	27,385,625
Loan advances	(24,759,739)	(18,713,546)	(27,347,839)
Investment Certificate sales (Excludes Denominational Sales)	8,953,947	27,778,969	29,462,958
Denominational Redemptions over Investments (Investments over Redemptions)	<u>447,314</u>	<u>2,366,295</u>	<u>1,403,834</u>
Cash Available (A)	\$ 193,654,782	\$ 238,802,290	\$ 258,338,872
Investment Certificate Redemptions (B) (Includes accrued interest)	<u>\$ (82,999,468)</u>	<u>\$ (107,110,991)</u>	<u>\$ (90,402,983)</u>
Net Cash Available	<u>\$ 110,655,314</u>	<u>\$ 131,691,299</u>	<u>\$ 167,935,889</u>
Coverage Ratio (A/B)	2.3:1	2.2:1	2.9:1
Source of balances: Derived from the Audited Financial Statements for the fiscal year indicated; Coverage Ratio was recalculated using information from the Audited Financial Statements.			

Loan Delinquencies – At December 31, 2024, NCP had zero loans with principal and/or interest payments that were delinquent ninety (90) days or more, as more fully disclosed under the heading “OTHER ACTIVITIES – Loan Delinquencies” herein.

Profitability – NCP has achieved positive operating income five (5) out of the five (5) most recent fiscal years, and a positive change in total unrestricted Net Assets without Donor Restrictions for four (4) out of the five (5) most recent fiscal years, as demonstrated by the following table:

	(Dollars in Thousands)				
	2024	2023	2022	2021	2020
Net Revenue:	\$ 11,780	\$ 9,647	\$ 7,993	\$ 10,865	\$ 8,176
Change in Net Assets without Donor Restrictions:	\$ 12,734	\$ 11,977	\$ (8,158)	\$ 3,420	\$ 11,123
Source of balances: Derived from the Audited Financial Statements for the fiscal year indicated.					

DESCRIPTION OF THE CERTIFICATES

The debt securities offered pursuant to this Offering Circular consist of eight (8) types of Certificates: 5-Year Fixed Rate Renewable Certificates, 30-Month Fixed Rate Renewable Certificates, 12-Month Fixed Rate Renewable Certificates, Variable Rate Certificates (available for investment solely by current holders of a Variable Rate Certificate), Demand Investment Certificates, Demand IRA Certificates (available only for investment through an Individual Retirement Account for which Covenant Trust Company serves as custodian), Term IRA Certificates (available only for investment through an Individual Retirement Account for which Covenant Trust Company serves as custodian) and HSA Certificates (available only for investment through a Health Savings Account for which Covenant Trust Company serves as custodian). Historically, NCP has issued debt securities of various forms and types.

At the present time, NCP plans to issue only the eight (8) types of Certificates described herein. NCP reserves the right to create other securities at such rates and on such terms as the Board of Directors of NCP deems appropriate, however, no other such issuance of debt securities is currently contemplated. The Certificates are issued on a parity basis with respect to all other certificates previously issued and outstanding and are a general obligation of NCP. However, NCP does not currently have outstanding any debt or debt securities incurred or issued by NCP and secured by assets of NCP in such a manner as to have a priority claim against any of the assets of NCP over and above the Certificates.

The Certificates offered herein will be sold at par for cash, and no financing terms are offered. Forms of acceptable payment include personal, certified or cashier's check, money order or electronic funds transfer. Interest rates paid on NCP Certificates are determined by the Board of Directors of NCP upon consideration of current United States Treasury bill rates, mortgage interest rates and money market rates. Investors elect to have principal and interest investments in Certificates evidenced by a mailed written acknowledgement or by electronic notification. All Certificates are recorded and maintained by NCP in a book entry format. There is no minimum or maximum interest rate pre-established by the Board of Directors for an offering of Certificates. Only the 5-Year Fixed Rate Renewable Certificates, the 30-Month Fixed Rate Renewable Certificates, the 12-Month Certificates, the IRA Certificates, and the HSA Certificates are taken into account for purposes of the Congregational Investment Generation Requirement described under the heading "DESCRIPTION OF NCP'S LENDING ACTIVITIES – Congregational Investment Generation Requirement" herein. All accrued interest on Certificates is included in the amount shown under "Investment Certificate Redemptions" in the Section entitled "SELECTED FINANCIAL DATA - Management Discussion of Financial Benchmarks – Cash Flow" herein.

The offer and sale of Certificates is limited to persons or entities who are, prior to receipt of this Offering Circular, (a) members of, contributors to, or participants in The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (b) affiliates of The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (c) beneficiaries or successors in interest to those listed in (a) or (b) above; (d) relatives of individuals listed in (a) above; (e) trusts or

accounts controlled by or for the benefit of individuals listed in (a) above; or (f) other persons purchasing Certificates for the benefit or on behalf of individuals listed in (a) above (collectively, “Investors”).

Description of 5-Year Fixed Rate Renewable Certificates

NCP’s 5-Year Fixed Rate Renewable Certificates earn a fixed rate of interest as established at the time of issuance by the Board of Directors of NCP. The interest rate paid thereon is as indicated in Appendix “B” attached hereto. From time to time, the Board, in its sole discretion, may change the interest rate paid on these Certificates. However, the interest rate on a 5-Year Fixed Rate Renewable Certificate cannot be changed during any five (5) year term, once such Certificate has been issued. A holder of a 5-Year Fixed Rate Renewable Certificate shall be furnished on an annual basis with a current Offering Circular containing NCP’s most recent Audited Financial Statements.

The term of a 5-Year Fixed Rate Renewable Certificate is five (5) years from the date of issuance and will be renewed automatically for additional five (5) year terms, unless within ten (10) days after the end of the original or any renewal term, written notice of intention to redeem it is received by NCP from the holder thereof. If an Investor notifies NCP in writing prior to, or within ten (10) days after the maturity date, that the Investor does not elect to extend or roll-over the Certificate, NCP shall promptly repay the principal and interest accrued, if any, thereon. NCP shall send notice of maturity at least thirty (30) days prior to maturity. Holders will receive the interest rate in effect upon the date of renewal. All Investors receiving this notice will have been furnished with NCP’s most recent Offering Circular (See “INVESTOR REPORTS” herein). NCP reserves the right to call for redemption any 5-Year Fixed Rate Renewable Certificate at any time prior to maturity upon sixty (60) days prior written notice and payment of outstanding principal and interest to the holder thereof.

Unless the holder of a 5-Year Fixed Rate Renewable Certificate has elected to receive monthly interest payments, interest on a 5-Year Fixed Rate Renewable Certificate is payable semi-annually on June 30th and December 31st of each year and is calculated on the basis of a 365-day year. Holders of a 5-Year Fixed Rate Renewable Certificate have the option of directing NCP to (a) issue a semi-annual interest check, a semi-annual electronic funds transfer, or a monthly electronic funds transfer, or (b) reinvest the interest, in which case interest accrues and compounds semi-annually at the stated rate of the 5-Year Fixed Rate Renewable Certificate. Such option must be made in writing to NCP at the time of investment and may be changed by the Investor at any time upon written notice to NCP. If no notice is given, the Investor will be deemed to have elected to reinvest the interest. Reinvestment of interest is not evidenced by a new certificate. (Accrued but unpaid interest may be withdrawn at any time on or after the interest payment date on which it was due and payable.) Interest accrues at the rate of the 5-Year Fixed Rate Renewable Certificate, and compounds semi-annually. All interest constitutes taxable income to the recipient when earned. See “TAX MATTERS” herein.

No collateral is pledged to secure the repayment of any 5-Year Fixed Rate Renewable Certificate. NCP’s obligation to repay a 5-Year Fixed Rate Renewable Certificate or to pay interest thereon is a general obligation of NCP. Repayment of a 5-Year Fixed Rate Renewable Certificate will be made in full by NCP and cannot be made in installments or with other debt instruments.

Description of 30-Month Fixed Rate Renewable Certificates

NCP’s 30-Month Fixed Rate Renewable Certificates earn a fixed rate of interest as established at the time of issuance by the Board of Directors of NCP. The interest rate paid thereon is as indicated in Appendix “B” attached hereto. From time to time, the Board, in its sole discretion, may change the interest rate paid on these Certificates. However, the interest rate on a 30-Month Fixed Rate Renewable Certificate cannot be changed during any thirty (30) month term, once such Certificate has been issued. A holder of a 30-Month Fixed Rate Renewable Certificate shall be furnished on an annual basis with a current Offering Circular containing NCP’s most recent Audited Financial Statements.

The term of a 30-Month Fixed Rate Renewable Certificate is thirty (30) months from the date of issuance and will be renewed automatically for additional thirty (30) month terms, unless within ten (10) days after the end of the

original or any renewal term, written notice of intention to redeem it is received by NCP from the holder thereof. If an Investor notifies NCP in writing prior to, or within ten (10) days after the maturity date, that the Investor does not elect to extend or roll-over the Certificate, NCP shall promptly repay the principal and interest accrued, if any, thereon. NCP shall send notice of maturity at least thirty (30) days prior to maturity. Holders will receive the interest rate in effect upon the date of renewal. All Investors receiving this notice will have been furnished with NCP's most recent Offering Circular (See "INVESTOR REPORTS" herein). NCP reserves the right to call for redemption any 30-Month Fixed Rate Renewable Certificate at any time prior to maturity upon sixty (60) days prior written notice and payment of outstanding principal and interest to the holder thereof.

Unless the holder of a 30-Month Fixed Rate Renewable Certificate has elected to receive monthly interest payments, interest on a 30-Month Fixed Rate Renewable Certificate is payable semi-annually on June 30th and December 31st of each year and is calculated on the basis of a 365-day year. Holders of a 30-Month Fixed Rate Renewable Certificate have the option of directing NCP to (a) issue a semi-annual interest check, a semi-annual electronic funds transfer, or a monthly electronic funds transfer, or (b) reinvest the interest, in which case interest accrues and compounds semi-annually at the stated rate of the 30-Month Fixed Rate Renewable Certificate. Such option must be made in writing to NCP at the time of investment and may be changed by the Investor at any time upon written notice to NCP. If no notice is given, the Investor will be deemed to have elected to reinvest the interest. Reinvestment of interest is not evidenced by a new certificate. (Accrued but unpaid interest may be withdrawn at any time on or after the interest payment date on which it was due and payable.) Interest accrues at the rate of the 30-Month Fixed Rate Renewable Certificate, and compounds semi-annually. All interest constitutes taxable income to the recipient when earned. See "TAX MATTERS" herein.

No collateral is pledged to secure the repayment of any 30-Month Fixed Rate Renewable Certificate. NCP's obligation to repay a 30-Month Fixed Rate Renewable Certificate or to pay interest thereon is a general obligation of NCP. Repayment of a 30-Month Fixed Rate Renewable Certificate will be made in full by NCP and cannot be made in installments or with other debt instruments.

Description of 12-Month Fixed Rate Renewable Certificates

NCP's 12-Month Fixed Rate Renewable Certificates earn a fixed rate of interest as established at the time of issuance by the Board of Directors of NCP. The interest rate paid thereon is as indicated in Appendix "B" attached hereto. From time to time, the Board, in its sole discretion, may change the interest rate paid on these Certificates. However, the interest rate on a 12-Month Fixed Rate Renewable Certificate cannot be changed during any twelve (12) month term, once such Certificate has been issued. A holder of a 12-Month Fixed Rate Renewable Certificate shall be furnished on an annual basis with a current Offering Circular containing NCP's most recent Audited Financial Statements.

The term of a 12-Month Fixed Rate Renewable Certificate is twelve (12) months from the date of issuance and will be renewed automatically for additional twelve (12) month terms, unless within ten (10) days after the end of the original or any renewal term, written notice of intention to redeem it is received by NCP from the holder thereof. If an Investor notifies NCP in writing prior to, or within ten (10) days after the maturity date, that the Investor does not elect to extend or roll-over the Certificate, NCP shall promptly repay the principal and interest accrued, if any, thereon. NCP shall send notice of maturity at least thirty (30) days prior to maturity. Holders will receive the interest rate in effect upon the date of renewal. All Investors receiving this notice will have been furnished with NCP's most recent Offering Circular (See "INVESTOR REPORTS" herein). NCP reserves the right to call for redemption any 12-Month Fixed Rate Renewable Certificate at any time prior to maturity upon sixty (60) days prior written notice and payment of outstanding principal and interest to the holder thereof.

Unless the holder of a 12-Month Fixed Rate Renewable Certificate has elected to receive monthly interest payments, interest on a 12-Month Fixed Rate Renewable Certificate is payable semi-annually on June 30th and December 31st of each year and is calculated on the basis of a 365-day year. Holders of a 12-Month Fixed Rate Renewable Certificate have the option of directing NCP to (a) issue a semi-annual interest check, a semi-annual

electronic funds transfer, or a monthly electronic funds transfer, or (b) reinvest the interest, in which case interest accrues and compounds semi-annually at the stated rate of the 12-Month Fixed Rate Renewable Certificate. Such option must be made in writing to NCP at the time of investment and may be changed by the Investor at any time upon written notice to NCP. If no notice is given, the Investor will be deemed to have elected to reinvest the interest. Reinvestment of interest is not evidenced by a new certificate. (Accrued but unpaid interest may be withdrawn at any time on or after the interest payment date on which it was due and payable.) Interest accrues at the rate of the 12-Month Fixed Rate Renewable Certificate, and compounds semi-annually. All interest constitutes taxable income to the recipient when earned. See “TAX MATTERS” herein.

No collateral is pledged to secure the repayment of any 12-Month Fixed Rate Renewable Certificate. NCP’s obligation to repay a 12-Month Fixed Rate Renewable Certificate or to pay interest thereon is a general obligation of NCP. Repayment of a 12-Month Fixed Rate Renewable Certificate will be made in full by NCP and cannot be made in installments or with other debt instruments.

Description of Variable Rate Certificates

Variable Rate Certificates are available for investment solely by current holders of a Variable Rate Certificate. The Variable Rate Certificates earn interest that is adjustable by the Board of Directors of NCP on a monthly basis, in its sole discretion. Between these interest rate adjustment dates, newly issued Variable Rate Certificates may be offered at an interest rate that is different than the interest rate being paid on outstanding Variable Rate Certificates but will adjust to the same interest rate as all other Variable Rate Certificates at the next monthly interest rate adjustment date. The interest rate paid on newly issued Variable Rate Certificates are as indicated in Appendix “B” attached hereto. Holders of a Variable Rate Certificate shall be furnished on an annual basis with a current Offering Circular containing NCP’s most recent Audited Financial Statements.

There is no stated term for a Variable Rate Certificate. Unless the holder of a Variable Rate Certificate has elected to receive monthly interest payments, interest on a Variable Rate Certificate is payable semi-annually on June 30th and December 31st each year and is calculated on the basis of a 365-day year. Holders of a Variable Rate Certificate have the option of directing NCP to (a) issue a semi-annual interest check, a semi-annual electronic funds transfer, or a monthly electronic funds transfer, or (b) reinvest the interest, in which case interest accrues and compounds semi-annually at the current rate of the Variable Rate Certificate. Compound interest on the Variable Rate Certificates may be redeemed by the holder at any time. All interest rate changes will be available to holders of a Variable Rate Certificate on NCP’s website. All interest on Variable Rate Certificates constitutes taxable income to the recipient when earned. See “TAX MATTERS” herein.

The Variable Rate Certificates may be redeemed by the holder thereof at any time upon thirty (30) days advance written notice to NCP. If an Investor notifies NCP in writing that the Investor desires to redeem the Certificate, NCP shall promptly repay the principal and interest accrued, if any, thereon and, in any case, within thirty (30) days after the date of any such written notice. NCP reserves the right to call for redemption any Variable Rate Certificate at any time upon sixty (60) days prior written notice to the holder thereof.

No collateral is pledged to secure the repayment of any Variable Rate Certificate. NCP’s obligation to repay a Variable Rate Certificate or to pay interest thereon is a general obligation of NCP. Repayment of a Variable Rate Certificate will be made in full by NCP and cannot be made in installments or with other debt instruments.

Description of Demand Investment Certificates

NCP’s Demand Investment Certificates earn interest that is adjustable by the Board of Directors of NCP in its sole discretion on a monthly basis. Between these monthly interest rate adjustment dates, newly issued Demand Investment Certificates may be offered at an interest rate that is different than the interest rate being paid on outstanding Demand Investment Certificates but will adjust to the same interest rate as all other Demand Investment Certificates at the next monthly interest rate adjustment date. The interest rate paid on newly issued Demand Investment Certificates are as indicated in Appendix “B” attached hereto. Holders of a Demand Investment Certificate shall be furnished on an annual basis with a current Offering Circular containing NCP’s most recent Audited Financial Statements.

There is no stated term for a Demand Investment Certificate. Interest is calculated on the basis of a 365-day year and is compounded monthly. Interest is payable upon redemption or on the interest payment dates which are the last days of each and every month and accrues at the rate of the Demand Investment Certificate. The holder of a Demand Investment Certificate has the option of directing NCP to (a) issue a monthly interest payment via electronic funds transfer, or (b) reinvest the interest, in which case interest accrues and compounds monthly at the current rate of the Demand Investment Certificate. All interest rate changes will be available to holders of a Demand Investment Certificate on NCP's website. All interest on Demand Investment Certificates constitutes income to the recipient when earned. See "TAX MATTERS" herein.

The Demand Investment Certificates may be redeemed in whole or in part by the holder thereof at any time upon thirty (30) days advance written notice to NCP. If an Investor notifies NCP in writing that the Investor desires to redeem amounts in the Demand Investment Certificate, NCP shall promptly repay the principal and interest accrued, if any, thereon, and in any case, within thirty (30) days after the date of any such written notice. The initial and all subsequent investments in a Demand Investment Certificate are evidenced by a monthly statement to the Investor, along with all disbursements and interest accrued and paid. NCP reserves the right to call for redemption investments, in whole or in part, in a Demand Investment Certificate at any time upon sixty (60) days prior written notice to the holder thereof.

No collateral is pledged to secure the repayment of any Demand Investment Certificate. NCP's obligation to repay a Demand Investment Certificate or to pay interest thereof is a general obligation of NCP. Repayment of a Demand Investment Certificate will be made in full by NCP and cannot be made in installments or with other debt instruments.

Description of Demand Individual Retirement Account ("IRA") Certificates

NCP's Demand IRA Certificates are available for investment through an Individual Retirement Account for which Covenant Trust Company, an Illinois corporation, serves as custodian. In order to establish an Individual Retirement Account which invests in NCP's Demand IRA Certificates, an Investor must execute an IRA Application and a Custodial Agreement. Investors interested in opening an Individual Retirement Account to invest in NCP's Demand IRA Certificates should contact NCP to request a copy of the IRA Application, a Custodial Agreement and NCP's IRA disclosure documents. Investors in NCP's Demand IRA Certificates shall be furnished on an annual basis with a current Offering Circular containing NCP's most recent Audited Financial Statements.

The Demand IRA Certificates bear interest at a rate that is set by NCP's Board of Directors and is adjustable on a monthly basis. The interest rate paid thereon is as indicated in Appendix "B" attached hereto. Interest is calculated on the basis of a 365-day year. On June 30th and December 31st of each year, principal and interest on the Demand IRA Certificates is reinvested in the account at the then current interest rate. A holder of an Individual Retirement Account will receive from NCP, as agent for the custodian, a semi-annual statement of the calendar year's activity of the Individual Retirement Account. All interest rate changes will be available to holders of a Demand IRA Certificate on NCP's website.

The terms and conditions of an Individual Retirement Account, including NCP's redemption rights, are governed by the applicable provisions of the Code, as well as NCP's IRA disclosure documents and Custodial Agreement. An investor may redeem NCP Demand IRA Certificates at any time but will be subject to certain tax implications imposed by the Code.

No collateral is pledged to secure the repayment of any Demand IRA Certificate. NCP's obligation to repay a Demand IRA Certificate or to pay interest thereon is a general obligation of NCP.

Description of Term Individual Retirement Account ("IRA") Certificates

NCP's Term IRA Certificates are available for investment through an Individual Retirement Account for which Covenant Trust Company, an Illinois corporation, serves as custodian. In order to establish an Individual Retirement Account which invests in NCP's Term IRA Certificates, an Investor must execute an IRA Application and a Custodial Agreement. Investors interested in opening an Individual Retirement Account to invest in NCP's Term IRA Certificates

should contact NCP to request a copy of the IRA Application, a Custodial Agreement and NCP's IRA disclosure documents. Investors in NCP's Term IRA Certificates shall be furnished on an annual basis with a current Offering Circular containing NCP's most recent Audited Financial Statements.

The Term IRA Certificates earn a fixed rate of interest as established at the time of issuance by the Board of Directors of NCP, and at the option of the Investor, are for a term of five (5) years ("Term IRA Certificate-5 Years"), 30 months ("Term IRA Certificate-30 Months"), or 12 months ("Term IRA Certificate-12 Months"). The interest rate paid thereon is as indicated in Appendix "B" attached hereto. From time to time, the Board, in its sole discretion, may change the interest rate paid on the Term IRA Certificates. However, the interest rate on the Term IRA Certificates cannot be changed during any five (5) year term, 30-month term, or 12-month term, as applicable, once the Term IRA Certificate has been issued. A holder of a Term IRA Certificate will receive from NCP, as agent for the custodian, a semi-annual statement of the calendar year's activity of the Term Individual Retirement Account.

The term of a Term IRA Certificate is five (5) years, 30 months or 12 months from the date of issuance, at the option of the Investor, and will be renewed automatically for additional five (5) year, 30-month or 12-month terms, as applicable, unless within ten (10) days after the end of the original or any renewal term, written notice of intention to redeem it is received by NCP from the holder thereof. If an Investor notifies NCP in writing prior to, or within ten (10) days after the maturity date, that the Investor does not elect to renew the Term IRA Certificate, NCP shall promptly repay the principal and interest accrued, if any, thereon. NCP shall send notice of maturity at least thirty (30) days prior to maturity. Holders will receive the interest rate in effect upon the date of renewal. All Investors receiving this notice will have been furnished with NCP's most recent Offering Circular (See, "INVESTOR REPORTS" herein).

Unless the holder of a Term IRA Certificate has elected to receive monthly interest payments, interest on a Term IRA is payable semi-annually on June 30th and December 31st of each year and is calculated on the basis of a 365-day year. Holders of a Term IRA Certificate have the option of directing NCP to (a) issue a semi-annual interest check, a semi-annual electronic funds transfer, or a monthly electronic funds transfer, or (b) reinvest the interest, in which case interest accrues and compounds semi-annually at the stated rate of the Term IRA Certificate. Such option must be made in writing to NCP at the time of investment and may be changed by the Investor at any time upon written notice to NCP. If no notice is given, the Investor will be deemed to have elected to reinvest the interest. Reinvestment of interest is not evidenced by a new certificate. (Accrued but unpaid interest may be withdrawn at any time on or after the interest payment date on which it was due and payable but will be subject to applicable provisions of the Code regarding redemptions.) Interest accrues at the rate of the Term IRA Certificate-5 Year, Term IRA Certificate-30 Months, or Term IRA Certificate-12 Months, as applicable, and compounds semi-annually.

The terms and conditions of an Individual Retirement Account including NCP's redemption rights, are governed by the applicable provisions of the Code, as well as NCP's IRA disclosure documents and Custodial Agreement.

No collateral is pledged to secure the repayment of any Term IRA Certificate. NCP's obligation to repay a Term IRA Certificate or to pay interest thereon is a general obligation of NCP. Repayment of a Term IRA Certificate will be made in full by NCP and cannot be made in installments or with other debt instruments.

Description of Health Savings Account ("HSA") Certificates

NCP's HSA Certificates are available for investment through a Health Savings Account for which Covenant Trust Company, an Illinois corporation, serves as custodian. In order to establish a Health Savings Account which invests in NCP's HSA Certificates, an Investor must execute an HSA Application and a Custodial Agreement. Investors interested in opening a Health Savings Account to invest in NCP's HSA Certificates should contact NCP to request a copy of the HSA Application, a Custodial Agreement and NCP's HSA disclosure documents. Investors in NCP's HSA Certificates shall be furnished on an annual basis with a current Offering Circular containing NCP's most recent Audited Financial Statements.

The HSA Certificates bear interest at a rate that is set by NCP's Board of Directors and is adjustable monthly. The interest rate paid thereon is as indicated in Appendix "B" attached hereto. Interest is calculated on the basis of a 365-day year. On June 30th and December 31st of each year, principal and interest on the HSA Certificates is reinvested

in the account at the then current interest rate. A holder of a Health Savings Account will receive from NCP, as agent for the custodian, a semi-annual statement of the calendar year's activity of the Health Savings Account. Notice of an interest rate change will be furnished to holders of an HSA Certificate within ten (10) days after such change. NCP's redemption rights with respect to an HSA Certificate are governed by the Custodial Agreement and federal tax laws.

The terms and conditions of a Health Savings Account are governed by the applicable provisions of the Code, as well as NCP's HSA disclosure documents and Custodial Agreement. An investor may redeem NCP HSA Certificates at any time but will be subject to certain tax implications pursuant to the provisions of the Code. No collateral is pledged to secure the repayment of any HSA Certificate. NCP's obligation to repay an HSA Certificate or to pay interest thereon is a general obligation of NCP.

METHOD OF SALE

The primary means of solicitation for the sale of Certificates will be through direct mailings and e-mail transmissions of the Offering Circular and advertising materials to current, past and prospective Investors, and to regional conferences and member churches by officers of NCP. On occasion, the President, Executive Vice President, Vice-Presidents or Assistant Secretaries of NCP also discuss the nature and purpose of NCP's work at meetings of the Church or member church services or gatherings, or in response to telephone inquiries. Prospective Investors will be able to obtain an Offering Circular and additional materials concerning the Certificates upon request to NCP.

Upon such request, NCP will mail or e-mail the applicable materials, including this Offering Circular, to the prospective Investor. In the case of the 5-Year Fixed Rate Renewable Certificates, the 30-Month Fixed Rate Renewable Certificates, the 12-Month Fixed Rate Renewable Certificates, the Demand Investment Certificates and the Variable Rate Certificates, a purchase is made upon the furnishing to NCP of a completed New Certificate Application Form which accompanies the Offering Circular, and payment to NCP at 8303 West Higgins Road, Chicago, Illinois 60631. In the case of an IRA Certificate, and an HSA Certificate, a purchase is made upon the furnishing to NCP of a completed New Certificate Application Form and Custodial Agreement, which accompany the Offering Circular and IRA, or HSA disclosure materials, as the case may be, and payment to the custodian. In the case of an IRA Certificate, and an HSA Certificate, the Investor's check or money order should be made to National Covenant Properties IRA/HSA, c/o such custodian as indicated in the appropriate disclosure documents, 8303 West Higgins Road, Chicago, Illinois 60631. No direct personal solicitation for the sale of Certificates will be made by any officer, director, or employee of NCP. All sales are made by the executive officers of NCP, pursuant to broker-dealer, issuer or agency licensing or an applicable exemption therefrom.

The solicitation of offers and the sale of Certificates is restricted solely to the members of, contributors to, participants in, and affiliates of the Church. NCP reserves the right at any time to withdraw all or part of this offering without notice.

UNDERWRITING

There is no underwriter involved in the issuance of the Certificates. The Certificates are offered solely by NCP to the members of, contributors to, participants in, and affiliates of the Church. NCP pays no commissions on the sale of its Certificates.

TAX MATTERS

The purchase of Certificates is not a donation to a religious organization and is not eligible for any tax deduction as a charitable contribution. Interest paid or accrued on the Certificates, other than investments held in an Individual Retirement Account, or a Health Savings Account Certificate, will be taxable as ordinary income to an Investor. Tax matters relative to an Individual Retirement Account or a Health Savings Account Certificate are provided for in relevant provisions of the Code. Investors are encouraged to consult their tax advisor prior to investing in a Certificate.

LITIGATION

There is no litigation pending against NCP, nor to the knowledge of NCP is any litigation threatened, which in any way questions or affects the validity of the Certificates, or any proceedings or transactions relating to their issuance, sale and delivery. There is no litigation pending against NCP, nor to the knowledge of NCP is any litigation threatened, which would, if adversely determined, cause any material adverse change in the properties, financial condition or the conduct of the affairs of NCP. There is no present, pending or threatened material legal proceedings, including those that are known to be contemplated by governmental authorities, administrative bodies, or other administrative persons to which NCP or its property is or may become a party.

MANAGEMENT AND GOVERNANCE

The Board of Directors of NCP consists of not less than eight (8) and not more than thirteen (13) directors, of which the President of NCP is an *ex officio* director whose term of service as director corresponds to his or her term of office as President. In addition, the President of the Church is an *ex officio* director whose term of service as director corresponds to his or her term of office. The other directors are elected for three (3) year staggered terms. The voting members of the Executive Board of the Church are the corporate members of NCP who determine the number of, and elect, the directors of NCP.

The Board meets four (4) to seven (7) times annually and approves every loan and line of credit made by NCP, except in those instances where authority to approve loans without Board approval has been delegated to the President (see “DESCRIPTION OF NCP’S LENDING ACTIVITIES – Loan Policies” herein). The Board also establishes all loan and investment policies of NCP.

NCP carries Employee Dishonesty Insurance coverage on all employees of NCP in the amount of five million (\$5,000,000) dollars per occurrence, which covers such occurrences as employee theft, computer fraud, forgery and funds in transit.

Officers of NCP

The President of NCP is Peter A. Hedstrom, who serves as such on a full-time basis. Mr. Hedstrom has served NCP in the capacity of President since January 2019. Previously he was the Executive Vice President/CFO of NCP since February 2015. Mr. Hedstrom has thirty (30) years of banking experience primarily with US Bank where he was most recently the Regional President of eleven (11) northeastern Minnesota branches until February 2014. He is a 1985 graduate of Bethel University, St. Paul, Minnesota, with a Bachelor of Arts in Economics, and in 1995 received a Master of Business Administration with a finance concentration from the University of St. Thomas, St. Paul, Minnesota. Mr. Hedstrom is a 2009 graduate of the Pacific Coast Banking School, University of Washington in Seattle, Washington.

Robert M. Hall, III is a Vice President of Real Estate Services for NCP since June 2007 and was the President of Covenant Development Corporation from June 2007 until its dissolution in 2014. Mr. Hall was employed as the Associate Director of Technical and Legal Services for The Evangelical Covenant Church and served as Vice President of Covenant Development Corporation from 1997 to 2007. From 1993 to 1997, Mr. Hall was Associate and later Regional Director for Habitat for Humanity. Mr. Hall holds a Bachelor of Arts in Religion and Psychology from North Park University, Chicago, Illinois (1988), and graduated in 1995 with a Juris Doctor from DePaul University-College of Law, Chicago, Illinois.

Rollin P. Persson is a Vice President of Real Estate Services for NCP since June 2007, and the Vice President of Covenant Development Corporation since May 2007. From 1997 until joining NCP, Mr. Persson was employed by GMAC-Residential Funding Corp. as a Mortgage Underwriter and Transaction Manager, and from 1987 to 1997, he was employed by Corus Bancorp in Chicago as a Real Estate Loan Officer. Mr. Persson holds a Bachelor of Arts degree in Business Administration from North Park University.

Paul Kruit is a Vice President of Real Estate Services for NCP since September 2022. From 1991 until joining NCP Mr. Kruit was employed by Converge Cornerstone Fund as its Vice President of Operations. Mr. Kruit holds a Bachelor of Science degree in accounting from The University of Illinois at Chicago and earned his CPA Certificate in February 1997.

Jill A. Hall, Secretary, has been employed by NCP since September 1994, and currently holds the title of Senior Vice President of Operations. Prior to this date, Ms. Hall was employed by the Church as an events coordinator since March 1989.

Heidi Sue Corral, Assistant Secretary, has been employed by NCP since March 2012. Ms. Corral currently serves as a Marketing and Operations Manager. Prior to joining NCP, Ms. Corral was employed by Susan Fredman Design Group from 2010 to 2011 as an Accounts Payable Representative and Chicago Retail Manager. Ms. Corral holds a Bachelor of Science in Business and Economics degree with a concentration in Accounting from North Park University and was a member of the Covenant Bible College Midwest class of 2003.

Angel Sinchi, Assistant Secretary, has been employed by NCP since May 2016. Mr. Sinchi currently serves as an Investment Development Manager. Prior to joining NCP, Mr. Sinchi was employed as a retail manager at New Dawn Floral from 2008 to 2014. Mr. Sinchi also served as a business manager at Bethesda Christian Center from 2005 to 2008. Mr. Sinchi holds a Bachelor of Science in Business Finance degree from Northeastern Illinois University.

Maren Spaulding, Assistant Secretary, has been employed by NCP since May 2013. Ms. Spaulding currently serves as a Loan Operations Manager. Prior to joining NCP, Ms. Spaulding was employed by Albany Bank and Trust from 2010 to 2013 as a Controller. Ms. Spaulding holds a Bachelor of Science in Business and Economics degree with a concentration in Accounting from North Park University.

Joseph Kreye, Assistant Secretary, has been employed by NCP since July 2024. Mr. Kreye currently serves as Investment Services Representative. Prior to joining NCP Mr. Kreye was employed by Huntington Bank from 2022 to 2024. Mr. Kreye holds a Bachelor of Science in Christian Ministries from Indiana Wesleyan University.

The other officers of NCP, none of whom are active in the day-to-day operations of NCP, are: Jon D. Brorson, Chairman of the Board; Reed R. Brunzell, Vice Chairman of the Board; and Dave Hanson, Treasurer of the Board. Jon D. Brorson, Reed R. Brunzell, and Dave Hanson are also directors of NCP, as disclosed below.

Directors of NCP

As of the date of this Offering Circular, the following are the members of the Board of Directors of NCP:

Jon D. Brorson (Chairman of NCP), President, AgraShares, LLC, Naperville, Illinois, since August 2016, an investment firm specializing in agricultural finance. Prior to this time, Mr. Brorson was Managing Director of Mesirow Financial, Chicago, and head of its Agriculture Management division (May 2011 to August 2016); President of AgraShares LLC, (November 2006 to May 2011); Managing Director, head of growth equity team, and member of Asset Allocation Committee of Lehman Brothers (October 2004 to October 2006); and Managing Director and Head of Growth Equities for Neuberger Berman (December 2002 to October 2004). Mr. Brorson holds a Bachelor of Arts degree in Economics from North Park University and a Master of Business Administration in Finance from DePaul University. Term expires October 2025.

Reed R. Brunzell (Vice Chairman of NCP), Producing Branch Manager at Cardinal Financial Company since February 2021. Prior to that, Mr. Brunzell was the Senior Mortgage Officer at American Portfolio Mortgage Corp. from November 2019 to February 2021. From September 2018 until November 2019, Mr. Brunzell was the Senior Mortgage Officer, United Fidelity Funding, Schaumburg, Illinois, Loan Officer, Mortgage Master, Park Ridge, Illinois. From September 2015 to August 2018, Mr. Brunzell was a Senior Loan Officer, Mortgage Master, Park Ridge, Illinois. From July 2014 to August 2015, Mr. Brunzell was a mortgage broker with JP Morgan Chase Bank, National Association. From January 2011 to July 2014, Mr. Brunzell was a Residential Mortgage Specialist with Wintrust Mortgage Corporation of Northfield, Illinois. Mr. Brunzell was a Mortgage Advisor, Fifth/Third Bank, NA, from

November 2008 to January 2011, and from January 2008 to November 2008, he was a mortgage advisor with Countrywide Bank, FSB. From September 2006 to January 2008, Mr. Brunzell was a senior loan consultant for Baird Warner Financial Services. Mr. Brunzell was a senior loan consultant for Hartford Financial Services, Inc. from December 1995 to September 2006. Mr. Brunzell holds a Bachelor of Arts degree in Journalism and Economics from Indiana University. Term expires October 2026.

Dave Hanson (Treasurer of NCP), Director of Finance, Midtown Covenant Church since May 2021 and Director of Finance of Mission Springs Camps and Conference Center since May 2021. Prior to that, Mr. Hanson was the Chief Financial Officer, Bayside Covenant Church, Roseville, California since 2006. From 1995 to 2006, Mr. Hanson was a partner in the B2 Group, a CEO/CFO Consulting Team that assisted entrepreneurs and companies with growing and realigning their companies including Venture Capital and other forms of financing. Mr. Hanson holds a Bachelor of Arts degree from North Park University. Term expires October 2025.

Peter A. Hedstrom (President of NCP and *ex officio* director) is the President of NCP since January 2019. Before being appointed as President, he served as Chief Financial Officer at NCP since February 2015. Prior to that, Mr. Hedstrom was Regional President of eleven branches of US Bank in northeastern Minnesota. He is a 1985 graduate of Bethel University, St. Paul, Minnesota, with a Bachelor of Arts in Economics, and in 1995 received a Master of Business Administration with a finance concentration from the University of St. Thomas, St. Paul, Minnesota. Mr. Hedstrom is a 2009 graduate of the Pacific Coast Banking School, University of Washington in Seattle, Washington.

Weston Gibson, Executive Pastor, First Covenant Church, Salina, Kansas since 2014. Prior to that Pastor Gibson served as the Senior Pastor at First Covenant Church, Omaha, Nebraska from 2007 to 2014. From 2000 to 2007 Pastor Gibson was the Associate Pastor at Deerbrook Covenant Church, Lee's Summit, Missouri. Prior to being called to pastoral ministry, he worked in business sales and sales management. Pastor Gibson holds a Bachelor of Science degree with emphasis in History and Political Science from Kansas State University and a Master of Divinity degree from Nazarene Theological Seminary. Term expires October 2026.

Erica Jensen, Senior Vice President of Innovation, Strategy and Marketing at NMDP, formerly named Be The Match, Minneapolis, Minnesota since October 2019. Prior to that, she served as Senior Manager of Global Marketing at General Mills in Minneapolis, Minnesota for 15 years. Ms. Jensen has over 20 years of experience in marketing for various industries including consumer packaged goods, banking and telecommunications. Ms. Jensen holds a Bachelor of Science in Communications from Northwestern University in Evanston, Illinois and a Master of Business Administration from Regis University in Denver, Colorado. Term expires October 2026.

Larry Lundgren, Chief Financial Officer, Boveda, Inc., since 2019. Prior to that, he was a fractional CFO working with various manufacturing companies as part of the outsourcing practice with CliftonLarsonAllen, LLP for nearly 12 years. Mr. Lundgren has over 35 years of experience working in the Accounting, Finance and Business Development fields. He holds a Bachelor of Science degree in Accounting from the University of Minnesota in 1981 and an MBA degree from the University of Minnesota in 1988. Mr. Lundgren received his Certified Public Accountant certificate in 1984. Term expires October 2025.

M. Annette Stuckey, Retired as of August 2023. Formerly, Ms. Stuckey was Executive Vice President, Director of Special Projects, at First National Bank and Trust Co., Shawnee, Oklahoma. Prior to that she served as Chief Financial Officer at First National Bank and Trust, as well as Valliance Bank in Oklahoma City, and Oklahoma State Bank in Guthrie, Oklahoma. Ms. Stuckey has over 45 years in the banking industry. Ms. Stuckey holds a Bachelor of Arts in Liberal Studies and a Master of Arts in Administrative Leadership, both from the University of Oklahoma. Ms. Stuckey received her Certified Public Accountant certificate in 1997. Term expires October 2027.

James Volling, Senior Counsel, with Faegre Drinker Biddle & Reath LLP in Minneapolis, Minnesota, began as an attorney with the firm in 1981. Prior to that, he served as a law clerk to Judge Roger Robb of the United States Court of Appeals for the District of Columbia Circuit in Washington, D.C. in 1979-1980; and then as a law clerk to Chief Justice Warren E. Burger of the United States Supreme Court in Washington, D.C. in 1980-1981. Mr. Volling received his Juris Doctor degree from George Washington University of Law in 1979, and he received his A.B. degree from Harvard University in 1976. Term expires October 2027.

Tammy Swanson-Draheim, President of the Evangelical Covenant Church since September 1, 2022, *ex-officio* director. Prior to this time she served as the Superintendent of the Midwest Conference in Omaha, Nebraska for 11 years. She also served as the senior pastor at First Covenant Church of Mason City, Iowa for several years prior to being installed as superintendent. Ms. Swanson-Draheim holds a Bachelor's of Science degree in business from California State University, Fullerton, a Masters of Management from North Park University, Chicago, Illinois, and a Master of Divinity from North Park Theological Seminary, Chicago, Illinois.

Remuneration

All directors serve on a volunteer basis and are not compensated for time and services rendered as Board members. Reasonable expenses incurred with respect to attendance of Board meetings may be reimbursed. As of December 31, 2024, the salaried officers of NCP, in the aggregate, received annual compensation as follows:

Salary	Health and Life Insurance	Pension Benefit	403(b) Matching
\$1,316,494	\$141,534	\$0	\$91,774

Executive officers of NCP who received annual compensation equaling or exceeding \$150,000 individually are as follows:

Officer	Salary	Health and Life Insurance	Pension Benefit	403(b) Matching
Peter A. Hedstrom, President	\$322,236	\$20,937	\$0	\$24,146
Jill A. Hall, Sr. V.P. Operations and Secretary	\$141,693	\$2,074	\$0	\$10,170

Conflicts of Interest

All transactions with Board members are made or entered into on terms that are no less favorable to NCP than those that NCP could obtain from an independent, unaffiliated third party. A majority of the independent, disinterested members of NCP's Board must approve transactions with Board members. In addition, at least a majority of uninterested directors must approve loan transactions in which NCP is the lender and any "Related Party" has or will have a direct or indirect interest. A "Related Party" is any person who is an executive officer, director, trustee or member of any borrower to which NCP is extending a loan.

EVENTS OF DEFAULT

Non-payment of a Certificate's principal and interest payment when due shall constitute a default of NCP, but only as to such Certificate. The holder of a Certificate has no rights of acceleration of payment of a Certificate upon an event of default but may pursue all available legal and equitable remedies in the event of a default thereunder. In addition, any NCP Investor will be furnished with a current list of all other NCP Investors residing in the state of that Investor upon request and within thirty (30) days of an event of default if such occurs.

REDEMPTION DUE TO A PERSONAL EMERGENCY

Although there is no obligation to redeem Certificates prior to their maturity, it is NCP's policy and practice to allow early redemption of a Certificate, generally upon representation of a personal or financial emergency of the holder thereof, so long as early redemption does not create a financial hardship to NCP (as determined by NCP). In some cases, approval of the Board of Directors of NCP will be required in accordance with Board policies established in connection with early redemption of Certificates. All interest is paid to the date of redemption and no penalty is assessed. There can be no assurance that NCP will continue such policy in the future, and NCP is not obligated to do so.

INDEPENDENT AUDITORS

The financial statements of NCP for the years ended December 31, 2024, December 31, 2023, and December 31, 2022, included in this Offering Circular have been audited by Capin Crouse LLC, Independent Certified Public Accountants, as stated in their report appearing herein.

LEGAL OPINIONS

Certain legal matters relating to this issue of Certificates have been passed upon by Peterson Cramer 100 South Saunders Road, Suite 150, Lake Forest, Illinois 60045 and 676 Summit Ave. Suite 102, St. Paul, Minnesota 55105, general counsel to NCP.

INVESTOR REPORTS

NCP's current Audited Financial Statements will be made available at any time to Investors upon written request and will be mailed as a matter of course to current Investors within 120 days of its most recent fiscal year end.

INDEPENDENT AUDITORS' REPORT

Board of Directors
National Covenant Properties
Chicago, Illinois

Opinion

We have audited the accompanying consolidated financial statements of National Covenant Properties, which comprise the consolidated statements of financial position as of December 31, 2024, 2023, and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Covenant Properties as of December 31, 2024, 2023, and 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of National Covenant Properties 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Covenant Properties' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
National Covenant Properties
Chicago, Illinois

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 National Covenant Properties' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Covenant Properties' ability to continue as a going concern for a reasonable period of time.

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.

Capin Crouse LLC

Naperville, Illinois
February 19, 2025

NATIONAL COVENANT PROPERTIES

Consolidated Statements of Financial Position

	December 31,		
	2024	2023	2022
ASSETS:			
Cash and cash equivalents	\$ 26,433,406	\$ 20,021,428	\$ 39,262,241
Investments	137,592,242	138,904,118	140,435,768
Interest and other receivables	1,578,175	1,416,939	1,273,625
Loans receivable	223,280,465	232,463,248	242,050,792
Allowance for credit losses	(4,900,000)	(4,900,000)	(4,900,000)
Other assets	536,329	628,366	615,318
	<u>384,520,617</u>	<u>388,534,099</u>	<u>418,737,744</u>
Total Assets	<u>\$ 384,520,617</u>	<u>\$ 388,534,099</u>	<u>\$ 418,737,744</u>
LIABILITIES AND NET ASSETS:			
Liabilities:			
Certificates	\$ 278,296,282	\$ 295,089,785	\$ 337,301,897
Accrued expenses and other payables	426,091	380,562	349,474
Total liabilities	<u>278,722,373</u>	<u>295,470,347</u>	<u>337,651,371</u>
Net assets:			
Net assets without donor restrictions	<u>105,798,244</u>	<u>93,063,752</u>	<u>81,086,373</u>
Total Liabilities and Net Assets	<u>\$ 384,520,617</u>	<u>\$ 388,534,099</u>	<u>\$ 418,737,744</u>

See notes to consolidated financial statements

NATIONAL COVENANT PROPERTIES

Consolidated Statements of Activities

	Year Ended December 31,		
	2024	2023	2022
REVENUE:			
Interest and fees on loans	\$ 12,107,534	\$ 10,543,530	\$ 10,128,141
Interest and dividend income on investments	7,791,813	7,711,561	5,048,060
Realized gain (loss) on sale of investments	233,635	(417,170)	(224,542)
Other	557,247	193,580	154,974
Total revenue	20,690,229	18,031,501	15,106,633
Less: interest expense	(8,909,930)	(8,384,439)	(7,113,567)
Net revenue before expenses	11,780,299	9,647,062	7,993,066
EXPENSES:			
Operating expenses	3,133,678	3,154,452	3,336,241
Amortization of swap options	12,299	14,772	55,850
Total expenses	3,145,977	3,169,224	3,392,091
Change in net assets before unrealized gain (loss) on investments	8,634,322	6,477,838	4,600,975
Unrealized gain (loss) on investments	4,100,170	5,499,541	(12,758,729)
Change in Net Assets Without Donor Restrictions	12,734,492	11,977,379	(8,157,754)
Net Assets, Beginning of Year	93,063,752	81,086,373	89,244,127
Net Assets, End of Year	\$ 105,798,244	\$ 93,063,752	\$ 81,086,373

See notes to consolidated financial statements

NATIONAL COVENANT PROPERTIES

Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 12,734,492	\$ 11,977,379	\$ (8,157,754)
Adjustment to reconcile change in net assets to net cash flows provided (used) by operating activities:			
Depreciation and amortization	20,025	22,623	66,185
Interest reinvested by certificate holders	7,768,175	6,343,844	6,241,228
Unrealized (gain) loss on investments	(4,100,170)	(5,499,541)	12,758,729
(Gain) loss on sale of investments	(233,635)	417,170	224,542
Changes in:			
Interest and other receivables	(161,236)	(143,314)	(350,604)
Other assets	72,012	(20,899)	(530,663)
Accrued expenses and other payables	45,529	31,088	(68,574)
Net Cash Provided by Operating Activities	<u>16,145,192</u>	<u>13,128,350</u>	<u>10,183,089</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	42,323,991	52,862,962	58,550,302
Purchase of investments	(36,678,310)	(46,263,713)	(51,389,496)
Collections of demand loans receivable	1,342,648	11,245,522	10,738,200
Collections on long-term loans receivable	32,599,874	23,298,691	16,647,425
Additions to demand loans receivable	(4,274,967)	(5,746,180)	(10,185,734)
Additions to long-term loans receivable	(20,484,772)	(12,967,366)	(17,162,105)
Additions to participation loans receivable	-	(6,243,123)	-
Net Cash Provided by Investing Activities	<u>14,828,464</u>	<u>16,186,793</u>	<u>7,198,592</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of certificates	58,437,790	58,555,035	54,706,733
Redemption of certificates	(82,999,468)	(107,110,991)	(90,402,983)
Net Cash Used by Financing Activities	<u>(24,561,678)</u>	<u>(48,555,956)</u>	<u>(35,696,250)</u>
Net Change in Cash and Cash Equivalents	6,411,978	(19,240,813)	(18,314,569)
Cash and Cash Equivalents, Beginning of Year	<u>20,021,428</u>	<u>39,262,241</u>	<u>57,576,810</u>
Cash and Cash Equivalents, End of Year	<u>\$ 26,433,406</u>	<u>\$ 20,021,428</u>	<u>\$ 39,262,241</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Matured investment certificates reinvested	<u>\$ 19,686,444</u>	<u>\$ 15,827,690</u>	<u>\$ 16,804,766</u>
Cash paid during the year for interest	<u>\$ 1,124,409</u>	<u>\$ 2,043,935</u>	<u>\$ 875,766</u>

See notes to consolidated financial statements

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

1. NATURE OF ORGANIZATION:

National Covenant Properties (NCP), a not-for-profit corporation, is an affiliate of The Evangelical Covenant Church (Church). NCP provides secured and unsecured loans primarily to member churches and Church-affiliated entities for the primary purpose of financing church property acquisitions, construction and additions, and financing certain activities of Church-affiliated entities. The principal source of funds to make these loans is the sale of debt securities by NCP to members of, contributors to, participants in, and affiliates of the Church and its member churches. NCP is exempt from federal and state income taxes under the provisions of the Internal Revenue Code (IRC) Section 501(c)(3) and applicable state statutes and is not a private foundation under IRC Section 509(a)(1). The consolidated financial statements of NCP include the consolidated financial statements of National Covenant Properties Land Company, LLC and NCP Land Company Minnesota, LLC, wholly owned affiliates. Intercompany transactions and balances have been eliminated for consolidated financial statement purposes.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The consolidated financial statements of NCP have been prepared using the accrual basis of accounting, which gives recognition to income and related assets when earned and expenses and related liabilities when incurred. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The significant accounting policies followed are described below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include a checking account and money market funds. At December 31, 2024, 2023, and 2022, NCP's cash balances exceeded federally insured limits by \$25,865,175, \$20,078,740, and \$40,313,367, respectively.

INVESTMENTS

Investments are stated at fair market value with realized and unrealized gains or losses recorded in the consolidated statements of activities.

OTHER ASSETS

Other assets consist primarily of furniture and computer equipment purchases in excess of \$1,000 recorded at cost and depreciated over three to seven years and cash value of life insurance.

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REAL ESTATE HELD IN WHOLLY OWNED AFFILIATES

NCP operates National Covenant Properties Land Company, LLC and NCP Land Company Minnesota, LLC, wholly owned affiliates, which were created to hold properties held for sale. All real estate held by these LLC's is classified as real estate held for sale and is reported at the lower of carrying value or fair value less estimated selling costs. All real estate held for sale is actively marketed and is expected to be sold as expeditiously as possible. Subsequent gains or losses resulting from the disposition of real estate held for sale are recorded as investment gains or losses in the period realized. For the years ended December 31, 2024, 2023, and 2022, real estate sales totaled \$0, \$0, and \$1,499,791 with gains totaling \$0, \$0, and \$538,491, respectively.

FEES ON LOANS

Loan fees charged by NCP approximate actual costs incurred by NCP for loan processing. Accordingly, such fees are recognized as income in the year of loan origination.

EXPENSES

All expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been allocated on a functional basis, determined by use of the facilities, level of support effort, and relative program benefited. For the years ended December 31, 2024, 2023, and 2022, advertising expenses were \$112,464, \$93,415, and \$106,972, respectively, and are expensed when incurred.

LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Loans receivable are stated at their principal amount outstanding less the related allowance for credit losses. Interest income on loans is accrued and credited to income based on the principal amount outstanding.

Loans to churches which receive financial support from the Church's regional conference initially require the guarantee of that conference and/or of the Church. At December 31, 2024, there were 60 loans totaling \$56,991,905 that were guaranteed by a conference and/or the Church.

Allowance for credit losses

NCP recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the consolidated statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term) which includes consideration of prepayments.

Assets are written off when NCP determines that such financial assets are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the consolidated statement of financial position date.

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES, continued

Allowances for credit losses, continued

NCP utilizes a loss rate approach in determining its lifetime expected credit losses on its loans. This method is used for calculating an estimate of losses based primarily on NCP's historical loss experience. In determining its loss rates, NCP evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that it can reasonably forecast. For the period of time beyond which it can reasonably forecast it applies immediate reversion based on the facts and circumstances as of the reporting date. NCP concludes that it can reasonably support a forecast period of all loan segments for two years after the balance sheet date. NCP's loan portfolio consists of only one segment as NCP only provides loans to churches and affiliated organizations of the denomination, and all loans have similar risk characteristics, the same underwriting criteria, and risk factors used in evaluating the loans are consistent and relevant to the entire loan portfolio. Also, the loans have similar interest rates and terms, in addition to being collateralized primarily by real estate assets owned by the church or affiliated organization. In situations where a loan does not share the same risk characteristics with other loans, NCP measures those loans individually.

Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider the following: lending policies and underwriting process, experience of staff, overall quality of the loan portfolio, assessment of the health of the denomination and overall church industry, assessment of real estate values, impact by any geographical conditions including individual state policies, and the current and forecasted direction of the economic and business environment. Such forecasted information includes: GDP growth, unemployment rates, and church giving trends.

NCP also has off-balance sheet financial instruments, which include church lines of credit and construction loans. NCP minimizes these risks through underwriting guidelines and prudent risk management techniques. NCP estimates a liability for loan commitments that are not unconditionally cancellable by NCP based on the likelihood of funding and an estimate of credit losses over the life after funding. Credit loss methodology is based on a loss rate approach that starts with the probability of funding based on historical experience and adjusted for current conditions and further adjusted for the period of time that can be reasonably forecast. For the period of time beyond which can be reasonably forecasted, NCP applies immediate reversion based on the facts and circumstances as of the reporting date. NCP has concluded that it can reasonably support a forecast period for two years after the statement of financial position date. As of December 31, 2024 and 2023, NCP recorded a liability of off-balance sheet unfunded commitments totaling approximately \$104,000 and \$36,000, respectively. Due to immateriality, this amount has been combined with the allowance for credit losses in the consolidated statements of financial position.

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES, continued

Credit quality indicators

NCP categorizes its loans as performing or nonperforming. Status for performing and nonperforming loans is based on payment activity for the year. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent is greater than 60 days in the previous month. NCP evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics and performance status change.

NCP elects to present the accrued interest receivable balance separately in the consolidated statements of financial position from the amortized cost of the loans receivable. NCP elected not to measure an allowance for credit losses for accrued interest receivable. For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due and management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible within the stated term of the loan. All accrued interest is reversed against interest income when a loan is placed on nonaccrual status. Interest received on nonaccrual loans, generally is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, there is a sustained period of repayment performance, and future payments are reasonably assured. NCP did not write off any loan accrued interest receivables during the years ended December 31, 2024, 2023, and 2022. Due to the nature of the relationship with its borrowers, NCP is willing to make accommodations with borrowers whose payments are not current, so long as such accommodations do not jeopardize the interests of NCP's investors.

NCP may also purchase participation interests in individual loans from third party lenders. Under these loan participation agreements, the third-party lenders maintain all records, collect all payments and remit monthly the appropriate pro rata share of both interest and principal collected on the loans. All loan participations are purchased without recourse and are secured by real property.

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

3. INVESTMENTS:

Investments consist of the following:

	December 31,		
	2024	2023	2022
Government Agencies	\$ 3,002,825	\$ 12,022,138	\$ 24,571
Investment Grade Corporate Obligations	51,740,656	52,715,419	72,229,456
Income, Index and Convertible Bond Funds	63,969,505	60,048,863	56,464,206
Investment in Equity Funds	16,875,506	14,031,745	11,585,065
Other Fixed Income Obligations	2,003,750	-	-
Investment in Swap Options	-	85,953	132,470
	<u>\$ 137,592,242</u>	<u>\$ 138,904,118</u>	<u>\$ 140,435,768</u>

At December 31, 2024, the Government Agencies, Investment Grade Corporate Obligations, and Other Fixed Income Obligations mature as follows:

Within two years	\$ 42,953,483
After two years through five years	13,292,973
After five years	<u>500,775</u>
	<u><u>\$ 56,747,231</u></u>

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

4. LOANS RECEIVABLE:

Loans receivable consist of the following:

	December 31,		
	2024	2023	2022
Regional conferences, churches and affiliates:			
Demand loans	\$ 8,511,424	\$ 6,679,107	\$ 13,272,049
Long-term loans	204,219,347	214,529,845	216,363,766
Total regional conferences, member churches and their affiliates	212,730,771	221,208,952	229,635,815
Denominational entities:			
Demand loans	1,350,000	1,350,000	1,855,761
Long-term loans	9,199,694	9,904,296	10,559,216
Total affiliated entities	10,549,694	11,254,296	12,414,977
	223,280,465	232,463,248	242,050,792
Allowance for credit losses/loan losses	(4,900,000)	(4,900,000)	(4,900,000)
Total loans receivable	<u>\$ 218,380,465</u>	<u>\$ 227,563,248</u>	<u>\$ 237,150,792</u>

The interest rate on demand loans receivable is prime with a floor of 4% (prime rate was 7.5% at December 31, 2024).

The interest rates on long-term loans receivable range from 3.875% to 7.5% at December 31, 2024. Long-term loans are typically based on a 20-year amortization with a rate adjustment every three years. The total principal scheduled for rate adjustment in the next five years is as follows:

Year	Rate Adjustment
2025	\$ 56,550,858
2026	\$ 55,575,313
2027	\$ 86,066,106
2028	\$ 5,100,170

As of December 31, 2024, NCP has undrawn loan commitments totaling \$6,210,968. In addition, NCP has extended lines of credit totaling \$10,175,000, of which \$60,000 was outstanding at December 31, 2024, and is included in affiliated entities' demand loans receivable.

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

4. LOANS RECEIVABLE, continued:

A summary of loans receivable at December 31, classified by interest rates, is as follows:

	2024	2023	2022
4% or less	\$ 39,714,361	\$ 94,127,801	\$ 111,382,679
over 4 to 4 1/2%	21,129,526	30,213,320	75,122,239
over 4 1/2 to 5%	18,270,813	19,498,171	13,274,091
over 5 to 5 1/2%	12,564,541	17,999,007	27,143,973
over 5 1/2% to 6%	22,350,180	23,169,605	-
over 6% to 6 1/2%	48,733,391	32,487,929	-
over 6 1/2% to 7%	50,656,227	8,288,309	-
7 1/2%	9,861,426	-	15,127,810
8 1/2%	-	6,679,106	-
	<u>223,280,465</u>	<u>232,463,248</u>	<u>242,050,792</u>
Allowance for credit losses/loan losses	<u>(4,900,000)</u>	<u>(4,900,000)</u>	<u>(4,900,000)</u>
	<u><u>\$ 218,380,465</u></u>	<u><u>\$ 227,563,248</u></u>	<u><u>\$ 237,150,792</u></u>

The following summarizes the activity related to the allowance for credit losses for the years ended December 31, 2024 and 2023, under the CECL methodology:

Balance, December 31, 2022	\$ 4,900,000
Adjustment to allowance for adoption of Topic 326	-
Charge-offs	-
Recoveries	-
Provision for credit losses	-
	<u>-</u>
Balance, December 31, 2023	\$ 4,900,000
Charge-offs	-
Recoveries	-
Provision for credit losses	-
	<u>-</u>
Balance, December 31, 2024	<u><u>\$ 4,900,000</u></u>

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

4. LOANS RECEIVABLE, continued:

Prior to the adoption of ASU 2016-13 on January 1, 2023, NCP calculated the allowance for loan losses under the incurred loss methodology. The following table is the disclosure related to the allowance for loan losses for the year ended December 31, 2022:

Beginning of year	\$ 4,900,000
Losses recognized	-
Reduction of allowance due to write off	-
Provision for losses	-
End of year	<u>\$ 4,900,000</u>

Prior to the adoption of ASU 2016-13, NCP evaluated loans for impairment on an individual basis if the loan was more than 90 days delinquent. These loans were then given a specific allowance based on the estimated net realizable value of property serving as collateral. All other loans were evaluated for allowance on a collective basis. At December 31, 2022, all loans were collectively evaluated and no impairment was noted.

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

4. LOANS RECEIVABLE, continued:

The following table presents loans by credit quality indicator for the year ended December 31, 2024:

	Demand	Long-Term	Total
Performing	\$ 9,861,424	\$ 213,419,041	\$ 223,280,465
Non-performing	-	-	-
	<u>\$ 9,861,424</u>	<u>\$ 213,419,041</u>	<u>\$ 223,280,465</u>

Past due status is based on contractual terms of the loan. A loan is considered to be past due when a scheduled payment has not been received 30 days after the contractual due date.

An aging analysis of the principal of past due loans receivable by portfolio segment as of December 31, 2024, is as follows:

	Demand	Long-Term	Total
Past due:			
Greater than 90 days	\$ -	\$ -	\$ -
Current	9,861,424	213,419,041	223,280,465
	<u>\$ 9,861,424</u>	<u>\$ 213,419,041</u>	<u>\$ 223,280,465</u>

At December 31, 2024, 2023, and 2022, there were no loans that were considered delinquent.

Loans receivable at December 31, 2024, will mature as follows:

Year	
2025	\$ 3,692,542
2026	2,808,629
2027	9,117,268
2028	13,499,107
2029	10,947,953
Thereafter	183,214,966
	<u>\$ 223,280,465</u>

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

4. LOANS RECEIVABLE, continued:

At December 31, 2024, NCP had 239 outstanding loans with balances as follows:

<u>Loan Balance</u>	<u>Number of Loans</u>	<u>Principal Outstanding</u>	<u>Percent of Loan Portfolio</u>
\$300,000 and less	111	\$ 12,215,906	5%
\$300,001 - \$500,000	26	10,817,592	5%
\$500,001 - \$1,000,000	36	26,221,211	12%
\$1,000,001 - \$2,000,000	37	50,839,917	23%
\$2,000,001 - \$5,000,000	21	63,249,319	28%
Over \$5,000,000	8	59,936,520	27%
	<u>239</u>	<u>\$ 223,280,465</u>	<u>100%</u>

Although NCP has no geographic restrictions within the United States on where loans are made, aggregate loans equal to or in excess of five percent of total balances at December 31, 2024, were located in the following states:

<u>State</u>	<u>Number of Loans</u>	<u>Principal Outstanding</u>	<u>Percent of Loan Portfolio</u>
California	48	\$ 71,325,781	32%
Illinois	31	35,507,942	16%
Washington	23	14,273,021	6%
Colorado	10	13,460,037	6%
	<u>112</u>	<u>\$ 134,566,781</u>	<u>60%</u>

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

5. CERTIFICATES:

Certificates consist of the following (all interest rates stated are for certificates held as of December 31, 2024):

	2024	2023	2022
Demand individual retirement accounts (3%)	\$ 71,791,599	\$ 78,798,305	\$ 106,141,106
Term individual retirement accounts (3.75% - 4.25%)	17,923,126	16,047,603	-
Health saving accounts (3%)	1,877,455	2,179,141	2,481,277
Five year fixed rate (2.5% – 4.75%)	83,789,468	90,141,589	98,754,689
12 month fixed rate (4% – 4.5%)	10,633,047	1,177,977	-
30 month fixed rate (1.75% – 4.25%)	8,504,928	11,674,202	15,819,529
Variable rate demand (3%)	9,251,938	9,584,890	12,407,191
Demand investment certificates (3%)	74,524,721	85,486,078	101,698,105
	<u>\$ 278,296,282</u>	<u>\$ 295,089,785</u>	<u>\$ 337,301,897</u>
	2024	2023	2022
Certificates are held by the following parties:			
Affiliated entities	\$ 19,982,444	\$ 19,767,133	\$ 21,533,993
Other	258,313,838	275,322,652	315,767,904
	<u>\$ 278,296,282</u>	<u>\$ 295,089,785</u>	<u>\$ 337,301,897</u>

Individual retirement and health savings accounts are recorded at original issue price, plus accrued interest. Interest on all other certificates is either accrued or paid currently at the holder's option. All variable rate demand certificates, demand investment certificates, five year fixed rate certificates, individual retirement accounts, health savings accounts and 30-month fixed rate certificates are unsecured.

Amounts are presented in the schedule below based on the year in which the investment certificates are scheduled to mature. Notwithstanding the foregoing, the demand certificates shown below are payable upon 30 days written notice subject to availability of funds.

Year of Maturity	Amount
Demand	\$ 157,445,713
2025	39,509,748
2026	23,586,049
2027	15,420,579
2028	27,686,555
2029	14,647,638
	<u>\$ 278,296,282</u>

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

5. CERTIFICATES, continued:

At December 31, 2024, NCP had 647 certificates with balances of \$100,000 or more as follows:

Certificate Balances	Number of Certificates	Amount	Percent of Certificate Balances Outstanding
\$100,000 - \$200,000	437	\$ 58,304,874	21%
\$200,001 - \$300,000	100	23,811,074	9%
\$300,001 - \$500,000	69	25,758,164	9%
Greater than \$500,000	41	39,609,722	14%
	647	\$ 147,483,834	53%

At December 31, 2024, NCP's investors were concentrated in four states as follows:

State	Number of Certificates	Amount	Percent of Certificate Balances Outstanding
Illinois	1,056	\$ 52,421,815	19%
California	2,091	44,646,766	16%
Minnesota	3,422	42,448,418	15%
Washington	3,966	25,152,138	9%
	10,535	\$ 164,669,137	59%

6. INVESTMENT IN SWAP OPTIONS:

NCP entered into an interest rate swap option agreement during 2018 with the intent of reducing the impact of changes in interest rates. NCP paid \$99,700 for the agreement and it expired in 2024. NCP amortized the asset over the life of the agreement. Amortization is reported under general and administrative expenses in the consolidated statements of activities. The original balance covered under this agreement and the notional amount outstanding at December 31, 2018, was \$6,750,000. The agreement is accounted for as a fair value hedge. The unrealized gain (loss) on the agreement is included in unrealized gain (loss) on investments in the consolidated statements of activities and the corresponding fair value assets are located in investments in the consolidated statements of financial position. The fair market value of the asset as of December 31, 2024, 2023, and 2022, was \$0, \$85,953, and \$132,470, respectively.

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

7. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS:

NCP uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The valuations for each of these levels are determined as follows:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3 - Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2024, 2023, and 2022:

	Total	Level 1	Level 2	Level 3
2024:				
Government agencies	\$ 3,002,825	\$ -	\$ 3,002,825	\$ -
Investment grade				
Corporate obligations	51,740,656	-	51,740,656	-
Income, index and				
Convertible bond funds	63,969,505	63,969,505	-	-
Other fixed income				
Obligations	2,003,750	-	2,003,750	-
Equity mutual funds:				
Mid-cap index	4,870,818	4,870,818	-	-
Large-cap index	5,694,153	5,694,153	-	-
Small-cap index	2,836,832	2,836,832	-	-
Growth	3,473,703	3,473,703	-	-
	<u>\$ 137,592,242</u>	<u>\$ 80,845,011</u>	<u>\$ 56,747,231</u>	<u>\$ -</u>

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

7. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued:

	Total	Level 1	Level 2	Level 3
2023:				
Investments:				
Government agencies	\$ 12,022,138	\$ -	\$ 12,022,138	\$ -
Investment grade				
Corporate obligations	52,715,419	-	52,715,419	-
Income, index and				
Convertible bond funds	60,048,863	60,048,863	-	-
Equity mutual funds:				
Mid-cap index	4,116,353	4,116,353	-	-
Large-cap index	2,428,254	2,428,254	-	-
Small-cap index	2,483,375	2,483,375	-	-
Growth and income	1,899,364	1,899,364	-	-
Growth	3,104,399	3,104,399	-	-
Swap options	85,953	-	85,953	-
	<u>\$ 138,904,118</u>	<u>\$ 74,080,608</u>	<u>\$ 64,823,510</u>	<u>\$ -</u>
	Total	Level 1	Level 2	Level 3
2022:				
Investments:				
Government agencies	\$ 24,571	\$ -	\$ 24,571	\$ -
Investment grade				
Corporate obligations	72,229,456	-	72,229,456	-
Income, index and				
Convertible bond funds	56,464,206	56,464,206	-	-
Equity mutual funds:				
Mid-cap index	3,589,737	3,589,737	-	-
Large-cap index	1,923,537	1,923,537	-	-
Small-cap index	2,101,055	2,101,055	-	-
Growth and income	1,756,980	1,756,980	-	-
Growth	2,213,756	2,213,756	-	-
Swap options	132,470	-	132,470	-
	<u>\$ 140,435,768</u>	<u>\$ 68,049,271</u>	<u>\$ 72,386,497</u>	<u>\$ -</u>

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

7. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued:

The following methods and assumptions were used by NCP to estimate the fair value of each class of financial instruments at December 31, 2024, 2023, and 2022:

Investments - The fair values for equity mutual funds and bond funds are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair values of government bonds and corporate bonds are based on yields currently available on comparable securities of issuers with similar credit ratings.

Swap options - The fair value of the investment in swap options is the mark-to-market asset resulting from the derivative contracts mentioned in Note 6. They are valued at the net present value of future cash flows attributable to the difference between the contractual variable and fixed rates in the agreements.

8. FUNCTIONAL ALLOCATION OF EXPENSES:

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting function of NCP, which are primarily allocated on estimates of time and effort. The following tables present the functional allocation of expenses for the years ended December 31, 2024, 2023, and 2022.

	For the Year Ended December 31, 2024			
	Program Services		General and Administrative	Total
	Loans	Real Estate Services		
Salaries and benefits	\$ 1,019,770	\$ 182,877	\$ 347,156	\$ 1,549,803
Administrative fees assessed by the Church	-	-	505,616	505,616
Professional fees	24,572	657	292,464	317,693
Depreciation and amortization	17,390	776	1,859	20,025
Occupancy	39,741	6,143	14,509	60,393
Office expenses	19,112	857	101,916	121,885
Data processing fees	-	-	345,490	345,490
Travel	54,335	9,744	48,529	112,608
Advertising	-	-	112,464	112,464
Total	<u>\$ 1,174,920</u>	<u>\$ 201,054</u>	<u>\$ 1,770,003</u>	<u>\$ 3,145,977</u>

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

8. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

For the Year Ended December 31, 2023				
	Program Services		General and Administrative	Total
	Loans	Real Estate Services		
Salaries and benefits	\$ 1,053,703	\$ 169,093	\$ 342,884	\$ 1,565,680
Administrative fees				
assessed by the Church	-	-	547,704	547,704
Professional fees	27,123	364	306,593	334,080
Depreciation and amortization	19,946	788	1,889	22,623
Occupancy	39,741	9,217	14,508	63,466
Office expenses	26,379	948	103,866	131,193
Data processing fees	-	-	315,600	315,600
Travel	55,042	8,833	31,587	95,462
Advertising	-	-	93,416	93,416
Total	<u>\$ 1,221,934</u>	<u>\$ 189,243</u>	<u>\$ 1,758,047</u>	<u>\$ 3,169,224</u>
For the Year Ended December 31, 2022				
	Program Services		General and Administrative	Total
	Loans	Real Estate Services		
Salaries and benefits	\$ 1,022,680	\$ 142,050	\$ 454,075	\$ 1,618,805
Administrative fees				
assessed by the Church	-	-	551,886	551,886
Professional fees	54,450	1,921	276,591	332,962
Depreciation and amortization	62,660	1,038	2,487	66,185
Occupancy	39,741	138,543	14,508	192,792
Office expenses	21,589	822	121,304	143,715
Data processing fees	-	-	298,243	298,243
Travel	42,235	5,866	32,429	80,530
Advertising	-	-	106,973	106,973
Total	<u>\$ 1,243,355</u>	<u>\$ 290,240</u>	<u>\$ 1,858,496</u>	<u>\$ 3,392,091</u>

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

8. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, and occupancy, which are allocated on a square footage basis, as well as salaries and benefits, travel, professional fees, and certain office expenses, which are allocated on the basis of estimates of time and effort. Not included in the tables above is interest expense totaling \$8,909,930, \$8,384,439, and \$7,113,567 for the years ended December 31, 2024, 2023, and 2022, respectively, which is reported as a reduction from revenue in the consolidated statements of activities.

9. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects NCP's financial assets as of December 31, 2024, 2023, and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, liquidity reserve limits required for church extension funds, or funds designated by the board for specific purposes. NCP considers general expenditures to be all expenditures related to its ongoing activities to provide secured and unsecured loans primarily to member church and Church-affiliated entities, as well as the conduct of services undertaken to support those activities to be general expenditures.

	December 31,		
	2024	2023	2022
Financial assets:			
Cash and cash equivalents	\$ 26,433,406	\$ 20,021,428	\$ 39,262,241
Investments	137,592,242	138,904,118	140,435,768
Interest and other receivables	1,578,175	1,416,939	1,273,625
Loans receivable (gross)	223,280,465	232,463,248	242,050,792
Less: allowance for credit losses/loan losses	(4,900,000)	(4,900,000)	(4,900,000)
Financial assets, at year-end	<u>383,984,288</u>	<u>387,905,733</u>	<u>418,122,426</u>
Less those unavailable for general expenditure within one year, due to:			
Loans receivable collectible beyond one year	(219,587,923)	(225,184,832)	(234,536,688)
Investment in swap options	-	(85,953)	(132,470)
Board designated funds	(520,000)	-	-
Church extension fund required liquidity reserves *	<u>(20,665,107)</u>	<u>(22,025,812)</u>	<u>(25,261,432)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 143,211,258</u>	<u>\$ 140,609,136</u>	<u>\$ 158,191,836</u>

NATIONAL COVENANT PROPERTIES

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

9. LIQUIDITY AND FUNDS AVAILABLE, continued:

NCP structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of NCP's liquidity management, NCP invests any cash in excess of daily funding requirements in a short-term investment account with its main bank. The funds are immediately available to fund operating and funding requirements. NCP does not have any restricted assets. Board designated funds could be released by the board if considered necessary.

In addition to the cash and short-term investment account, NCP has invested assets available to meet future funding and operational needs. The funds are immediately available in the financial markets. NCP adjusts the values of those investments monthly to reflect fluctuations in the financial markets.

* The North American Securities Administrators Association's statement of policy regarding church extension fund securities states that at the end of its most recent fiscal year as reported in its audited financial statements, the church extension fund's cash, cash equivalents, readily marketable securities and available lines of credit shall have a value of at least 8% of the principal balance of its total outstanding certificates (excluding certificates held by affiliated organizations).

10. RELATED PARTY TRANSACTIONS:

Fees are assessed to entities affiliated with the Church, including NCP, in order for the entities to share Church expenses. The Church has defined these expenses as those associated with organization and management of the Church, consulting services and other administrative services. Operating expenses in the consolidated statements of activities include fees of \$505,616 in 2024, \$547,704 in 2023, \$551,886 in 2022, for services provided by the Church. NCP also reimburses the Church for expenses incurred by the Church resulting from NCP's tenancy in the Church's headquarters.

NCP provides real estate services to the Church, entities affiliated with the Church and member churches of the Church. In consideration for these services, the Church and affiliated entities compensate NCP. Those compensation payments totaled \$150,000 for each of the years ended December 31, 2024, 2023, and 2022, and are included in other revenues in the consolidated statements of activities.

Accrued expenses and other payables include amounts payable to the Church totaling \$257,590, \$224,058, and \$223,735, for 2024, 2023, and 2022, respectively.

At December 31, 2024, there were 60 loans totaling \$56,991,905 that were guaranteed by a conference and/or the Church.

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Notes to Consolidated Financial Statements

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11. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject NCP to concentrations of credit risk consist principally of cash and cash equivalents, marketable securities and loans receivable. From time to time NCP may have deposits in excess of federal deposit insurance limits. See footnote 2 for amounts in excess of these insurance limits.

Concentrations of credit risk with respect to loans receivable are limited to a certain extent by the secured position of NCP in most instruments, the number of organizations comprising NCP's loans receivable base and their dispersion across geographic areas, and NCP's policy of limiting the maximum loan amount to any one borrower to 25% of total net assets. If the borrower has multiple sites that are not contiguous, the lending limit will not exceed 40% of total net assets as of January 1 of each year. However, NCP may make exceptions to this policy upon such determinations as the borrower's exceptionally strong financial position and growth potential. At December 31, 2024, Bayside Covenant Church, Inc. (Bayside), headquartered in Roseville, California, which owns and/or operates multiple sites, has loans and loan commitments outstanding with NCP as of December 31, 2024, totaling approximately \$38.7 million, representing approximately 41.7% of NCP's net assets as of January 1, 2024. Approval of these loans was a board decision, making an exception to its loan policy regarding loans to a single borrower, based upon such factors as (i) the appraised value of the collateral securing the loans; (ii) the missional significance that the loans support; and (iii) Bayside's financial condition and strong base of support. As described in Note 1, primarily all of NCP's loans are with member churches, their affiliates and other related organizations of the Church. Loans made by NCP are typically secured by first mortgages and are normally limited to 80% of the aggregate cost or value of the property securing the loan. While NCP may be exposed to credit losses in the event of nonperformance by the above contracting parties, management has established an allowance for potential loan losses, which it believes is adequate to cover any such losses.

A substantial portion of the investment certificates issued by NCP are demand instruments or will be maturing within the next two years. In addition, all demand certificates are payable upon 30 days written notice subject to availability of funds. NCP would have insufficient liquid assets to satisfy repayment of this amount assuming all demand certificates would be redeemed at one time. Management anticipates, similar to past history, that a substantial portion of these certificates will be reinvested or rolled over into new certificates with NCP.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 19, 2025, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Appendix “A”

Definitions

1. “Advertising” – All information and promotional materials, including, but not limited to, magazine or newsletter advertisements, brochures, video tapes, fliers, church bulletin inserts, mailers and Internet information posted by the Issuer or Denomination that are used in addition to an Offering Circular to solicit Investors.
2. “Audited Financial Statements” – Financial statements prepared in accordance with generally accepted accounting principles generally accepted in the United States of America and audited by an independent auditor.
3. “Board” – The Board of Directors of NCP.
4. “Certificate(s)” – The 5-Year Fixed Rate Renewable Certificates, the 30-Month Fixed Rate Renewable Certificates, the 12-Month Fixed Rate Renewable Certificate, the Variable Rate Certificates, the Demand Investment Certificates, the Demand Individual Retirement Account (“IRA”) Certificates, the Term Individual Retirement Account (“IRA”) Certificates, and the Health Savings Account (“HSA”) Certificates.
5. “Church” – The Evangelical Covenant Church, an Illinois not for profit corporation.
6. “Congregational Investment Generation Requirement” – NCP’s loan condition which requires a borrowing church to generate investments in NCP’s 5-Year Fixed Rate Renewable Certificates, 30-Month Fixed Rate Renewable Certificates, 12-Month Fixed Rate Renewable Certificates, IRA Certificates, or HSA Certificates through members and other eligible participants of that church in an amount that is no less than fifteen percent (15%) of the principal amount of the loan, subject to modification in the sole discretion of NCP.
7. “Denomination” – A national or regional religious organization or association that consists of or acts on behalf of its individual affiliated churches as well as the various national or regional administrative and other religious organizations or units affiliated with the Denomination. Specifically, in the context of this Offering Circular, The Evangelical Covenant Church.
8. “HSA” – Health Savings Account.
9. “Investor(s)” – The offer and sale of Certificates is limited to persons or entities who are, prior to receipt of this Offering Circular, (a) members of, contributors to, or participants in The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (b) affiliates of The Evangelical Covenant Church, including any program, activity or organization which constitutes a part of The Evangelical Covenant Church, its conferences or its member churches; (c) beneficiaries or successors in interest to those listed in (a) or (b) above; (d) relatives of individuals listed in (a) above; (e) trusts or accounts controlled by or for the benefit of individuals listed in (a) above; or (f) other persons purchasing Certificates for the benefit or on behalf of individuals listed in (a) above.
10. “IRA” – Individual Retirement Account.
11. “IRA Certificates” – The Demand IRA Certificates and the Term IRA Certificates (the Term IRA Certificates consisting of Term IRA Certificates – 5 Years, Term IRA Certificates – 30 Months, and Term IRA Certificates – 12 Months).
11. “Issuer” – National Covenant Properties, the organization that offers and sells the Certificates.
12. “Loan Delinquencies” – Borrowers’ loan balances on which payments of principal or interest are delinquent ninety (90) days or more, whether in default or not.
13. “NCP” – National Covenant Properties, an Illinois not for profit corporation.
14. “Net Assets” – The excess or deficiency of assets over liabilities, classified according to the existence or absence of donor-imposed restrictions.

15. “Net Income” – All items of NCP’s income and revenue, including income, gift revenues and gains or losses from investments, less all items of expenses, as reflected in NCP’s Audited Financial Statements.
16. “Offering Circular” – This disclosure statement prepared by the Issuer.
17. “Person” – An individual, a corporation, a limited liability company, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, a government or a political subdivision of a government, or other legal entity.
18. “Senior Secured Indebtedness” – Any debt or debt securities incurred or issued by NCP and secured by assets of NCP in such a manner as to have a priority claim against any of the assets of NCP over and above the Certificates.

Appendix “B” to National Covenant Properties Offering Circular
Current Interest Rates as of March 1, 2025

<u>Type of Certificate</u>	<u>Current Interest Rate</u>
5-Year Fixed Rate Renewable Certificate	4.50%
30-Month Fixed Rate Renewable Certificate	4.25%
12-Month Fixed Rate Renewable Certificate	4.50%
*Variable Rate Certificate	3.00%
Demand Investment Certificates	3.00%
Demand Individual Retirement Account (“IRA”) Certificate	3.00%
Term Individual Retirement Account (“IRA”) Certificate	
Term IRA Certificates - 5 Years	4.50%
Term IRA Certificates - 30 Months	4.25%
Term IRA Certificate - 12 Months	4.50%
Health Savings Account (“HSA”) Certificate	3.00%

*Available for investment solely by current holders of a Variable Rate Certificate.