

OFFERING CIRCULAR

Provision Financial Services of NC Baptists, Inc.
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Up to \$100,000,000.00 in Certificates

We – Provision Financial Services -- are offering up to \$100,000,000.00 in certificates of participation that are unsecured debt securities, which we refer to in this Offering Circular as the Certificates. We offer four types of Certificates – Timed Certificates, Demand Certificates, Individual Retirement Account Timed Certificates and Individual Retirement Account Demand Certificates. The Certificates pay interest at rates set from time to time according to the policies set forth under “Description of Certificates” beginning on page 13. The interest rates set forth on our website or on the enclosed rate sheet are current as of the date you obtained this Offering Circular from our website or on the date we sent you this Offering Circular. You may also call us for current interest rates.

Fixed Rate Timed Certificates – Certificates having fixed terms of six months, one year, two years, three years, four years or five years or a greater term to be determined by us and you. These earn interest at the rate in effect when purchased or renewed. Minimum investment is \$1,000.

Variable Rate Demand Certificates – Certificates with no term, payable on demand. These earn interest at a rate that varies periodically. Minimum investment is \$1,000.

Individual Retirement Account Demand Certificates - These certificates have no term and the interest rate is determined monthly. These IRAs are invested through the trustee, GoldStar Trust Company, who acts as custodian. Minimum investment is \$3,000.

Individual Retirement Account Timed Certificates - IRA timed certificates have terms of 6 months, one year, two years, three years, four years and five years or a greater term to be determined by us and you, with a minimum investment of \$3,000. Interest rate varies based upon dollar amount invested and term until maturity. These IRA certificates are invested through GoldStar Trust Company, our IRA custodian.

You may purchase a Certificate if you are (i) a resident of or an organization headquartered in North Carolina and (ii) an individual member of a North Carolina Baptist congregation or a Baptist State Convention of North Carolina affiliated organization.

This offering is made on a continuous basis. This Offering is not underwritten and no commissions will be paid on the sales of the Certificates. Accordingly, we will receive 100% of the proceeds from the sales of the Certificates and will bear all expenses incurred in the offering. No expenses or fees will be charged to you for investing in a Certificate in this offering.

AN INVESTMENT IN A CERTIFICATE IS SUBJECT TO RISKS. SEE “RISK FACTORS” BEGINNING ON PAGE 3.

THESE 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 THESE SECURITIES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CERTIFICATES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED

THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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 CERTIFICATES ARE UNSECURED. THE PAYMENT OF PRINCIPAL AND INTEREST ON THE CERTIFICATES IS DEPENDENT UPON NORTH CAROLINA BAPTIST FINANCIAL SERVICES' FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO AND SHOULD REVIEW NORTH CAROLINA BAPTIST FINANCIAL SERVICES' FINANCIAL STATEMENTS, INCLUDED HEREIN AND WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE CERTIFICATES ARE NOT OBLIGATIONS OF NOR GUARANTEED BY THE BAPTIST STATE CONVENTION OF NORTH CAROLINA OR BY ANY CHURCH, ASSOCIATION, INSTITUTION OR AGENCY AFFILIATED WITH THE BAPTIST STATE CONVENTION OF NORTH CAROLINA.

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 May 25, 2021.

ABOUT THIS OFFERING CIRCULAR

This Offering Circular contains forward-looking statements about our plans, strategies, objectives, goals, and expectations. These forward-looking statements are identifiable by words or phrases indicating that we “expect,” “anticipate,” “project,” “plan,” “believe,” or “intend” that a particular event may or will occur in the future or similarly stated expectations. These forward-looking statements are subject to many factors, including risks set forth under “Risk Factors” beginning on page 3, which could cause actual results to differ materially from the stated expectations. We undertake no obligation to update or revise any forward-looking statements to reflect developments or information obtained after the date of this Offering Circular.

Date of Information. Unless another time is specified, the information in this Offering Circular is as of the date printed on the cover page. You should not assume that this information is accurate as of any later date, as subsequent events may change the circumstances surrounding this offering. We reserve the right to change our loan policies, investment policies and other policies and procedures at our discretion.

Consult Your Own Advisors. You should not rely on the contents of the Offering Circular or any other information from us as legal, investment or professional tax advice. For information about the legal, investment or tax consequences of investing in our Certificates, you should consult your own attorney, accountant or investment advisor.

Information not in this Offering Circular. From time to time, we may distribute advertising materials through Baptist churches, make audio and video presentations in these churches, publish advertisements in the Foundation’s publications, and mail literature to potential investors. Our website— www.provision.org—also has information about our Certificates, including their latest interest rates. We have not, however, authorized anyone to give any information or make any representations with regard to the offering of our Certificates other than those contained in this Offering Circular. Therefore, you should not rely on any information or representations that are contrary to the information in this Offering Circular.

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SUMMARY

This summary is provided for your convenience. Before investing, you should read this entire Offering Circular, including the audited financial statements included herein.

The Offering: We are offering the Certificates only to residents of, or organizations headquartered in, North Carolina who also are individual members of a North Carolina Baptist congregation or organizations affiliated with the Baptist Denomination in North Carolina. This offering is being made on a continuous basis.

Provision: We are a North Carolina not-for-profit religious corporation established to make loans and grants to churches affiliated with the Baptist State Convention of North Carolina, which we refer to in this Offering Circular as the Convention, a North Carolina Baptist congregation or an affiliated North Carolina Baptist entity. We were established in April 2009 as a wholly owned subsidiary of the **Provision Financial Resources**, which we refer to in this Offering Circular as **Provision**. We have received from the Internal Revenue Service, or IRS, a letter exempting us from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or IRC, as an organization described in Section 501(a)(3) of the IRC. See “About Us” on page 8.

Using funds from the sale of Certificates, we engage in lending activities intended to promote and further the Baptist Denomination in North Carolina by providing funds to Baptist churches and other Baptist entities in North Carolina in the form of loans for construction and expansion of new or improved Baptist churches and other Baptist facilities in North Carolina.

These loans are used for acquiring land, buildings and other ministry facilities, as well as construction. Borrowers must meet the requirements of our loan policies, which generally include, but are not limited to, the following:

- ◆ Loans secured by first mortgage
- ◆ Fixed interest rates
- ◆ Three renewable rate options
- ◆ Interest rates usually increase with each renewal although there is no assurance that interest rates will increase with each renewal

For more information on our lending activities, see “Lending Activities” beginning on page 11.

The Certificates: We offer four basic types of Certificates, with the following key features. For more information on our Certificates, see “Description of Certificates” beginning on page 13.

Timed Certificates (\$1,000 minimum)

- ◆ Payable at maturity
- ◆ Fixed interest rate
- ◆ Interest compounded monthly, paid monthly, quarterly, semiannually, or annually
- ◆ Automatic renewal at maturity
- ◆ Early redemption penalty

Demand Certificates (\$1,000 minimum)

- ◆ Payable on demand
- ◆ Interest compounded monthly, paid on demand

Individual Retirement Account Timed Certificates, through GoldStar Trust Company (\$3,000 minimum)

- ◆ Payable at maturity
- ◆ Fixed interest rate
- ◆ Interest compounded monthly, paid monthly, quarterly, semiannually or annually
- ◆ Automatic renewal at maturity
- ◆ Early redemption penalty, unless redemption is to satisfy a required minimum distribution

Individual Retirement Account Demand Certificates, through GoldStar Trust Company (\$3,000 minimum)

- ◆ Payable on demand
- ◆ Interest compounded monthly, paid on demand

Risk Factors: Investing in a Certificate involves certain risks. Please see “Risk Factors” beginning on page 3 for a discussion of these risks.

After you have read the Offering Circular, if you would like to purchase a Certificate, please complete and sign an Investment Application. Please complete Exhibit A if you are an individual, Exhibit B if you are an organization, or Exhibit C for an individual retirement account and return it to us with a check for the amount you want to invest.

- Not FDIC or SIPC insured
- Not a bank deposit

RISK FACTORS

Your purchase of Certificates involves risks. Please carefully consider the following risk factors before deciding to purchase a Certificate.

Operating History. Although we have twelve plus years of operating history, the Certificates of Participation are nonetheless subject to all of the inherent risks of an investment company, including but not limited to financial and operational risks. We have contracted for administrative services with the North Carolina Baptist Foundation, which has experience in making and servicing church loans.

The Certificates are unsecured debt obligations. The Certificates are unsecured general debt obligations of NCBFS. As a holder of an unsecured debt obligation, you will have a claim on our assets equal to those of our other unsecured creditors, including our other Certificate holders. However, the claims of secured creditors, if any, will have priority over your claim.

The Certificates are not bank instruments, are not FDIC insured and are not protected by SIPC. Our Certificates are not bank deposits. They are neither issued by nor obligations of a bank. Therefore, they are not FDIC insured. In addition, they are not protected by the Securities Investor Protection Corporation, or SIPC. Because our Certificates are not covered by such insurance or protection, you could lose your entire investment.

The Certificates are not guaranteed by the Foundation or any other entity. Although we may, from time to time, receive funds from the Foundation, the Convention or their affiliates, neither the Foundation nor the Convention nor any of their affiliates have guaranteed repayment of our Certificates. Therefore, the Foundation's, the Convention's and their affiliates' funds may not be available, even if we need them to make principal and interest payments on our Certificates. You must rely solely on NCBFS for repayment.

Certificates may be subordinated to future senior secured indebtedness. As of the date of this Offering Circular, we did not have any outstanding debt obligations of a greater priority than our Certificates nor have we had any such debt obligations in the past. However, in the future, we may pledge assets as collateral for indebtedness we incur from a bank or other sources. In this case, the secured lender will have the right to be paid from these pledged assets before you and the rest of our Certificate holders. It is our policy that we will limit the aggregate amount of assets we pledge to secure any and all indebtedness (other than the Certificates) we might incur to not more than 10% of the book value of our tangible assets at any time. See "Description of Certificates—General Terms—Priority Relative to Other NCBFS Debt" beginning on page 14.

We have not established a trust indenture. We have not established a trust indenture to provide for repayment of the principal amount of the Certificates, nor do we intend to. Therefore, no trustee will monitor our ongoing affairs on your behalf. There is no agreement to provide for joint action by investors if we default on the Certificates. In addition, except as provided by law, our failure to pay the interest or principal on one Certificate will not be a default on other Certificates. Finally, you will have none of the other protections a trust indenture might provide.

We will not set up a sinking fund or escrow. We have not and do not intend to set up a sinking fund or escrow to help pay principal and interest on our Certificates. Accordingly, we do not have funds set aside specifically for their repayment, and proceeds from purchases of Certificates will not be segregated from our other assets. Our ability to repay your Certificate will therefore be solely dependent on our financial condition and liquidity at the time the Certificate must be paid.

Future requests to redeem Certificates could exceed our available funds. It is our current policy to maintain minimum liquid funds of at least 20% of the outstanding principal amount of our Certificates. See "Description of Certificates - General Terms - Redemption of Certificates by Us" on page 14. Because the loans we make are funded with the proceeds from the sale of Certificates, future redemption requests for Certificates could exceed our available funds. If this happens, we might be required to sell or liquidate assets, including our loans receivable. For the years ended,

December 31, 2018, 2019 and 2020, we had outstanding Certificates for \$51,099,449, \$51,102,545 and \$66,514,007, cash on hand of \$2,957,930, \$2,222,258 and \$9,223,908, and liquid investments of \$5,304,439, \$5,760,406 and \$11,953,056 respectively. For the years ended 2018, 2019 and 2020, we also had available to us a \$22.8 million line of credit secured by the Foundation. The line of credit is available in the amount of 80% of the market value of the assets that secure the credit line, which value could decline and leave us with less funds available under the credit line. We make loans using our available funds and for the years ended December 31, 2018, 2019 and 2020 had loans outstanding of \$42,203,538, \$42,483,042 and \$44,897,942, respectively. We cannot assure you that those funds or the proceeds from this offering or a liquidation would cover all requests to redeem our Certificates at maturity or otherwise.

A lack of liquidity could adversely affect our operations and jeopardize our business, financial condition, and results of operations. Liquidity is essential to our business. We rely on our ability to sell Certificates and effectively manage the repayment and maturity schedules of our loans and investment securities, respectively, to ensure that we have adequate liquidity to fund our operations. An inability to raise funds through Certificates, borrowings, the sale of our investment securities, the sale of loans, and other sources could have a substantial negative effect on our liquidity. Our most important source of funds is Certificates. Certificate balances can decrease when investors perceive alternative investments as providing a better risk/return tradeoff. If investors move money out of Certificates and into other investments such as money market funds, it would reduce our primary source of funds, which could increase our funding costs and reduce our net income, which would further reduce our capital and negatively impact our liquidity.

Other primary sources of funds consist of cash flows from operations and maturities and sales of investment securities. We also may borrow funds from third-party lenders, such as other financial institutions. Our access to funding sources in amounts adequate to finance our activities, or on terms that are acceptable to us, could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for church properties and repayment of our loans for such properties.

Any decline in available funding could adversely impact our ability to repay Certificates as they become due, originate new loans and fund existing loans, invest in securities and meet our expenses, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations.

An accepted benchmark for liquidity is that an entity's cash, cash equivalents, readily marketable securities and available lines of credit should have a value of at least 8% of the principal balance of outstanding Certificates, and that the value of available lines of credit should not exceed 2% of the principal balance of outstanding Certificates. Our Board has established a more conservative policy to maintain at least 20% of the total outstanding Certificates in cash, cash equivalents, readily marketable securities, and lines of credit. Furthermore, due to the expensive nature of lines of credit, we access this source of funding only after all others have been exhausted. The higher liquidity requirement is intended to enable us to satisfy redemption requirements for demand Certificates as well as short term timed Certificates which account for the majority of our outstanding Certificates. Furthermore, since a large portion of the loan portfolio has been and is expected to continue to be construction projects, we believe it is prudent to have those funds readily available to fund construction draws. At December 31, 2018, 2019 and, 2020, the percentage of the aggregate of cash, cash equivalents, readily marketable securities, and lines of credit to total outstanding Certificates was 59.2%, 60.6% and 66.4%, respectively.

Our capital position could adversely affect our financial condition and our ability to repay Certificates. Our capital consists of our net assets, which are total assets less total liabilities. Net assets are unrestricted assets that are available to fund our operations. An accepted benchmark for capital is that an entity's net assets should not be less than 5% of its total assets. We have not met that benchmark since we began operations due in large part to the time it can take to build net assets, which generally results from net earnings and/or holding assets in liquid funds, both of which can be difficult for a new operation. Furthermore, our primary objective is funding expansion of Baptist congregations rather than growing net assets. For the years ended December 31, 2018, 2019 and 2020, we had negative net assets in the amount of \$(777,247), \$(531,862) and \$(166,862), respectively. To provide funds for our operations, including unforeseen circumstances, we have in place a commitment from the Foundation (which was \$10.7 million at December 31, 2018, \$10.6 million at December 31, 2019 and \$8.7 million at December 31, 2020) and a line of credit from the Foundation through Morgan Stanley Smith Barney (total availability at December 31, 2018, 2019 and 2020 of \$22.8 million which could decline if the market value of the assets securing the line of credit declines). However, should these sources not be available to us when we need funds, the lack of sufficient net assets could mean we would be unable to repay Certificates.

Our investment portfolio may fluctuate in value. The fair value of our investment portfolio will fluctuate in response to a number of factors, including changes in economic conditions, changes in interest rates and changes in the national securities market's perception of the securities in our investment portfolio or in our investments. There can be no assurance that we will achieve our investment objectives since there is uncertainty in every investment. Our investments may be subject to substantial fluctuations, some of which could be brought about by declining stock or bond prices. Downward fluctuations in our investments could have an adverse effect on our ability to make interest and principal payments on our Certificates. Although we seek to reduce risk by investing in diversified securities portfolios, such diversification does not eliminate all risks. See "Investment Activities" beginning on page 12.

Transfer of Certificates is strictly limited. You may only transfer your Certificate with our approval, and only to a person who is qualified to purchase a Certificate in this offering. See "Description of Certificates — General Terms — Transfer of Certificates" on page 14. Accordingly, no public market exists for the Certificates and none will develop. You should, therefore, view the purchase of a Certificate as an investment for its full term.

You will have no right to participate in the management of NCBFS. Control of NCBFS is exercised by its Board of Directors. You will not have voting rights or other rights to participate in the management of NCBFS.

Property securing our loans is special purpose property. Property securing our loans is generally considered special purpose property due to being churches and church-related property, which typically has a very limited market. If we were to foreclose on any real property securing a loan, we may not be able to sell the property at a price at least equal to the amount of the loan, which could have an adverse effect upon us and our ability to repay our Certificates when due.

The value of property securing our loans could be less than appraised. We may not always require appraisals on our collateral as part of the loan application process. Even when we do, we do not always obtain independent third-party appraisals. Therefore, the fair value of a specific secured property could be less than we believe. Similarly, the amount outstanding with respect to a specific loan could exceed the fair value of the property securing it. We cannot assure you that the proceeds from a foreclosure sale of a mortgaged property will be adequate to fully repay a defaulted loan. See "Lending Activities—Loan Policies" beginning on page 11.

We cannot be compared to a commercial lender. We may make loans to borrowers that typically cannot obtain financing from commercial sources and our lending policies may be less stringent than those of a commercial lender. In addition, because of our relationship with our borrowers, we may accommodate partial, deferred or late payments from some of our borrowers.

The nature of our borrowers could affect our ability to pay Certificates. We make loans primarily to Baptist congregations in North Carolina. See "Lending Activities" beginning on page 11. Like most churches, their ability to repay us will depend primarily upon contributions they receive from their members. In addition, some of our Baptist congregations may be new or start-up congregations, in which the number of members and the amount of contributions may fluctuate. The inability of our borrowers to make timely payments on their loans could adversely affect our own ability to make interest and principal payments on our Certificates. During the spring of 2020, the world was faced with the COVID-19 pandemic, which forced many of our borrowers to suspend in-person worship services. Over the 10-month period of March through December 2020, we received and approved 19 requests to defer loan payments. Given the unusual nature of the pandemic, we ceased the automatic drafts for these borrowers and did not charge any late fees. We could continue to defer payments from these borrowers and other borrowers may request a temporary cessation of payments, which could adversely impact our operations. We do not intend to defer any additional loans due to COVID.

Changes in North Carolina law may affect your ability to invest in Certificates, and our ability to repay Certificates. While we intend to maintain all required registrations and exemptions under North Carolina law, we may not always be able to do that for a variety of reasons, including changes in state securities laws. If we are unable to maintain the appropriate registrations or exemptions in North Carolina, you may be unable to reinvest the proceeds of your Certificate, make additional investments in it, or purchase new Certificates. To the extent we are dependent on the proceeds of future sales of Certificates to repay outstanding Certificates, a decrease in the sale of Certificates would have a material adverse effect on our ability to repay the Certificates.

You have no right to redeem a Timed Certificate before it matures. We are not obligated to redeem Timed Certificates until they mature. Consequently, you may be unable to redeem your Timed Certificate in the event of an emergency or for any other reason. If we choose to accommodate a request to redeem part or all of a Timed Certificate before it matures, we may assess a penalty. Our current penalty is up to three months interest earned on a six-month Timed

Certificate and 6 months interest earned on all other Timed Certificates. See “Description of Certificates—Timed Certificates—Early Redemption” on page 16.

We have the right to redeem a Certificate at any time. We may redeem any Certificate, in whole or in part, at any time upon 30 days’ prior written notice, without your consent. See “Description of Certificates—General Terms — Redemption of Certificates by Us” on page 14.

Certificates held through an IRA are subject to additional regulatory rules. When an investor purchases and holds a Certificate through an IRA, the investment must be made in accordance and comply with the requirements imposed under federal tax laws which govern investments made through an IRA. Accordingly, you should consult your tax advisor prior to investing in a Certificate held through an IRA to understand the impact of such rules to your individual situation.

There are no income tax benefits with respect to an investment in the Certificates. Although we are an organization described in IRC Section 501(a)(3) and exempt from federal income taxation pursuant to IRC Section 501(c)(3), you will not be entitled to a charitable deduction for the Certificate you purchase.

Interest you earn on a Certificate is taxable as ordinary income. Interest accrued or paid on your Certificates will be taxable as ordinary income to you (unless your certificate is held in an IRA or a qualified retirement account) regardless of whether interest is paid to you or reinvested in the Certificate. We may be subject to certain reporting and withholding requirements as are other interest payers. In addition, if you (or you and your spouse together) have invested or loaned more than \$250,000 in the aggregate with Foundation organizations, you may be deemed to receive additional taxable interest under Section 7872 of the IRC if the interest paid to you is below the applicable federal rate. In that situation, the IRS may impute income up to that applicable federal rate. If you believe this applies to you, you should consult your tax advisor. For more information on the tax consequences of Certificates, see “Tax Matters” beginning on page 23.

Timed Certificates and IRA Timed Certificates renew automatically at maturity if not redeemed. Each of our Timed Certificates will be extended for an additional term at maturity if it is not previously redeemed. We typically will send maturity notices and current interest rate information to investors at least 30 days prior to maturity for Certificates renewing the following month. A current Offering Circular will be included with the notice, unless you have already received one. If you want to redeem your Certificate, you must provide us notice of that request no later than the Certificate’s maturity date. If you do not notify us of your desire to redeem your Certificate on or before the maturity date, the Certificate will be automatically renewed. For instance, a Certificate with a three-year term will renew for another three-year term, during which time you would not be able to redeem it without paying an early redemption penalty. To redeem a Certificate when it matures, you must either send us a written request for payment, or communicate the information by phone if you have made that election on your application. See “Description of Certificates—Timed Certificates—Renewal and Redemption at Maturity” beginning on page 16.

Low renewal rates could impact our ability to repay Certificates. When investors allow their Certificates to renew at maturity, we are not required to pay out any funds to the investor. If significantly more investors redeem their Certificates at maturity, we could have difficulty repaying our Certificates in the when they mature.

We expect to sell additional Certificates in other offerings, upon approval. The total amount of \$100,000,000.00 to be sold in this Offering is not a limitation on the amount of Certificates we may sell in other offerings we may conduct at any time. We anticipate that we will make additional offerings of our Certificates in the future upon approval from the North Carolina Securities Division.

Our borrowers may be subject to risks associated with construction. Our borrowers are expected to use our loans to construct new facilities or renovate existing facilities. If any of the following risks associated with construction and renovation are realized, they could adversely affect a borrower’s ability to repay its loan by increasing construction costs or delaying or preventing completion of the project:

- the borrower and its contractor may not sign a fixed-price construction contract;
- the contractor may not post a completion bond;
- completion may be delayed due to, among other things, shortages of materials, strikes, acts of nature, delays in obtaining necessary building permits or architectural certificates, environmental regulations or fuel or energy shortages; or

- we may disburse some construction payments without first obtaining architectural certification, relying instead on the representations of the borrower.

There may be potential environmental liability associated with the loans we make. We will not typically conduct an environmental audit before approving a loan. If environmental pollution or other contamination is found on or near property that secures a loan, we could, in some cases, face environmental liability, or our security for the loan could be impaired. In addition, changes in environmental regulations could require us or the borrower to incur substantial unexpected expenses to comply with such regulations, and this could impair both the value of the collateral on our loans and the borrower's ability to repay us.

Unsecured loans. Typically, our loans will be secured by a first mortgage on the property purchased, constructed or renovated with the loan funds. However, we intend to make unsecured loans under recent guidelines adopted by our Loan and CP Committee in May 2021. The absence of collateral for these loans may increase the likelihood that we may not be able to collect all amounts outstanding on an unsecured loan. See "Lending Activities" beginning on page 11.

Geographic concentration of investors. Because we are offering the Notes only to residents domiciled and entities headquartered in North Carolina, adverse economic conditions in North Carolina could result in increased redemptions of Demand Certificates, and decreased reinvestment rates for maturing Timed Certificates. This could, in turn, adversely affect our liquidity, our ability to operate our programs, including our lending activities, and ultimately our ability to repay Certificates.

Geographic concentration of borrowers. The total outstanding principal amount of our loans is and will be owed by borrowers in North Carolina. Adverse economic conditions in North Carolina could result in increased defaults by our borrowers. This could, in turn, adversely affect our liquidity, our ability to operate our programs, including our lending activities, and ultimately our ability to repay Certificates.

Our ability to foreclose on collateral may be limited. Our remedies as a creditor upon default by any of our borrowers are subject to limitations and borrower protections imposed under various federal and state laws, regulations and legal principles that provide protection to borrowers. Our legal and contractual remedies, including those specified in our commitment letters, promissory notes and mortgages typically would require judicial actions, which are often subject to discretion and delay. Under existing law (including, without limitation, the Federal Bankruptcy Code), the remedies specified by our commitment letters, promissory notes and mortgages may not be readily available or may be limited. A court may refuse to order the specific performance of the covenants contained in the commitment letters, promissory notes and mortgages. In addition, the federal laws and the laws of North Carolina may change or make it impractical or impossible to enforce specific covenants in the loan agreements.

Our collateral may be impaired. The various security interests established under our commitment letters, mortgages and deeds of trust may be subject to other claims and interests. Examples of these claims and interests are: statutory liens; rights arising in favor of the United States or any agency thereof; constructive trusts or equitable liens imposed or conferred by any state or federal court; and bankruptcy or receivership laws affecting amounts earned by the borrower after institution of bankruptcy or receivership proceedings by or against the borrower.

Right to change policies. At various points in this Offering Circular, we describe our policies, such as our loan policies beginning on page 11, and our investment policies beginning on page 12. These descriptions are intended to help you understand our intended operations. We reserve the right to change our policies, including our Loan and CP policies, and other policies and procedures in the future.

Changes in interest rates may adversely affect our ability to repay Certificates. Interest rates are subject to significant fluctuations depending upon various economic and market factors over which we have no control. Interest rate fluctuations can adversely affect our profitability if we are unable to maintain a sufficient spread between the interest rates we pay on our Certificates and borrowed funds and the interest rates we receive on our outstanding loans and investments. In particular, rapid changes in interest rates could significantly and adversely affect our profitability, which could, in turn, adversely affect our ability to repay our Certificates.

There is no firm underwriting commitment for this offering. We are offering the Certificates directly and without a firm underwriting commitment or any assistance from any broker or dealer. No assurance can be given as to the principal amount of Certificates that will be sold and whether the proceeds will be sufficient to accomplish the purposes of the offering and adequately support our operations, including our lending activities.

Our information systems may experience a failure or interruption. We rely heavily on communications and information systems to conduct our business. Any failure or interruption in the operation of these systems could impair or prevent the effective operation of our Certificate program, lending program, general ledger, or other functions. While we have policies and procedures designed to prevent or limit the effect of a failure or interruption in the operation of our information systems, there can be no assurance that any such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions impacting our information systems could damage our reputation, result in a loss of investor and borrower confidence, and expose us to civil litigation, and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

USE OF PROCEEDS

We are offering up to a maximum of \$100,000,000.00 of Certificates. This amount is an estimate that includes not only the Certificates we may sell in the offering, but also the amount of Certificates that may be renewed under this offering and the amount that investors may add to their Demand Certificates.

We use the proceeds we receive to make loans to Baptist congregations in North Carolina for the acquisition, construction and renovation of worship facilities, parsonages, schools and other similar structures, to pay our operating costs, and to pay interest and principal on redeemed Certificates. We expect to invest any remaining proceeds in accordance with our investment policies. See “Investment Activities” beginning on page 12.

ABOUT US

The Foundation is an agency of the Baptist State Convention of North Carolina committed under the guidance of the Holy Spirit to serving North Carolina Baptists and others in generating an increased awareness of Christian estate stewardship principles as a means of financially undergirding churches, institutions, and mission endeavors on a permanent basis. Throughout the existence of the Foundation, its mission has been to fulfill the purpose as set forth in its charter issued in 1920 in assisting individuals within the “Missionary Baptist Convention of North Carolina” in attaining the maximum stewardship potential and to increase the permanent financial support of Baptist institutions and mission causes.

For several years prior to our organization, the Foundation had received a growing number of inquiries from churches needing loans as they expand their mission and ministry. It became more and more apparent that no other entity in North Carolina Baptist life was providing this service and that the North Carolina Baptist Foundation was the logical agency to assume this responsibility. We were formed in April 2009 for this purpose. We loan money to churches to enable them to purchase land, to build new construction, remodel and/or refinance existing facilities, debt consolidation, conduit loans and other interim financing necessary to help them grow their ministries.

We were organized by the Foundation as a non-profit corporation on April 17, 2009, under the North Carolina Nonprofit Corporation Act. Our initial funding was an irrevocable contribution of \$200,000 from the Baptist State Convention of North Carolina in 2009. At December 31, 2020, we also had an aggregate of \$16.3 million in funds committed to us for investment purposes. This consists of 30% of the Foundation’s fixed income investments (\$8.7 million as of December 31, 2020) and \$7,354,000 from the Convention; of these commitments, we have received none from the Foundation and \$7,354,000 from the Convention. Our mission is to procure funds through the sale of Certificates to assist churches and other organizations affiliated with the Baptist State Convention of North Carolina, a North Carolina Baptist congregation or an affiliated North Carolina Baptist entity in the construction and expansion of new or improved Baptist Churches and other Baptist facilities in North Carolina. The Foundation is our sole member and owner. In the event of our dissolution, all of our assets remaining after the discharge of our valid obligations would become the property of the Foundation. Our address is 201 Convention Drive, Cary, North Carolina 27511-4257. Our fiscal year ends on December 31.

In October 2015, we received from the Internal Revenue Service, or IRS, a letter exempting us from federal income taxes under Section 501(c)(3) of the IRC as an organization described in Section 501(a)(3) of the IRC. The effective date of the exemption is April 17, 2009.

None of our executive officers are paid. We have one full-time employee, Russell C. Jones, and three part-time employees. See “Management” beginning on page 21. The Foundation provides us administrative services at a reasonable marketplace rate.

We rent office space from the Foundation. We own no real properties.

We maintain accounting for our operations, financial position and cash flows separately from the Foundation.

SELECTED FINANCIAL DATA

The following table sets forth selected financial information for our company as of and for the years ended December 31, 2018, 2019 and 2020. The data for the years ended December 31, 2018, 2019 and 2020 has been derived from our audited financial statements. The financial statements as of December 31, 2018, 2019 and 2020, and for the years then ended, and the independent public accounting firm' report thereon, are included elsewhere in this Offering Circular. Our historical results are not necessarily indicative of the results expected for any future period.

<u>Statements of Operations Data:</u>	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total revenue	\$ 2,243,643	\$ 2,388,371	\$ 2,755,621
Total expenses	1,828,632	2,142,986	2,390,621
Unrestricted net assets, end of period ⁽¹⁾	(777,247)	(531,862)	(166,862)
Change in unrestricted net assets	415,011	245,385	365,000

Balance Sheet Data:

	<u>As of December 31,</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Cash, cash equivalents and readily marketable securities ⁽¹⁾	\$ 7,436,331	\$ 8,162,677	\$ 21,370,683
Total loans receivable ⁽²⁾	42,841,753	43,127,537	45,581,667
Allowance for loan losses	638,215	644,495	683,725
Investments	4,304,439	5,760,406	11,953,056
Total assets	50,704,657	50,688,479	66,410,613
Unrestricted net assets (deficit) ⁽³⁾	(777,247)	(531,862)	(166,862)
Total certificates payable	51,099,449	51,102,545	66,514,007
Total certificates redeemed during the period	5,257,256	7,692,692	4,089,290
Other long-term borrowings	-	-	-
Other short-term borrowings	-	-	-
Total liabilities	51,481,904	51,220,341	66,577,775

⁽¹⁾ Cash not currently being used for church loans or operations is reflected in cash, cash equivalents and readily marketable securities.

⁽²⁾ All loans are secured and no loans were delinquent at December 31 of any year.

⁽³⁾ Net assets equals total assets less total liabilities. Net assets are classified as either unrestricted, temporarily restricted or permanently restricted and are net of the allowance for loan losses. Change in net assets is the surplus or deficit of revenues and expenses.

FINANCING AND OPERATIONAL ACTIVITIES

The following table sets forth our obligations as of December 31, 2018, 2019 and 2020, the redemptions and Certificate sales during the years ended December 31, 2018, 2019 and 2020, and the loans we held at December 31, 2018, 2019 and 2020.

Certificates Payable and Other Liabilities

Our liabilities as of the dates shown were as follows:

	<u>December 31, 2018</u>		<u>December 31, 2019</u>		<u>December 31, 2020</u>
Certificates Payable, Current Portion	\$ 39,683,585	\$	31,194,509	\$	44,195,646
Certificates Payable, net of Current Portion	11,415,864		13,908,036		22,318,361
Line of credit	-		-		-
Other Liabilities	382,455		117,796		63,768
Total Liabilities	\$ 51,481,904	\$	51,220,341	\$	66,577,775

Note redemptions and receipts from sales of Certificates

In the periods shown, Certificate redemptions and receipts from sales of Certificates were as follows:

	<u>Year Ended December 31, 2018</u>		<u>Year Ended December 31, 2019</u>		<u>Year Ended December 31, 2020</u>
New Certificate Investments	\$ 7,833,569	\$	7,695,788	\$	17,950,679
Certificate Redemptions	\$ 5,257,256	\$	7,692,692	\$	4,089,290

Loans receivable

The loans receivable held by us at the dates shown, all of which are secured in accordance with our lending policies, were as follows:

	<u>December 31, 2018</u>		<u>December 31, 2019</u>		<u>December 31, 2020</u>
Loans Receivable, Current Portion	\$ 1,258,094	\$	1,432,247	\$	1,535,360
Loans Receivable, net of Current Portion	41,583,659		41,695,290		44,046,307
Total Loans Receivable	\$ 42,841,753	\$	43,127,537	\$	45,581,667

LENDING ACTIVITIES

We offer loans at interest rates and terms generally more favorable than we believe our borrowers could get from a commercial lender. Borrowers generally will use our financing to acquire land or buildings and to construct or renovate ministry facilities, schools and other facilities necessary to carry out their mission. This section describes our current and expected future borrowers and our loan policies.

Borrowers

Baptist congregations and Baptist entities that meet borrowing requirements are our primary borrowers. Depending on the availability of funds, we may participate in loans originated and administered by affiliated organizations or other financial institutions. Participations in loans made by other lenders will generally be required to meet our lending guidelines; however, the interest rates and term to maturity of such participations may differ from loans being made directly by us. We may also sell participations in our loans to other parties on a non-recourse basis so that the buyer assumes the risk of any loss on the loan participation. As used in this paragraph, a “participation interest” or “participation” represents a percentage ownership interest in a loan originated by an originating lender whereby other participating lenders share principal and interest payments received from the borrower in an agreed upon manner.

We administer our loan program in accordance with guidelines that are reviewed at least annually by our Board of Directors to ensure that our primary focus remains to help support Baptist congregations. These guidelines may be changed at any time at the discretion of our Board of Directors.

Loan Policies

Our Board of Directors sets our lending policies. The Loan and CP Committee of the Board makes all lending decisions in accordance with our policies. In general, we make loans to borrowers that further the Baptist Denomination in North Carolina. Among other things, our policies guide our Loan and CP Committee in deciding to whom we may loan money, how much may be loaned to a particular borrower, and the terms of the loan. Nevertheless, each of our borrowers is unique, and no two are in exactly the same circumstances. Therefore, our Loan and CP Committee may grant exceptions to any of the loan policies described in this section or elsewhere in this Offering Circular. Because we cannot predict the circumstances of our future borrowers, we cannot speculate as to the extent of the exceptions made by the Loan and CP Committee for future loan requests. We do not intend to securitize any of our loan portfolio into any form of mortgage-backed security.

In addition, our Board of Directors, in its discretion, may authorize us to lend money to a particular borrower or borrowers on terms different from those described in this section.

The following policies generally apply to the loans we make to Baptist congregations:

- *Loans to Incorporated Entities.* We may require that all borrowers incorporate as a condition to receiving a loan.
- *Borrower’s Financial Qualifications.* As part of our application process, a borrower generally must provide us with its past three years of unaudited historical financial data. No loan will be made where installment payments on aggregate indebtedness exceeds 30% of the entity’s average annual unrestricted budget receipts for the past two years.
- *Interest Rates.* The Loan and CP Committee establishes interest rates on our loans as market conditions dictate. Rates are set at the time of each loan. We offer 1-year, 3-year and 5-year adjustable rate loans as well as loans with an immediately adjustable rate.

Collateral. Our loans generally are secured by a first mortgage, but may be secured by a second mortgage, on the property purchased, constructed or renovated with the proceeds of the loan. Loans may also be secured by Certificates of Participation. However, we also intend to make unsecured loans under guidelines adopted in May 2021 by our Loan and CP Committee. Those guidelines allow us to make unsecured loans up to a total of 5% of our loan portfolio. The absence of collateral for these loans may increase the likelihood that we may not be able to collect all amounts outstanding on an unsecured loan. When a borrower is purchasing an existing building, we typically will require a formal appraisal of the property. We also may require an environmental assessment of the collateral. We generally require that the borrower maintain property insurance on the

collateral, as well as builder's risk insurance for construction projects. No loan will be made in excess of 80% of the fair market value of the property serving as collateral for the loan. A second lien may be made only if NCBFS holds a first lien position.

- *Loan Application Fee and Closing Costs.* We generally charge a loan origination fee of up to 1% of the loan amount. In addition, the borrower is typically responsible for costs associated with the loan, including title insurance, document preparation, filing and recording fees, escrow charges, transfer fees and our attorneys' fees.
- *No Other Loans.* Typically, any other loans of a borrowing congregation will be consolidated into the new loan from us.
- *Loan Limits to One Entity.* No loan shall be made to any borrower which would cause the aggregate principal amount of all loans from NCBFS to such borrower to exceed 5% of the total dollar amount of Certificates of Participation issued by NCBFS plus other resources available to NCBFS for lending purposes. Any exception to this policy must be approved by two thirds of the members of the Board of Directors of NCBFS.
- *Late Payment Fee.* We require that monthly payment be made by bank draft and, as a result, do not expect late payments. However, if a borrower is late on a monthly payment more than twice in any one year, we may charge the borrower a late fee of 4% of the payments that are late.
- *Maximum Loan Size.* We have not set a limit on the size of a loan, however, as noted above, a loan cannot exceed 80% of the fair market value of the property serving as collateral for the loan. All loans must be approved by the Loan and CP Committee of NCBFS. The total amount loaned to a single borrower shall not exceed \$5,000,000 unless approved by the Board of Directors of NCBFS.
- *Loan Maturity.* No loan will be made with a maturity greater than 25 years. Prepayment of loans may be made without penalty.

Due to the nature of our borrowers and the property that secures our loans, we have established a loan loss allowance. Prior to February 4, 2014, our loan loss allowance was maintained at 2% of the total balance of our outstanding loans as of any given date. Due to the quality of the loans in the portfolio, effective February 4, 2014, the loan loss reserve was decreased to 1.5%.

Loans Outstanding

At December 31, 2018, 2019 and 2020, we had loans outstanding to 81, 88 and 86 borrowers, respectively, in the aggregate principal amount of \$42,841,753, \$43,127,537 and \$45,581,667, respectively. The average principal loan amount at those dates were \$528,911, \$490,086 and \$530,019, respectively. All of the loans are secured in accordance with our loan policies. We did not have any loan losses and did not write down or charge off any loans during the years ended December 31, 2018, 2019 or 2020. We did not have any delinquent loans as of December 31, 2018, 2019 or 2020. While no loans were delinquent at December 31, 2018, 2019 or 2020, if any of these borrowers were to default on its loan, we could suffer material, adverse effects. We had a loan loss reserve of \$638,215, \$644,495 and \$683,725 as of December 31, 2018, 2019 and 2020, respectively.

INVESTMENT ACTIVITIES

Our Board of Directors sets our investment policies, and our President and our Treasurer are responsible for implementing those policies on a day-to-day basis. Information about these individuals is contained in the "Management" section beginning on page 21. It is our current policy to maintain cash and cash equivalents in an amount expected to be sufficient to meet our interest and principal payment obligations on our outstanding Certificates and to support our lending program.

It is our intent to maintain minimum cash, cash equivalents and readily marketable securities equivalent to 20% of the outstanding principal amount of our Certificates to fund short-term needs. We normally satisfy this by limiting the amount of loans issued by us to 80% of our available resources. We measure our loan to available resources ratio monthly by dividing the total of our cash, cash equivalents and readily marketable securities by the total of our available resources, which consist of cash and cash equivalents, marketable securities and available lines of credit. Funds in

excess of our anticipated short-term needs are invested by us in investment portfolios administered by the Foundation. Our investments are made in accordance with our investment policy. This policy is geared to achieving maximum yield on investments while stressing the safety and liquidity of the invested funds. Under this policy, we may invest an unlimited percentage of our cash and cash equivalents in each of the following types of investments:

- Securities issued or guaranteed by the U.S. government, or its agencies;
- Money market funds;
- Commercial paper;
- Banker's acceptances;
- Repurchase agreements;
- Certificate of deposit with federally insured financial institutions in amounts that do not exceed FDIC insurance coverage limits; and
- Other church extension funds.

Prohibited investments include but are not limited to venture-capital investments.

At the dates shown, our investments, other than loans receivable, were as follows:

Type of Investment	December 31, 2018		December 31, 2019		December 31, 2020	
	Amount	% of Portfolio	Amount	% of Portfolio	Amount	% of Portfolio
Money Market Funds	\$ -	- %	\$ -	- %	\$ -	- %
Government Securities	1,794,096	33.82	499,980	8.68	4,198,894	35.13
Corporate Bonds	3,510,343	66.18	5,260,426	91.32	7,754,162	64.87
Total	\$ 5,304,439	100.00 %	\$ 5,760,406	100.00 %	\$ 11,953,056	100.00 %

For the years shown, we incurred realized and unrealized gains and losses as follows:

	December 31, 2018	December 31, 2019	December 31, 2020
Realized gains	\$ 6,292	\$ 15,845	\$ 12,454
Unrealized gains	-	8,932	13,494
Realized losses	-	-	(2,350)
Unrealized losses	(156,413)	(155,199)	(197,208)

DESCRIPTION OF CERTIFICATES

This section describes the terms of our Certificates, which are of two basic types—Timed Certificates and Demand Certificates.

General Terms

All of our Certificates are subject to the terms described below.

Book Entry System; Periodic Statements

We use a book entry system to record ownership of and invested balances in Certificates. Under this system, we keep an electronic record of your investment in Certificates. An investment in a Certificate can be made by check, ACH transfer, or wire. Instead of a paper Certificate, we will send you confirmation of your initial investment and any subsequent additions to or redemptions of your investment. We will send you periodic statements of the amount you have invested in Certificates. Unless requested otherwise, statements are mailed at the end of each calendar quarter.

Ownership

In addition to holding a Certificate in your own name, you may purchase and own a Timed Certificate or Demand Certificate in any of the following ways:

- *Joint Tenant with Right of Survivorship.* As a joint tenant, you will receive ownership of the entire Certificate if the other owner dies before you. Otherwise, the other owner will become the sole owner upon your death. Unless you specifically request on the Investment Application, the signature of one owner will be sufficient to redeem the Certificate, transfer it or take any other action requiring the consent of the Certificate holder.
- *Custodian for a Minor.* We can also facilitate the ownership of a Certificate by a minor under the North Carolina Uniform Transfers to Minors Act, or the UTMA. Specifically, ownership will be in your name as “custodian for the Minor under the North Carolina Uniform Transfers to Minors Act.” The decision to purchase, transfer or gift a Certificate for or to a minor under the UTMA, however, is irrevocable. In addition, the Certificate becomes the unrestricted property of the minor—no longer subject to the custodian’s control and able to be withdrawn—when the minor turns 21. For more specific information about the UTMA, we recommend that you consult your attorney or financial advisor.
- *Trusts.* Certificates may also be purchased in the name of trusts, both revocable and irrevocable. When Certificates are purchased in this form, they will be issued in the name(s) of the current trustee(s) of the trust, in their role as trustee(s) of the trust named on the Investment Application. Unless you specifically authorize otherwise on the Investment Application, the signature of all trustees will be required to redeem or take any other action requiring the consent of the Certificate holder. In addition, we reserve the right to request trust and other documents we deem necessary to confirm the identity and powers of the trustee(s).
- *Qualified Individual Retirement Investments (IRA).* Certificates may be purchased in traditional IRAs and Roth IRAs through a bank or an IRS approved trustee. NCBFS is currently using the custodial services of GoldStar Trust Company of Canyon, Texas, a trust only branch of Happy State Bank.

Transfer of Certificates

You may not transfer your Certificate to another person without our prior approval. In order to request such a transfer, you must send us a written request signed by all of the Certificate’s owners. The request should specify the date of transfer and the name and address of the person to whom you wish to transfer the Certificate. We may require you to verify the owners’ signatures and/or their ownership. See “Verification of Signatures and Ownership” below.

We will not approve a transfer to any person who is not qualified to purchase a Certificate in this offering. We generally will not approve a transfer to any person who lives in a state other than North Carolina and in no event where our Certificates are not registered or exempt from registration. In addition, we reserve the right to refuse any transfer, with or without cause.

You may not pledge your Certificate as collateral for a loan or otherwise encumber it without the express written consent of North Carolina Baptist Financial Services.

Redemption of Certificates by Us

We may redeem all or a part of the outstanding balance of your Certificate at any time upon 30 days’ prior written notice. We need not obtain your consent before doing so. Any unredeemed portion of a Certificate will continue to earn interest and be subject to its original terms. It is our current policy to maintain minimum liquid funds of at least 20% of the outstanding principal amount of our Certificates. We measure our loan to Certificate ratio monthly by dividing the total of our cash, cash equivalents, readily marketable securities and available lines of credit by the total of outstanding Certificates. See “Risk Factors - A lack of liquidity could adversely affect our operations and jeopardize our business, financial condition, and results of operations”.

Priority Relative to Other NCBFS Debt

Your Certificate will be of equal rank with our other unsecured debt including any other Certificates we may issue. Because our Certificates are unsecured, however, your Certificate will be of lesser rank and priority than any secured debt we might incur. This means that if our assets were distributed to our creditors or sold to pay creditors (for instance

due to financial insolvency, bankruptcy or liquidation), our secured creditors would be paid before our Certificate holders. Once our secured creditors were paid, our remaining assets could then be used to pay our general creditors, including our Certificate holders. Because our Certificates are of equal rank, each Certificate holder would receive a pro rata payment out of the remaining assets, based on the outstanding balance of each Certificate held.

From time to time we might incur indebtedness other than the Certificates to further our mission and fund our operations. It is our policy that we will limit the aggregate amount of assets we pledge to secure any and all indebtedness (other than the Certificates) we might incur to not more than 10% of the book value of our tangible assets at any time. We currently have not pledged any of our assets as security for outstanding debt or other obligations as of the date of this Offering Circular.

Interest Rates

Interest rates are set on our Certificates on the first of each month. In setting the interest rates on Certificates, we may consider interest rates on comparable instruments, market conditions, market indices and other applicable indicators.

Verification of Signatures and Ownership

Before we redeem a Certificate or approve a transfer request, we may require you to verify the authorizing signature. In the event an owner is deceased, has changed his or her name, or his or her identity is otherwise uncertain, we may also require satisfactory documentary evidence of that owner's death, identity or ownership in the Certificate. If a Certificate is payable after the holder's death, we may request a death certificate.

Discontinued Certificates

We may, on occasion, discontinue certain types of Certificates. When a discontinued Certificate matures, we expect to give investors the option of redeeming the Certificate or reinvesting it in another type of Certificate. Should you do neither, we may, as a courtesy to you, continue to pay interest on your unredeemed funds by renewing them in a demand certificate.

Timed Certificates

Our Timed Certificates have set maturity periods and fixed interest rates. We offer Timed Certificates with six different maturity periods, which are identified on the front page of this Offering Circular. We also will consider a Timed Certificate with a term of greater than five years, but we reserve the right to reject any request for such greater term. The interest rates vary depending on the maturity of the Certificate you purchase. The minimum investment is \$1,000. Interest rates current as of the date you obtained this Offering Circular from our website are on our website or the date that we sent you this Offering Circular and the enclosed rate sheet.

Interest

The interest rate on each of our Timed Certificates is fixed for the duration of the stated maturity period at the rate in effect for that type of Certificate when purchased.

Interest Payment Options

Interest on Timed Certificates is compounded monthly and paid monthly, quarterly, semiannually or annually. You can choose from three options for the payment of interest on a Timed Certificate. On the payment date, the accrued interest could be:

- paid directly to you;
- added to the outstanding principal of the Timed Certificate; or
- added to the outstanding principal of a Demand Certificate you specify.

You may change your interest payout option at any time. Such changes will take effect at the time of the next monthly interest payment, provided your request is received at least seven business days before the date of that payment. All requests must be received in writing, or requested by phone if you have made that election on your application.

Renewal and Redemption at Maturity

Unless redeemed, our Timed Certificates automatically renew at maturity for another term. We send maturity notices with current interest rate information to investors at least 30 days prior to maturity. Unless you have already received one, a current Offering Circular is included with the notice.

To redeem your Certificate at maturity, you must send us a written request (or request by phone if you have made that election on your application) for payment no later than the maturity date. Upon receipt of these items, we will promptly pay you the outstanding principal and accrued interest on your Certificate as of the maturity date.

If you do not request payment at maturity, your Timed Certificate will renew for an additional term. Upon renewal, your Certificate will earn interest at the then current interest rate for your type of Certificate. The renewed Certificate will have the same maturity period as the matured Certificate.

There is no limit on the number of times a Certificate will automatically renew at maturity.

Early Redemption

Generally, you may not redeem a Timed Certificate before it matures without penalty. For a Timed Certificate with a six-month term, the current penalty is an amount up to three months of interest on the Certificate. A penalty of up to six months of interest is charged on all other Timed Certificates for early redemption.

If you wish to redeem a Timed Certificate before it matures, you must either send us a written request, or contact us by phone if you have made that election on your application. We have the sole discretion to refuse a request for early redemption.

You may redeem part or all of the accumulated interest on Timed Certificates at any time prior to the Certificate's maturity date without penalty. All such requests must be made in writing or by phone if you have made that election on your application.

Tiered Interest Rates

Our IRA Demand Certificates have different tiers of interest rates depending on the outstanding principal balance of the Certificate. Currently, an IRA Demand Certificate with a principal balance equal to or greater than \$100,000 will earn interest at a higher rate than one with a principal balance below \$100,000. From time to time, we may add additional interest rate tiers to our IRA Demand Certificates.

Individual Retirement Account Timed Certificates

Our Individual Retirement Account (IRA) Timed Certificates are available through our custodian, GoldStar Trust Company of Canyon, Texas, a trust only branch of Happy State Bank. IRA Timed Certificates have set maturity periods and fixed interest rates. We offer IRA Timed Certificates with six different maturity periods, which are identified on the front page of this Offering Circular. We also will consider an IRA Timed Certificate with a term of greater than five years, but we reserve the right to reject any request for such greater term. The interest rates vary depending on the maturity of the Loan Certificate you purchase. The minimum investment is \$3,000. Interest rates current as of the date you obtained this Offering Circular from our website are on our website or the date that we sent you this Offering Circular and the enclosed rate sheet.

Interest

The interest rate on each of our IRA Timed Certificates is fixed for the duration of the stated maturity period at the rate in effect for that type of Certificate when purchased.

Interest Payment Options

Interest on Timed Certificates is compounded monthly and is added to the outstanding principal of the IRA Timed Certificate.

Renewal and Redemption at Maturity

Unless redeemed, our IRA Timed Certificates automatically renew at maturity for another term. We send maturity notices with current interest rate information to investors at least 30 days prior to maturity. Unless you have already received one, a current Offering Circular will be included with the notice.

To redeem your Certificate at maturity, you must send us a written request for payment on a form we provide no later than the maturity date. Upon receipt of this item, we will promptly forward the outstanding principal and accrued interest on your Certificate as of the maturity date to our custodian, GoldStar Trust Company of Canyon, Texas, a trust only branch of Happy State Bank, who will make the distribution to you.

If you do not request payment at maturity, your IRA Timed Certificate will renew for an additional term. Upon renewal, your Certificate will earn interest at the then current interest rate for your type of Certificate. The renewed Certificate will have the same maturity period as the matured Certificate.

There is no limit on the number of times a Certificate will automatically renew at maturity.

Early Redemption

Generally, you may not redeem an IRA Timed Certificate before it matures without penalty. For an IRA Timed Certificate with a six-month term, the current penalty is an amount up to three months of interest on the Certificate. A penalty of up to six months of interest is charged on all other IRA Timed Certificates for early redemption. This penalty does not apply to IRS regulated mandatory withdrawals.

If you wish to redeem an IRA Timed Certificate before it matures, you must send us a written request on a form we provide. We have the sole discretion to refuse a request for early redemption.

Service Fees

There is an annual fee ranging from \$55-150 for IRA Timed Certificates. These fees are set by our IRA custodian, GoldStar Trust Company, a trust only branch of Happy State Bank, and are subject to change at its sole discretion. Currently NCBFS covers the annual fee for its clients. Any additional fees charged by GoldStar for additional services, including termination fees, are borne by the investor. In the event of early termination (dissolution or transfer of entire retirement program prior to age 59½), there will be a charge by the custodian for the cost of filing the necessary papers with the Internal Revenue Service.

Tiered Interest Rates

Our IRA Demand Certificates have different tiers of interest rates depending on the outstanding principal balance of the Certificate. Currently, an IRA Demand Certificate with a principal balance equal to or greater than \$100,000 will earn interest at a higher rate than one with a principal balance below \$100,000. From time to time, we may add additional interest rate tiers to our IRA Demand Certificates.

Demand Certificates

Demand Certificates may be redeemed by the investor at any time. Demand Certificates have an interest rate that varies periodically. The minimum investment for a Demand Certificate is \$1,000.

Variable Interest

The interest rate on our Demand Certificates varies periodically. The interest rate is set at the time of purchase at the then current rate—like our Timed Certificates. The interest rate for Demand Certificates is subject to change monthly.

We do not send notices with regard to interest rate changes on Demand Certificates, except for the periodic statements described below.

Payment of Interest

Normally, we do not pay accrued interest on Demand Certificates directly to you until the Certificate is redeemed. Instead, accrued interest is added to the principal of the Demand Certificate. This occurs every month for Demand Certificates.

Redemption

You may redeem all of the outstanding principal and accrued interest on a Demand Certificate at any time. In addition, we permit partial redemptions on Demand Certificates. To make a redemption of a Demand Certificate, you must send us written notice identifying your Certificate and specifying the amount you wish to redeem; you may also make the request by phone if you have made that election on your application. We will pay you promptly after we receive this notice.

If you redeem the entire outstanding principal of your Certificate, we will terminate the Certificate. Thereafter, if you want to invest later in another Demand Certificate, you will need to buy a new one at that point.

Additions to Principal

You may add to the principal of a Demand Certificate at any time and in any amount. All proposed additions are subject to our approval, which we may withhold for any reason. To make an addition to principal, simply send a check for the additional amount made out to NCBFS identifying your Certificate and the amount of the addition.

Service Fee

We reserve the right, without further notice, to charge you a service fee of \$5.00 each month that the outstanding principal balance on your Demand Certificate falls below \$1,000. The fee will be deducted from the Demand Certificate. We will not charge you this fee if the balance of your Certificate falls below the minimum because you have redeemed all of the principal and accrued interest on the Certificate.

Tiered Interest Rates

Our Demand Certificates have different tiers of interest rates depending on the outstanding principal balance of the Certificate. Currently, a Demand Certificate with a principal balance equal to or greater than \$100,000 will earn interest at a higher rate than one with a principal balance below \$100,000. From time to time, we may add additional interest rate tiers to our Demand Certificates.

Individual Retirement Account Demand Certificates

Our Individual Retirement Account (IRA) Demand Certificates are available through our IRA custodian, GoldStar Trust Company of Canyon, Texas, a trust only branch of Happy State Bank. Individual Retirement Account (IRA) Demand Certificates may be redeemed by the investor at any time. IRA Demand Certificates have an interest rate that varies periodically. The minimum investment for an IRA Demand Certificate is \$3,000.

Variable Interest

The interest rate on our IRA Demand Certificates varies periodically. The interest rate is set at the time of purchase at the then current rate—like our IRA Timed Certificates. The interest rate for IRA Demand Certificates is subject to change monthly.

We do not send notices with regard to interest rate changes on IRA Demand Certificates, except for the periodic statements described below.

Payment of Interest

Interest on IRA Demand Certificates is compounded monthly and added to the principal of the IRA Demand Certificate.

Redemption

Individual retirement account demand certificates have no maturity dates when issued by **Provision**. Their record owner may redeem them upon written notice to the custodian, GoldStar Trust Company. Redemptions may be subject to federal and state tax. In addition, we permit partial redemptions on IRA Demand Certificates. To make a redemption of an IRA Demand Certificate, you must send us written notice on a form we provide identifying your Certificate and specifying the amount you wish to redeem. We will promptly forward the proceeds to our custodian, GoldStar Trust Company of Canyon, Texas after we receive this notice. Goldstar will make the distribution to you.

If you redeem the entire outstanding principal of your Certificate, we will terminate the Certificate. Thereafter, if you want to invest later in another IRA Demand Certificate, you will need to buy a new one at that point.

Additions to Principal

You may add to the principal of an IRA Demand Certificate at any time and in any amount. All proposed additions are subject to our approval, which we may withhold for any reason. To make an addition to principal, simply send a check for the additional amount made out to NCBFS identifying your Certificate and the amount of the addition.

Service Fee

We reserve the right, without further notice, to charge you a service fee of \$5.00 each month that the outstanding principal balance on your IRA Demand Certificate falls below \$3,000. The fee will be deducted from the IRA Demand Certificate. We will not charge you this fee if the balance of your Certificate falls below the minimum because you have redeemed all of the principal and accrued interest on the Certificate.

There is also an annual fee ranging from \$45-100 for IRA Demand Certificates. These fees are set by GoldStar Trust Company, our IRA custodian, and are subject to change at its sole discretion. Currently **Provision** covers the annual fee for its clients. Any additional fees charged by GoldStar for additional services, including termination fees, are borne by the investor. In the event of early termination (dissolution or transfer of entire retirement program prior to age 59 ½), there will be a charge by the custodian for the cost of filing the necessary papers with the Internal Revenue Service.

Tiered Interest Rates

Our IRA Demand Certificates have different tiers of interest rates depending on the outstanding principal balance of the Certificate. Currently, an IRA Demand Certificate with a principal balance equal to or greater than \$100,000 will earn interest at a higher rate than one with a principal balance below \$100,000. From time to time, we may add additional interest rate tiers to our IRA Demand Certificates.

Special Features

You may select the features described in this section for your Certificates, provided that you comply with our terms and conditions applicable to those features. Unless otherwise specified, these features are available on all Certificates. We may offer other features applicable to some or all Certificates from time to time, and we will inform you when such other features are available. We reserve the right to terminate any and all features at any time, in which case we will notify you if you have elected such terminated feature.

Election to Reduce Interest Rate

You can further the mission of **Provision** Financial Services by choosing to receive interest on your Certificate at a reduced interest rate or to receive no interest at all. You may cancel your election by giving us 30 days written notice of cancellation. This option is not available on IRA certificates.

Gift of Interest Earned

Except for Retirement and Custodial Certificates, you may elect to have the interest earned on your Certificate donated directly to NC Baptist Financial Services or a qualified ministry (defined under section 501-C-3 or the Internal Revenue Code) of your choice. You may cancel your election by giving us 30 days written notice of cancellation. This option is not available on IRA certificates.

Payable on Death

At the time of purchasing a Certificate, you may name Provision Financial Services or another qualified ministry, as the beneficiary of your Certificate upon your death. If you make this election, you may revoke it at any time up to the time of your death by giving us written notice. This option is not available on IRA certificates or certificates purchased by organizations.

If you do not revoke this election, we will transfer ownership of your Certificate to your named donee once we receive notice of your death.

Summary of Certificates Payable

The following tables set forth information regarding our obligations to investors in our Certificates for the periods and at the dates shown. New Certificate Investments are Certificates sold to investors in exchange for cash. Certificate Reinvestments are Certificates issued to investors upon maturity of an existing Certificate. Certificate Redemptions are cash payments to investors at maturity, upon early redemption, or upon redemption. Certificates Maturing are term certificates maturing in the calendar year ended December 31, 2018, 2019 and 2020, respectively. Reinvestments as Percentage of Certificates Maturing is Certificate Reinvestments divided by the sum of Certificate Reinvestments plus Certificate Redemptions.

		Year Ended December 31, 2018		Year Ended December 31, 2019		Year Ended December 31, 2020
New Certificate Investments	\$	6,900,276	\$	6,348,224	\$	17,950,679
Certificate Reinvestments		28,256,442		28,536,145		29,377,369
Certificate Redemptions		3,223,512		3,882,152		4,089,290
Certificates Maturing		31,479,954		32,418,297		33,466,659
Reinvestments as Percentage of Certificates Maturing		89.76 %		88.02 %		87.78 %

<u>Promissory Notes by Maturity Date</u>	<u>Principal Balance as of December 31, 2018</u>	<u>% Total Certificates Payable</u>	<u>Principal Balance as of December 31, 2019</u>	<u>% Total Certificates Payable</u>	<u>Principal Balance as of December 31, 2020</u>	<u>% Total Certificates Payable</u>
2019	\$ 1,258,094	2.46%	\$ -	-	\$ -	-
2020	1,517,411	2.97%	1,432,247	2.80%	-	-
2021	1,590,160	3.11%	1,589,624	3.11%	1,535,360	2.31%
2022	1,656,702	3.24%	1,659,558	3.25%	1,637,345	2.46%
2023	1,714,592	3.36%	1,688,717	3.30%	1,670,683	2.51%
2024	1,757,750	3.44%	1,712,802	3.35%	1,745,779	2.62%
2025	1,797,046	3.52%	1,798,950	3.52%	1,827,034	2.75%
Beyond 2025	31,549,998	61.74%	33,245,639	65.06%	37,165,466	55.88%
Total	\$ 42,841,753	83.84%	\$ 43,127,537	84.39%	\$ 45,581,667	68.53%

MANAGEMENT

Directors

Our Bylaws vest the management of NCBFS in our directors. The number of directors is to be between five and 25 and currently is set at 20. Our directors are elected by the Foundation, as our sole member, and they serve staggered terms of four years, with approximately one fourth of the directors' terms expiring each year. Any vacancies occurring on the board may be filled by the remaining directors. As of the date of this Offering Circular, our directors are:

Name	Term Expiring	Principal Occupation
Fred J. Graf	2021	Retired; former Senior Vice President of Citizens Bank of Mukwonago, Mukwonago, WI; former Chairman of WELS Investment Funds, Milwaukee, WI
John S. Rogers	2021	Retired. Pastor, First Baptist Church, Asheboro, NC
Johnny E. Ross	2021	Retired. State Missionary, Baptist State Convention of NC, Cary, NC
Michael Smith	2021	Retired. Former Director of Missions of the Carolina Baptist Association, Hendersonville, North Carolina.
Philip W. Stone	2021	Retired. Former Senior Consultant, Baptist State Convention of N.C.
Geron Gambill	2022	Church Administrator, Snyder Memorial Baptist Church, Fayetteville
Harold (Hal) G. Koger	2022	Retired. Former President, Pen-Tec; Certified Mediator for Superior Court of NC; Arbitrator for National Association of Securities Dealers
Harvey Montague	2022	Owner and President of Montague Building Co., Inc., Raleigh, NC
Matthew (Matt) Thomas	2022	Director, Camp Cale, Hertford, NC
David Webb	2022	President & Founder of United Christian Missions, Inc., Shelby, NC
Michael (Mike) Cummings	2023	Pastor, Deep Branch Baptist Church
Byron B. Greene	2023	Chaplain Resident, Duke University Health System
James Shelley	2023	Retired Minister, First Baptist Church, Creedmoor, NC
Harold W. Vaden	2023	Retired, Former Controller of Engineering and Real Estate for Burlington Industries, Burlington, NC
Irma Duke	2023	Retired, former Director of Church Relations and Development, Campbell University Divinity School
Molly Foy	2024	Retired Attorney
Rodney S. Hicks	2024	Director of Senior Adults and Pastoral Care Ridgecrest Baptist Church, Durham, NC
Coy H. Jeans	2024	Retired Minister
Charles D. (Chuck) Kennedy	2024	Senior Employee Benefits Advisor, HUB International Limited
Angie Wolff	2024	Business Office Manager, Metrolina Baptist Association

We do not pay our directors any compensation for their services as directors. We do reimburse our directors for mileage and expenses incurred in attending meetings and would also reimburse them for any expenses incurred in carrying out their duties.

We have not had any transactions with our directors or their affiliates although directors may invest in Certificates on the same terms as all other investors.

Executive Officers

As of the date of this Offering Circular, our executive officers were:

<u>Name</u>	<u>Office</u>	<u>Principal Occupation</u>
Fred J. Graf	President and Chairperson of the Board	Retired. Former Senior Vice President of Citizens Bank of Mukwonago, Mukwonago, WI; former Chairman of WELS Investment Funds, Milwaukee, WI
Harvey Montague	1 st Vice President and Vice-Chairperson	Owner and President of Montague Building Co., Inc., Raleigh, NC
Harold W. Vaden	2 nd Vice President and Vice-Chairperson	Retired, Former Controller of Engineering and Real Estate for Burlington Industries, Burlington, NC Treasurer/Executive Vice President of Finance and Operations of the North Carolina Baptist Foundation, Inc.; Member of the North Carolina Association of Certified Public Accountants, the American Institute of Certified Public Accountants, and the North Carolina Center for Non-Profits
Dolly Pierce	Treasurer	Retired. Former President, Pen-Tec; Certified Mediator for Superior Court of NC; Arbitrator for National Association of Securities Dealers President, The North Carolina Baptist Foundation, Inc. since April 1998. From January 1993 to April 1998, senior minister at Roxboro Baptist Church. From 1971 to 1993, associate minister and then as senior minister at the Temple Baptist Church in Durham. Dr. Warf has served as a member of the General Board, the Resolutions Committee, and the World Hunger Task Force of the Baptist State Convention of North Carolina
Harold (Hal) G. Koger	Assistant Treasurer	Retired. State Missionary, Baptist State Convention of NC, Cary, NC
Clay Warf	Secretary	
Johnny E. Ross	Assistant Secretary	

All of our officers are elected by a majority of the board of directors. We do not pay any of our executive officers compensation for their services as officers. We do reimburse our officers for mileage and expenses incurred in attending meetings and would also reimburse them for any expenses incurred in carrying out their duties.

We have not had any transactions with our officers or their affiliates although officers may invest in Certificates on the same terms as all other investors.

Employees

As of December 31, 2020, we had one full-time paid employee, Russell C. Jones, who is our Managing Director who is paid an annual salary of \$187,007. We also share three employees with the Foundation, who split their time equally between the organizations; the costs for those employees are also equally shared. In 2019, we also began sharing costs for other staff as needed, and those costs are split based on the percentage of time spent working for each organization. Total salaries for all employees for the years ended December 31, 2018, 2019 and 2020 were \$313,453, \$466,330 and \$475,358, respectively. We provide employees with customary health and other benefits, which totaled \$80,217, \$132,697 and \$139,294 in the years ended December 31, 2018, 2019 and 2020, respectively.

We have not had any transactions with any employees or their affiliates although they may invest in Certificates on the same terms as all other investors.

In 2017 and 2018, Provision provided us with administrative services at a reasonable marketplace rate, and office space was provided to us without cost by the Provision. In 2019, we began sharing costs for director's meetings, postage, building operations, telephone, office supplies, business machines/equipment, computer services, insurance, board/administration, and depreciation. The allocation for depreciation is treated as "rent expense", since we do not own the actual assets.

PLAN OF DISTRIBUTION

The Certificates are offered only by us, only at their face value, and only in the State of North Carolina.

We intend to continue this offering for an indefinite period of time. If the entire amount of the offering is not needed for the purposes intended, the offering may be withdrawn and the acceptance of subscriptions suspended.

The Certificates are offered only through this Offering Circular. Our website contains this Offering Circular, Investment Applications and promotional information for existing and prospective investors at www.provision.org. No offers to purchase will be accepted prior to the time that an investor has signed an Investment Application acknowledging receipt of an Offering Circular. We also may distribute this Offering Circular to Baptist congregations in North Carolina and at Convention church conferences, conventions, retreats and seminars.

We are offering the Certificates without the assistance of any broker or dealer. We will not pay any direct or indirect commissions or other remuneration to any individuals or organizations, including our directors and officers in connection with the offer and sale of the Certificates.

LEGAL MATTERS

As of the date of this Offering Circular, we were not aware of any material suits, actions, or other legal proceedings or claims pending against us.

TAX MATTERS

By purchasing a Certificate, you may be subject to certain income tax provisions of the IRC. Some of the significant federal income tax consequences of purchasing a Certificate include the following:

- Although we are an organization described in IRC Section 501(a)(3) and exempt from federal income taxation pursuant to IRC Section 501(c)(3), you will not be entitled to a charitable deduction for the Certificate you purchase.
- All investors are required to submit a completed IRS Form W-9, Request for Taxpayer Identification Number and Certification. Payments of principal and interest may be subject to “back-up withholding” of U.S. federal income tax if you fail to furnish a correct Social Security Number or tax identification number, or if you or the IRS has informed us that you are subject to back-up withholding.
- Any interest on your Certificate will be taxable as ordinary income in the year it accrues (unless your Certificate is held in an IRA or various other qualified retirement plans) or is paid to you.
- We will provide you an IRS Form 1099-INT or the comparable form by the due date (currently January 31) of each year indicating the interest earned on your Certificate(s) during the previous year.

You will not be taxed on the return of any principal amount of your Certificate or on the payment of interest that was previously taxed.

In addition, if you (or you and your spouse together) have invested or loaned more than \$250,000 in the aggregate with or to us and other charitable organizations that control us or are controlled by or under common control with us, including the Foundation, you may be deemed to receive additional taxable interest under Section 7872 of the IRC and the Treasury regulations issued thereunder if the interest paid to you is below the applicable federal rate. In that situation, the IRS may impute income up to that applicable federal rate. In such event, you might be entitled to a charitable contribution deduction in the amount of the imputed interest if you satisfy applicable requirements. If you believe this applies to you, you should consult your tax advisor.

If you intend to purchase and hold a Certificate through an IRA, special tax rules will apply to your investment. In general, interest earned on the Certificate will not be taxed to an IRA account holder until the time of withdrawal. In addition, a penalty for early withdrawal could apply to certain payments made with respect to Certificates held through

an IRA, unless certain exceptions apply. Accordingly, you should consult your tax advisor prior to investing in, or withdrawing interest earned on, a Certificate held through an IRA.

If the law creating the tax consequences described in this summary changes, this summary could become inaccurate. This summary is based on the IRC, the Treasury regulations promulgated under the IRC, and administrative interpretations and court decisions existing as of the date of this Offering Circular. These authorities could be changed either prospectively or retroactively by future legislation, regulations, administrative interpretations, or court decisions. Accordingly, this summary may not accurately reflect the tax consequences of an investment in our Certificates after the date of this Offering Circular.

In addition, this summary does not address every aspect of tax law that may be significant to your particular circumstances. For instance, it does not address special rules that may apply if you are a financial institution, tax-exempt organization, IRA, or retirement plan. It also does not address consequences of owning a Certificate to a foreign investor, including any “foreign financial institution” or “non-financial foreign entity” as defined in the IRC, which might be subject to withholding under the Foreign Account Tax Compliance Act or other laws, or might be able to qualify for exemption from such withholding if proper certification is provided to us and other specified requirements are met. Furthermore, this summary does not address any aspect of state, local, or foreign tax law that may apply to you.

YOU SHOULD CONSULT YOUR PERSONAL TAX ADVISOR AS TO YOUR PARTICULAR TAX CONSEQUENCES OF INVESTMENT IN A CERTIFICATE, INCLUDING THE EFFECT OF FEDERAL, STATE, LOCAL, AND FOREIGN TAX LAWS AND POSSIBLE CHANGES IN TAX LAWS THAT MIGHT AFFECT YOU OR THE TAX CONSEQUENCES SUMMARIZED ABOVE.

FINANCIAL STATEMENTS

The financial statements for the years ended December 31, 2018, 2019 and 2020 that are included in this Offering Circular have been audited C. DeWitt Foard and Company, P.A., Charlotte, North Carolina.

As soon as reasonably possible after the receipt of the audited financial statements for our most recently ended fiscal year, we will post those audited financial statements to our website at www.provision.org. As long as you hold a Certificate, we will mail or email, at your discretion, a copy of our most recent audited financial statements to you as soon as reasonably possible after our receipt of those audited financial statements.

C. DEWITT FOARD & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
817 EAST MOREHEAD STREET SUITE 100
CHARLOTTE, NORTH CAROLINA 28202
TELEPHONE: 704-372-1515 WWW.CDFCO.COM

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
North Carolina Baptist Financial Services
Cary, North Carolina

We have audited the accompanying financial statements of North Carolina Baptist Financial Services (the "Organization" - a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020, 2019, and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of North Carolina Baptist Financial Services, as of December 31, 2020, 2019, and 2018, 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.

Related Party Relationship

The accompanying financial statements are those of North Carolina Baptist Financial Services who is under the control of the North Carolina Baptist Foundation. The consolidated financial statements of the North Carolina Baptist Foundation are presented separately.

C. DeWitt Foard & Company, P.A.
March 12, 2021

NORTH CAROLINA BAPTIST FINANCIAL SERVICES**Statements of Financial Position****December 31, 2020, 2019, and 2018**

	2020	2019	2018
ASSETS			
Cash and cash equivalents	\$ 9,223,908	\$ 2,222,258	\$ 2,957,930
Interest receivable	193,719	180,013	173,962
Marketable securities	11,953,056	5,760,406	5,304,439
Church loans receivable, net of allowance	44,897,942	42,483,042	42,203,538
Due from related party	100,113	-	-
Equipment, net of depreciation	23,424	18,654	35,327
Offering costs, net	18,751	24,106	29,461
TOTAL ASSETS	\$ 66,410,913	\$ 50,688,479	\$ 50,704,657
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	\$ 21,492	\$ 80,080	\$ 354,754
Accrued vacation	42,276	37,716	27,701
Certificates of participation	66,514,007	51,102,545	51,099,449
<i>Total Liabilities</i>	<i>66,577,775</i>	<i>51,220,341</i>	<i>51,481,904</i>
<i>Net Assets - Without Donor Restrictions</i>	<i>(166,862)</i>	<i>(531,862)</i>	<i>(777,247)</i>
TOTAL LIABILITIES AND NET ASSETS	\$ 66,410,913	\$ 50,688,479	\$ 50,704,657

*See accompanying notes to financial statements.**Page 2*

NORTH CAROLINA BAPTIST FINANCIAL SERVICES

Statements of Activities

Years Ended December 31, 2020, 2019, and 2018

	2020	2019	2018
<u>REVENUE AND OTHER SUPPORT</u>			
Interest on notes receivable	\$ 2,362,388	\$ 2,215,836	\$ 2,111,923
Investment income	71,016	149,460	106,281
Origination fees	10,355	16,950	16,325
Other income	311,862	6,125	9,114
<i>Total Revenue and Other Support</i>	<i>2,755,621</i>	<i>2,388,371</i>	<i>2,243,643</i>
<u>EXPENSES</u>			
Interest paid to investors	1,550,072	1,347,564	1,224,875
Compensation	659,426	648,270	505,812
Loan loss provision	39,230	6,280	31,160
All other expenses	141,893	140,872	66,785
<i>Total Expense</i>	<i>2,390,621</i>	<i>2,142,986</i>	<i>1,828,632</i>
<i>CHANGE IN NET ASSETS</i>	<i>365,000</i>	<i>245,385</i>	<i>415,011</i>
<i>NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING</i>	<i>(531,862)</i>	<i>(777,247)</i>	<i>(1,192,258)</i>
<i>NET ASSETS WITHOUT DONOR RESTRICTIONS, ENDING</i>	<i>\$ (166,862)</i>	<i>\$ (531,862)</i>	<i>\$ (777,247)</i>

*See accompanying notes to financial statements.**Page 3*

NORTH CAROLINA BAPTIST FINANCIAL SERVICES

Statements of Cash Flows

Years Ended December 31, 2020, 2019, and 2018

	2020	2019	2018
OPERATING ACTIVITIES			
Change in net assets	\$ 365,000	\$ 245,385	\$ 415,011
Adjustments to reconcile changes in net assets to cash flows from operating activities:			
Depreciation and amortization	21,741	22,028	18,543
Increase in loan reserve	39,230	6,280	31,160
Gain on disposal of fixed assets	(5,905)	-	-
Realized and unrealized loss on fair value of marketable securities	157,005	89,732	126,699
(Increase) decrease in operating assets:			
Interest receivable	(13,706)	(6,051)	(15,550)
Due to related party	(100,113)	-	-
Increase (decrease) in operating liabilities:			
Accounts payable	(58,588)	(274,674)	10,262
Accrued vacation	4,560	10,015	9,011
<i>Cash Flows from Operating Activities</i>	<i>409,224</i>	<i>92,715</i>	<i>595,136</i>
INVESTING ACTIVITIES			
Purchases of equipment	(23,001)	-	(41,622)
Proceeds from disposal of fixed assets	7,750	-	-
Purchases of marketable securities	(41,303,702)	(20,421,358)	(27,647,815)
Proceeds from sale and maturities of marketable securities	34,954,047	19,875,659	25,935,599
Notes receivable issued	(5,438,791)	(5,142,564)	(6,027,485)
Principal repayment of notes receivable	5,167,821	4,856,780	4,536,420
Purchase of notes receivable	(2,183,160)	-	(586,255)
<i>Cash Flows from Investing Activities</i>	<i>(8,819,036)</i>	<i>(831,483)</i>	<i>(3,831,158)</i>
FINANCING ACTIVITIES			
Proceeds from certificates of participation	19,500,752	7,695,788	7,833,569
Redemptions of certificates of participation	(4,089,290)	(7,692,692)	(5,257,256)
Payments on notes payable	-	-	(1,842)
<i>Cash Flows from Financing Activities</i>	<i>15,411,462</i>	<i>3,096</i>	<i>2,574,471</i>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<i>7,001,650</i>	<i>(735,672)</i>	<i>(661,551)</i>
CASH AND CASH EQUIVALENTS, BEGINNING	<i>2,222,258</i>	<i>2,957,930</i>	<i>3,619,481</i>
CASH AND CASH EQUIVALENTS, ENDING	<i>\$ 9,223,908</i>	<i>\$ 2,222,258</i>	<i>\$ 2,957,930</i>
Interest Paid	<i>\$ 1,550,072</i>	<i>\$ 1,347,564</i>	<i>\$ 1,224,888</i>

See accompanying notes to financial statements.

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NORTH CAROLINA BAPTIST FINANCIAL SERVICES

Notes to Financial Statements

December 31, 2020, 2019, and 2018

NOTE 1 - NATURE OF ACTIVITIES

The North Carolina Baptist Financial Services (the Organization) was formed on April 17, 2009, under the laws of North Carolina as a charitable and religious organization supporting the North Carolina Baptist Foundation (the Foundation) and its mission to promote the Baptist denomination in North Carolina. The Organization is a wholly-owned subsidiary of the Foundation. Its primary focus is to engage in lending activities providing loans to Baptist churches and other Baptist entities for construction and expansion of facilities. The Organization has issued unsecured debt securities (certificates of participation) to fund these activities.

The Organization's primary sources of revenue are interest income on loans receivable and investment income. The Organization is generally exempt from income tax under section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law and is classified as a publicly supported organization, which is not a private foundation, under section 509(a)(1) of the Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP). Under GAAP, The Organization is required to report information regarding its financial position and activities according to the following classes of net assets.

Net assets without donor restrictions - are amounts not subject to any donor-imposed stipulations and are currently available for use in operations under the direction of the Board of Directors.

Net assets with donor restrictions - these amounts consist of temporarily restricted net assets, which are subject to donor-imposed stipulations that may or will be met either by actions of the Organization or passage of time and permanently restricted net assets, which are subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no temporarily or permanently restricted net assets at December 31, 2020, 2019, or 2018.

Marketable Securities

Investments in marketable securities with readily determinable fair values and all debt securities are reported at fair value based upon quoted market prices. Realized and unrealized gains and losses are reported in the statements of activities as a component of investment income.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in various bank accounts. For financial reporting purposes, highly liquid investments with an original maturity of three months or less are reported as cash equivalents. These accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Offering Costs

Offering costs are stated net of accumulated amortization, which is calculated on a straight-line basis over the expected life of fifteen years.

NORTH CAROLINA BAPTIST FINANCIAL SERVICES

Notes to Financial Statements

December 31, 2020, 2019, and 2018

Church Loans Receivable

Church loans receivable are stated at the principal amount outstanding net of a loan loss reserve. Interest is computed daily on the amount outstanding. All church loans receivable relate to loans made to Baptist churches in the State of North Carolina. The Organization performs ongoing credit evaluations of its customers' financial condition and typically requires a first or second mortgage as collateral on each loan receivable. The Organization's policy is to fully reserve loans determined to be in default and to place those loans on nonaccrual status. There were no such loans as of December 31, 2020, 2019, and 2018.

Equipment

Items capitalized as equipment are recorded at cost or, if donated, at fair market value on the date of the gift. Purchases and donations of equipment in excess of \$2,500 are capitalized if the expected useful life exceeds one year. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from three to seven years.

Revenue Recognition

During the year ended December 31, 2020, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"). The core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The implementation of ASU 2014-09 had no impact on the accompanying financial statements.

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2020, 2019, and 2018, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

NORTH CAROLINA BAPTIST FINANCIAL SERVICES

Notes to Financial Statements

December 31, 2020, 2019, and 2018

NOTE 3 - MARKETABLE SECURITIES

Investments of the Organization in marketable securities are recorded at fair value based on market quotations. Investments at December 31, 2020, consist of corporate (\$7,754,162) and government (\$4,198,894) fixed income securities. Changes in the market value of securities are reflected as unrealized investment gains or losses in the accompanying statement of cash flows. Purchases and sales of securities are reflected on a trade date basis. Interest and dividend income is recorded as earned or declared on an accrual basis.

Fair Value of Financial Instruments

GAAP requires fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs. The fair values for Level 1 assets are based on quoted prices in active markets for identical assets or liabilities. The fair values for Level 2 assets are based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The fair values for Level 3 assets are based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization 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 marketable securities held by the Organization during the three-year period are all classified as Level 1 assets. The notes receivables (see Note 4) held by the Organization during the three-year period are all classified as Level 2 assets.

Risk and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of financial position.

NOTE 4 - CHURCH LOANS RECEIVABLE

Church loans receivable consist of the following at December 31:

	2020	2019	2018
Church loans receivable	\$ 45,581,667	\$ 43,127,537	\$ 42,841,753
Less - loss reserve	683,725	644,495	638,215
<i>CHURCH LOANS, NET</i>	<i>\$ 44,897,942</i>	<i>\$ 42,483,042</i>	<i>\$ 42,203,538</i>

NORTH CAROLINA BAPTIST FINANCIAL SERVICES**Notes to Financial Statements****December 31, 2020, 2019, and 2018**

Church loans receivable mature as follows:

Current – 2021		\$	1,535,360	
Long-Term:				
2022	\$	1,637,345		
2023		1,670,683		
2024		1,745,779		
2025		1,827,034		
Thereafter		37,165,466	44,046,307	
<u>TOTAL</u>			\$	<u>45,581,667</u>

The Organization had 86 mortgage loans at December 31, 2020, bearing interest at rates from 4.90% to 5.75%. Although the Organization has no geographic restrictions on where the loans are made other than where member churches are located, all loans are to churches located in the State of North Carolina.

Loans receivable are distributed the by size of the loan as follows:

<u>Balance</u>	<u>Number</u>	<u>Average Balance</u>	<u>Total Balance</u>	<u>Percentage of Portfolio</u>
Greater than \$1,000,000	15	\$ 1,593,064	\$ 23,895,961	52.43%
\$500,000 - 999,999	15	739,376	11,090,644	24.33%
\$250,000 - 499,999	16	383,289	6,132,622	13.45%
\$100,000 - 249,999	23	158,096	3,636,218	7.98%
Less than \$100,000	17	48,601	826,222	1.81%
<u>TOTAL</u>	<u>86</u>		<u>\$ 45,581,667</u>	<u>100.00%</u>

NOTE 5 - CREDIT QUALITY OF FINANCING RECEIVABLES

The Organization's financing receivables consist of loans issued to finance capital improvements by North Carolina Baptist churches. These receivables are classified as church loans receivable on the statements of financial position.

The loan loss reserve is maintained at a level which, in management's judgment, is adequate to absorb any losses in the loan portfolio. The Organization has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risk and losses inherent in the Organization's portfolio. The Organization's policy for the year ended December 31, 2020, 2019, and 2018 was to maintain approximately 1.5% of all outstanding church loans receivable as a loan loss reserve. For any impaired or potentially impaired loans, the Organization reserves the full value of the potential impairment in the loan loss reserve. During the years 2018 to 2020, the Organization had no impaired loans.

NORTH CAROLINA BAPTIST FINANCIAL SERVICES**Notes to Financial Statements****December 31, 2020, 2019, and 2018**

Changes in allowance for estimated losses on financing receivables in aggregate are presented as follows:

	2020	2019	2018
Loan loss reserve:			
Beginning balance	\$ 644,495	\$ 638,215	\$ 607,055
Charge-offs	-	-	-
Recoveries	-	-	-
Changes to provision	39,230	6,280	31,160
Ending Balance	\$ 683,725	\$ 644,495	\$ 638,215
Ending Balance: individually evaluated for impairment	\$ -	\$ -	\$ -
Ending Balance: collectively evaluated for impairment	\$ 683,725	\$ 644,495	\$ 638,215
	2020	2019	2018
Financing receivables:			
Ending Balance	\$ 45,581,667	\$ 43,127,537	\$ 42,841,753
Ending Balance: individually evaluated for impairment	-	-	-
Ending Balance: collectively evaluated for impairment	\$ 45,581,667	\$ 43,127,537	\$ 42,841,753

NOTE 6 - EQUIPMENT

Equipment consists of the following as of December 31:

	2020	2019	2018
Vehicles	\$ 55,766	\$ 51,273	\$ 51,273
Furniture and equipment	4,691	4,691	4,691
Software	9,500	9,500	9,500
Total Equipment	69,957	65,464	44,977
Less - accumulated depreciation	46,533	46,810	30,137
<i>EQUIPMENT, NET</i>	\$ 23,424	\$ 18,654	\$ 35,327

NORTH CAROLINA BAPTIST FINANCIAL SERVICES

Notes to Financial Statements

December 31, 2020, 2019, and 2018

NOTE 7 – DEBT

Note Payable

The Organization had a note payable to a bank to finance the purchase of a vehicle. Principal and interest at a rate of 2.99% were due monthly. The note was secured by a vehicle and matured in June 2018, at which time it was fully paid off.

NOTE 8 - CERTIFICATES OF PARTICIPATION

The Organization issues certificates of participation. Funds received are used to originate church loans to North Carolina Baptist churches. The church loans are secured by first or second mortgages on the church properties. Original maturities range from three to twenty-five years with maturity dates through 2047. Interest rates are adjustable and range from 4.9% to 5.75%. The loans are serviced by The North Carolina Baptist Foundation on behalf of North Carolina Baptist Financial Services.

Certificates of participation are unsecured and are not insured. Investors are required to bear the financial risks of their investments.

The Organization is only permitted to issue certificates of participation to people residing in the State of North Carolina, who are members of a North Carolina Baptist church or affiliated with a North Carolina Baptist organization.

As of December 31, 2020, 2019, and 2018, certificates of participation issued and outstanding totaled \$66,514,007, \$51,102,545, and \$51,099,449, respectively. The Organization's Board of Directors currently determines rates on the certificates of participation using the 10-year Treasury rate as a guide. Rates on demand certificates may be adjusted monthly; timed certificate rates remain fixed for the duration of the certificate. Average rates of return paid to certificate holders were 2.59%, 2.59%, and 2.36%, for the years ended December 31, 2020, 2019, and 2018, respectively. Earnings are credited monthly to certificate holders' accounts and are automatically reinvested in the certificates of participation. Reinvested earnings are included in depositor funds on the accompanying statements of financial position. Certificates of participation may be redeemed by investors by written or verbal notification to North Carolina Baptist Financial Services. Redemptions during the years ended December 31, 2020, 2019, and 2018 totaled \$4,089,290, \$7,692,692, and \$5,257,256, respectively.

Certificates of participation mature as follows:

Current – 2021, including on-demand		\$ 44,195,646
Long-Term:		
2022	11,128,063	
2023	9,655,082	
2024	1,209,550	
2025	325,666	22,318,361
<i>TOTAL</i>		<i>\$ 66,514,007</i>

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NORTH CAROLINA BAPTIST FINANCIAL SERVICES

Notes to Financial Statements

December 31, 2020, 2019, and 2018

Offering Circular

The Organization is currently authorized by the North Carolina Securities Division to issue certificates of participation up to a limit of \$100,000,000.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$22,906,043 of financial assets, which are neither designated nor restricted, that are available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$9,223,908, investments of \$11,953,056, current portion of notes receivables of \$1,535,360, which are expected to be collected during the year and interest receivable of \$193,719, which is expected to be collected within thirty days. The Organization also has access to a line of credit of \$22.8 million available through the North Carolina Baptist Foundation.

NOTE 10 - FUNCTIONAL EXPENSES

The Organization's activities are focused in three functional areas. Program services represent the primary focus of the Organization's activities. Supporting services are fundraising activities and general and administrative activities. The costs of providing the various programs and other activities are summarized on a functional basis below. Personnel expenses are allocated on management's estimate of time spent on the functional areas. All other expenses are allocated based on management's estimate of the various expenses that comprise those costs. Management determined that no expenses occurred related to fundraising activities during the years ended December 31, 2020, 2019, and 2018.

Functional allocation for the year ended December 31, 2020:

	TOTAL	Program	Management and General
Interest expense	\$ 1,550,072	\$ 1,550,072	\$ -
Compensation:			
Salaries	475,358	404,054	71,304
Employee benefits and taxes	184,317	156,670	27,647
Loan loss provision	39,230	39,230	-
Other expenses:			
Professional services	19,074	-	19,074
Auto and travel	5,678	5,110	568
Bank fees	9,739	4,870	4,869
Depreciation and amortization	21,741	19,963	1,778
Miscellaneous	21,863	250	21,613
Office supplies	32,609	29,348	3,261
Printing and promotional	870	870	-
Utilities	8,897	6,649	2,248
Operations	21,173	17,997	3,176
TOTAL	\$ 2,390,621	\$ 2,235,083	\$ 155,538

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NORTH CAROLINA BAPTIST FINANCIAL SERVICES**Notes to Financial Statements****December 31, 2020, 2019, and 2018**

Functional allocation for the year ended December 31, 2019:

	TOTAL	Program	Management and General
Interest expense	\$ 1,347,564	\$ 1,347,564	\$ -
Compensation:			
Salaries	466,330	396,381	69,949
Employee benefits and taxes	181,940	154,650	27,290
Loan loss provision	6,280	6,280	-
Other expenses:			
Professional services	9,500	-	9,500
Auto and travel	14,926	13,433	1,493
Bank fees	3,882	1,941	1,941
Depreciation and amortization	22,029	20,254	1,775
Miscellaneous	22,943	884	22,059
Office supplies	25,725	23,153	2,572
Printing and promotional	1,941	1,200	741
Utilities	8,147	5,973	2,174
Operations	31,779	27,015	4,764
TOTAL	\$ 2,142,986	\$ 1,998,728	\$ 144,258

Functional allocation for the year ended December 31, 2018:

	TOTAL	Program	Management and General
Interest expense	\$ 1,224,875	\$ 1,224,875	\$ -
Compensation:			
Salaries	313,453	266,435	47,018
Employee benefits and taxes	118,122	110,706	7,416
NCBF allocation	74,237	70,503	3,734
Loan loss provision	31,160	31,160	-
Other expenses:			
Professional services	18,500	-	18,500
Auto and travel	12,802	11,522	1,280
Bank fees	6,357	5,404	953
Depreciation and amortization	18,543	17,077	1,466
Miscellaneous	1,412	250	1,162
Office supplies	3,595	3,275	320
Printing and promotional	1,566	1,200	366
Utilities	4,010	1,973	2,037
TOTAL	\$ 1,828,632	\$ 1,744,380	\$ 84,252

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NORTH CAROLINA BAPTIST FINANCIAL SERVICES

Notes to Financial Statements

December 31, 2020, 2019, and 2018

NOTE 11 – PAYROLL PROTECTION PROGRAM

The Organization obtained a refundable advance, through the North Carolina Baptist Foundation, for \$100,113 as part of the Payroll Protection Program (PPP) to mitigate the effects of the COVID-19 pandemic. The advance was fully utilized by December 31, 2020, and is, therefore, recorded as income in the accompanying financial statements. Management expects this advance will be formally forgiven in the subsequent year when the request for forgiveness will be submitted. This program is not expected to be a recurring source of income for the Organization. At year-end, the funds had not yet been transferred from the Foundation to the Organization and represents the due from related party in the accompanying financial statements.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Organization's payroll processing and all of its operating cost processing are administered by the North Carolina Baptist Foundation. These amounts comprise the accounts payable of \$21,492, \$80,080, and \$354,754 as of December 31, 2020, 2019, and 2018, respectively, all of which is due to the Foundation. During the year, the Organization received a contribution from the Foundation of \$200,000.

Board and staff members of the Organization and the Foundation, as well as their relatives, have invested in the certificates of participation of the Organization. Their holdings total approximately \$2,548,262, \$2,077,282, and \$1,950,476, as of December 31, 2020, 2019, and 2018, respectively. Additionally, the Baptist State Convention, of whom both the Organization and the Foundation are affiliates, holds approximately \$4,166,630, \$5,200,596, and \$8,026,304, of the debt securities as of December 31, 2020, 2019, and 2018, respectively.

The Organization contributes to a multi-employer retirement plan for its eligible employees through the Foundation. Employees may choose from two fund families: Guidestone Financial Resources or the American Funds. After one year of employment, the Foundation contributes 10% per year of employees' compensation to the retirement plan. After three years of employment, employees can contribute 1% of compensation to the plan, with a full match by the Foundation. Every three years thereafter, employees can contribute an additional 1% of compensation to the plan, with the Foundation matching contributions up to 5%. Employees are fully vested in all contributions made to the plan on their behalf. Contributions to the plan were made by the Organization for \$64,775.

During the years presented, the Foundation maintained a line of credit on behalf of the Organization. There was no balance due on this line of credit as of December 31, 2020, 2019, and 2018.

NORTH CAROLINA BAPTIST FINANCIAL SERVICES

Notes to Financial Statements

December 31, 2020, 2019, and 2018

NOTE 13 – COMMITMENTS

In the normal course of business, the Organization makes commitments to extend mortgage loans to meet the financing needs of member churches. Outstanding commitments are letters that outline the terms and conditions of the loan to be granted. The commitments represent expected disbursements based on estimated construction costs and may vary based on actual costs of construction. The Organization's exposure to credit loss, in the event of nonperformance by the churches to which it has extended commitments, is limited to the amount of the commitment. The Organization controls the credit risk of its commitments through credit approvals, limits and monitoring procedures. At December 31, 2020, the Organization had extended loan commitments of \$6,184,625.

NOTE 14 – UNCERTAINTIES

The COVID-19 pandemic has resulted in major changes in the local economy. At this point, the full impact of this pandemic on the Organization is unknown, but management believes that it could negatively impact its support, revenue, and general operations for the foreseeable future.

NOTE 15 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.

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INDIVIDUAL/JOINT INVESTMENT APPLICATION

THE OFFER AND SALE OF PARTICIPATION CERTIFICATES OF PROVISION FINANCIAL SERVICES (“NCBFS”) IS MADE ONLY BY MEANS OF THE ACCOMPANYING OFFERING CIRCULAR, AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME.

- New Application
- Change of Information

For Office Use Only
Customer ID _____

For Office Use Only
Investor ID _____

For Office Use Only
Rate _____

1. Type of Account Registration

- Individual Joint With Rights of Survivorship Other: _____

2. Owner Information

Applicant Name: _____ SS# _____
 Address: _____ Birth Date: _____
 City: _____ State: _____ Zip: _____
 Home Phone _____ Work: _____ Cell: _____
 Email: _____ Mother’s maiden name: _____
 Church Membership and/or Affiliated Organization: _____

3. Co-owner Information (if applicable) (Attach sheet for additional account holders.)

Name: _____ SS# _____
 Address: _____ Birth Date: _____
 City: _____ State: _____ Zip: _____
 Home Phone _____ Work: _____ Cell: _____
 Email: _____ Mother’s maiden name: _____

4. “Payable On Death” Designation (Beneficiaries)

- Please pay to Provision Financial Services designated for its ongoing support (see page 20 of the Offering Circular).
- I would like my/our account(s) designated “Payable On Death” (attach additional sheet if needed)

Beneficiaries Name & Address	Date of Birth	Social Security #	Relationship	Share
1.				%
2.				%
3.				%

If a beneficiary predeceases me, I would like their share to go to the estate or heirs of the deceased beneficiary or be equally divided among the remaining beneficiaries. If neither are checked, funds will be made payable to the remaining beneficiaries.

5. Type of Investment: Subject to the terms and conditions of the Offering Circular, the undersigned elects to purchase Certificate(s) of Participation in the following type(s) and amount(s).

- Demand Certificates Initial Investment: \$ _____ (\$1,000 minimum)
 - Timed Certificates Investment: \$ _____ (\$1,000 minimum)
- Term: 6 months 1 Year 2 Years 3 Years 4 Years 5 Years Other: _____ mos/ yrs (for special terms)

6. Type of Statement

Account statements are provided quarterly. I would like to receive my statement in the following way:

- Paper statement sent via US mail.
 Electronic statement sent via email. E-mail address: _____

7. Distribution of Interest (If none checked, default will be "Accumulate and compound in my investment.")

- Accumulate and compound in my investment Add to another certificate: _____
 Pay to Provision Financial Services for its ongoing ministry (see page 20 of the Offering Circular).
 Pay by check Pay by electronic funds transfer (*Attach a voided check to receive electronic payments*)
 Monthly Quarterly Semiannually Annually _____ At maturity
(specify month)

8. Election to Reduce Interest Rate (see page 20 of the Offering Circular).

- Please reduce my interest rate by ¼% or Other _____% to help support Provision Financial Services' ministry.

9. Acknowledgement and Authorization

The undersigned has been advised that the Certificates of Participation (the "Certificates") of Provision Financial Services offered to the undersigned, have not been registered under the Securities Act of 1993, as amended, or applicable state securities laws, that the Certificates are being offered and sold pursuant to exemptions from the registration requirements of these laws, and that the reliance of Provision on these exemptions is predicated in part on the undersigned's representations to Provision contained in this application. The undersigned represents and warrants that he/she is (i) a resident of the State of North Carolina and (ii) an individual member of a North Carolina Baptist congregation, and acknowledges that he/she has reviewed the Offering Circular dated May 25, 2021, regarding the Certificates and understands the risks involved in an investment in the Certificates.

If the Certificate is a joint certificate (with or without survivorship rights) Provision may accept instructions from one or more of the persons listed as Joint Owners above for the redemption, transfer or other disposition of the Certificate or the proceeds thereof, and the Joint Owners listed above hereby consent and agree to such action. Nevertheless, Provision may, at its discretion, require the consent of all Joint Owners before making such disposition. For Certificates for Individuals and for Tenants in Common, upon the death of the Individual or a Joint Owner, the interest of such party becomes part of his or her estate. For Certificates owned by Individuals or Joint Owners with the right of survivorship having the designation "pay on death" added and a beneficiary or beneficiaries named where indicated, will be redeemable and payable as follows: (1) to the listed beneficiary upon the death of the Individual and (2) to the listed beneficiary upon the death of the last surviving Joint Owner, as the case may be. Any beneficiary who predeceases an Individual or Joint Owner would cease to be a beneficiary and his or her estate would not be entitled to any of the Certificate. In the case of Joint Owners with right of survivorship, Provision may pay and/or transfer a Certificate upon the instruction and to the order of the surviving Joint Owner upon the death of the other Joint Owner or Joint Owners, regardless of the designation of a beneficiary above. Provision shall be protected in making payments and transferring Certificates as set forth in this Investment Application regardless of whether such action is consistent with the claim of any other party to beneficial ownership, and regardless of whether any party to the Certificate is disabled or incapacitated at the time such payment or transfer is requested.

Under the penalties of perjury, I/we certify (1) that the numbers shown on this form are my/our correct identification number and (2) that I/we are not subject to backup withholding as a result of failure to report all interest or dividends, or the Internal Revenue Service has notified me/us that I/we are no longer subject to backup withholding.

- I/WE AUTHORIZE TELEPHONE TRANSFERS ON MY/OUR ACCOUNT(S)**

SIGNATURE(S)

Signature: _____ Signature: _____
Print Name: _____ Print Name: _____
Date: _____ Date: _____

** Authorization for telephone transfers gives Provision Financial Services the rights to transact business with investors by verbal instruction where a written request would normally be required.

I/We wish to receive by mail / email Provision's most recent audited financial statements when available.

Mail completed application to: Provision Financial Services, 201 Convention Drive, Cary, North Carolina 27511-4257.



INVESTMENT APPLICATION FOR ORGANIZATIONS

THE OFFER AND SALE OF PARTICIPATION CERTIFICATES OF PROVISION FINANCIAL SERVICES IS MADE ONLY BY MEANS OF THE ACCOMPANYING OFFERING CIRCULAR, AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME.

- New Application
 Change of Information

For Office Use Only
Customer ID _____

For Office Use Only
Investor ID _____

For Office Use Only
Rate _____

1. Organization Information

Name of Organization: _____

Address: _____

City: _____ State: _____ Zip: _____

Business Phone _____ Fax: _____

Federal Tax Identification Number: _____ - _____

2. Type of Investment: Subject to the terms and conditions of the Offering Circular, the undersigned elects to purchase Certificate(s) of Participation in the following type(s) and amount(s).

Demand Certificates Initial Investment: \$ _____ (\$1,000 minimum)

Timed Certificates Investment: \$ _____ (\$1,000 minimum)

Term: 6 months 1 Year 2 Years 3 Years 4 Years 5 Years Other: ____ mos/ yrs (for special terms)

3. Type of Statement

Account statements are provided quarterly. I would like to receive my statement in the following way:

- Paper statement sent via US mail.
 Electronic statement sent via email. E-mail address: _____

4. Distribution of Interest (If none checked, default will be "Accumulate and compound in my investment.")

- Accumulate and compound in my investment Add to another certificate: _____
 Pay to Provision Financial Services for its ongoing ministry (see page 20 of the Offering Circular).
 Pay by check Pay by electronic funds transfer (Attach a voided check to receive electronic payments)
 Monthly Quarterly Semiannually Annually _____ At maturity
(specify month)

5. Election to Reduce Interest Rate (see page 20 of the Offering Circular).

- Please reduce my interest rate by ¼% or Other ____% to help support Provision Financial Services' ministry.

6. Acknowledgement and Authorization

The undersigned has been advised that the Certificates of Participation (the "Certificates") of Provision Financial Services offered to the undersigned have not been registered under the Securities Act of 1933, as amended, or applicable state securities laws, that the Certificates are being offered and sold pursuant to exemptions from the registration requirements of these laws, and that the reliance of Provision on these exemptions is predicated in part on the undersigned's representations to Provision contained in this application. The undersigned represents and warrants that (i) the corporation is headquartered in the State of North Carolina, (ii) the corporation is a Baptist State Convention of North Carolina affiliated organization and (iii) the ruling authority of the corporation has approved the opening of this account, and acknowledges that he/she has reviewed the Offering Circular dated May 25, 2021, regarding the Certificates and understands the risks involved in an investment in the Certificates.

Under the penalties of perjury, I/we certify (1) that the number shown on this form is the correct identification number and (2) that the organization is not subject to backup withholding as a result of failure to report all interest or dividends, or the Internal Revenue Service has notified me/us that the organization is no longer subject to backup withholding.

The organization agrees to promptly notify Provision of any changes in authorized account signers or individuals authorized to receive account information. Furthermore, the organization agrees to hold Provision harmless for any transactions until Provision receives written notice of any changes.

SIGNATURE(S)

Signature: _____
Print Name: _____
Title: _____
Phone: _____
Email: _____
Date: _____

Signature: _____
Print Name: _____
Title: _____
Phone: _____
Email: _____
Date: _____

Signature: _____
Print Name: _____
Title: _____
Phone: _____
Email: _____
Date: _____

Signature: _____
Print Name: _____
Title: _____
Phone: _____
Email: _____
Date: _____

I/We wish to receive by mail / email NCBFS's most recent audited financial statements when available.

Corporate Resolution

RESOLUTION OF:

Name of Church or Organization: _____

Federal Tax ID Number: _____ - _____

RESOLVED, That

are hereby authorized to execute the Provision Financial Services Corporate Investment Application relating to the purchase of Certificates of Participation of Provision Financial Services and to give instructions and execute any other documents relating to such investment accounts.

I, the undersigned, Secretary of the above named corporation, do hereby certify that the forgoing is a true copy of a resolution adopted by the Board of Directors of said Corporation on the _____ day of _____, 20_____, at which a quorum was present and voted, or pursuant to consent laws of the State of North Carolina, and that said resolution is now in full force and effect; and

That the signatures as shown below are genuine:

Print or Type Name(s)	Title(s)	Signature(s)
_____	_____	_____
_____	_____	_____
_____	_____	_____

All transactions may be authorized by the above named individual(s) with: (Please choose one)

One Signature Two Signatures All Signatures

Witness my hand and the seal of the Corporation this _____ day of _____, 20_____.

Signature of Corporate Secretary: _____

Mail completed application to Provision Financial Services, 201 Convention Drive, Cary, North Carolina 27511-4257.



INDIVIDUAL RETIREMENT ACCOUNT INVESTMENT APPLICATION

THE OFFER AND SALE OF PARTICIPATION CERTIFICATES OF NORTH CAROLINA BAPTIST FINANCIAL SERVICES ("NCBFS") IS MADE ONLY BY MEANS OF THE ACCOMPANYING OFFERING CIRCULAR, AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME.

- New Application
- Contribution
- Change of Information

<i>For Office Use Only</i>
Customer ID _____

<i>For Office Use Only</i>
Investor ID _____

<i>For Office Use Only</i>
Rate _____

1. Owner Information (Applicant)

Applicant Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Home Phone (_____) _____ Work: (_____) _____ Cell: (_____) _____

Email: _____ SS# _____

Marital Status: Single Married Widow Birth Date: _____

Church Membership and/or Affiliated Organization: _____

2. Type of Investment: Subject to the terms and conditions of the Offering Circular, the undersigned elects to purchase Participation Certificate(s) in the following type(s) and amount(s).

Initial Investment Traditional IRA* Roth IRA* SEP IRA* Other

Demand Certificates \$ _____ (\$3,000 min) Contribution Year: _____

Timed Certificates \$ _____ (\$3,000 min) Contribution Year: _____

Investment Term: 6 months 1 Year 2 Years 3 Years 4 Years 5 Years Other: ____mos/yrs (for special terms)

* GoldStar Trust Company application is also required. Visit www.ncbaptistfoundation.org/ncbfs/ or call us at (800) 521-7334 for required forms.

3. Acknowledgement and Authorization

The undersigned has been advised that the Certificates of Participation (the "Certificates") of Provision Financial Services offered to the undersigned, have not been registered under the Securities Act of 1993, as amended, or applicable state securities laws, that the Certificates are being offered and sold pursuant to exemptions from the registration requirements of these laws, and that the reliance of Provision on these exemptions is predicated in part on the undersigned's representations to Provision contained in this application. The undersigned represents and warrants that he/she is a resident of the State of North Carolina, a member of a Baptist Church in North Carolina and acknowledges that he/she has reviewed the Offering Circular dated May 25, 2021, regarding the Certificates and understands the risks involved in an investment in the Certificates.

GOLDSTAR TRUST COMPANY INFORMATION:

I understand and agree that in directing you to complete this transaction, the Custodian, GoldStar Trust Company, assumes or incurs no liability as to the authenticity of the asset purchased, the appropriateness or worthiness of the investment, or otherwise. The Custodian's only responsibility is to determine if what is purchased agrees with the direction of this investment authorization and my agent's confirmation (if any). I have made my own investigation of the risks involved in making this investment and I understand those risks. I do hereby indemnify and hold forever harmless GoldStar Trust Company, its officers, employees, directors, successors, and assignees of and from any claim which may arise or result from purchase of the investment authorized hereby.

Release of IRA Account Information;

1. Authorization: GoldStar Trust Company (Custodian) is hereby authorized to release account balance information to representative of North Carolina Baptist Financial Services (Dealer). I understand that this allows the representatives or successors of the Dealer who sold me the investment in my IRA or SEP to know the status of my account. Upon signing of this release, the custodian may release my account information to the Dealer's representative on his request.
2. Release of Liability: I hereby release and agree to hold harmless GoldStar Trust Company from all liability arising out of the release of all IRA or SEP account information.

SIGNATURE:

Signature: _____

Print Name: _____

Date: _____

I/We wish to receive by mail / email Provision's most recent audited financial statements when available.

Please make check payable to **Goldstar Trust Company** and mail as follows:

Provision Financial Services
201 Convention Drive
Cary, NC 27511-4257

201 Convention Drive, Cary, NC 27511-4257
www.provision.org