



CASE STUDY:

Invest Appalachia (IA)

The place-based impact investment platform for Central Appalachia

Headquarters: Asheville, North Carolina

Founded: 2019; first full operating year 2023

AUM: \$43M

Investment area: Appalachian counties in KY, NC, OH, TN, VA, WV

Website: investappalachia.org

Funders: Foundations, banks, corporations, family offices, and public-sector development institutions

Themes: Clean Energy · Community Health · Food & Agriculture · Placemaking

CATALYTIC ROLE OF GRANTS

Grants have been instrumental in developing, launching, and operating the Invest Appalachia model, including seeding the Catalytic Capital Fund, which provides investment-readiness services, including technical assistance and predevelopment support to potential borrowers. Grants also help de-risk repayable capital through recoverable grants, unsecured bridge loans, guarantees, loan loss reserves, and interest-rate buy-downs.

ABOUT

Invest Appalachia (IA) is a place-based impact investment platform that blends investment and philanthropic capital to move financing into coal-impacted, rural, and economically distressed communities across a six-state region. IA operates through two coordinated entities:

- Invest Appalachia, Inc., an independent 501(c)(3) nonprofit that manages operations and raises philanthropic capital, which houses the Catalytic Capital Fund; and
- Invest Appalachia Fund, LLC, an affiliated investment vehicle.

The Invest Appalachia model pairs flexible loans from the Invest Appalachia Fund with grant-like, risk-absorbing support from the Catalytic Capital Fund, working through local partners so that **investment-worthy projects become investment-ready**.

INTEGRATED CAPITAL MODEL

PREPARE

Work through local partners and fund technical assistance and predevelopment so projects are ready for financing.

BLEND

Combine flexible loans with tools such as **recoverable grants, guarantees, and other credit enhancements** to plug gaps and unlock financing.

EXPAND

Use catalytic and subordinated capital to reduce risk, allowing CDFIs, banks, and mission-aligned investors to participate.

THE ECOSYSTEM NEED

Central Appalachia's economy was long built on natural resource extraction. When the coal industry declined, it left the region without the banks, investors, and lending needed to support a new economy. A long history of chronic economic underinvestment and limited diversification has left rural communities across the six-state region with weak collateral, complex deals, and borrowers that conventional lenders label "too risky" to finance. As new farms, downtown businesses, food systems, ecotourism ventures, community health projects, and clean energy businesses emerged to replace the extractive economy, many could not access capital on favorable terms. **Deals stalled not for lack of merit, but for lack of patient, flexible capital to bridge the gap between an investment-worthy project and an investment-ready one.** Without a risk-absorbing partner at the table, senior lenders often stepped back, widening both the capital gap and the wealth gap.

FINANCING APPROACH



Community-rooted

IA sources deals through locally-rooted partners and a Community Advisory Council. **Its place-based model meets communities where they are.**



Blended capital

Pairing the grant-like Catalytic Capital Fund (**guarantees, loss reserves, rate buy-downs, recoverable grants, predevelopment**) with flexible IA Fund loans builds a custom stack that turns investment-worthy projects into investment-ready ones.

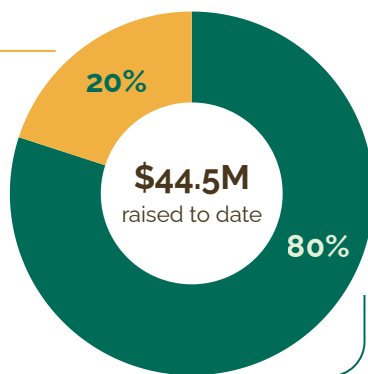


Unlock Follow-on Capital

IA Fund co-invests with CDFIs and mission lenders; 75% of its fund loans were deployed alongside other investors, closing capital gaps together and **leveraging existing resources across the investment ecosystem.**

FINANCIAL PROFILE

\$9.0M Philanthropic & catalytic grants

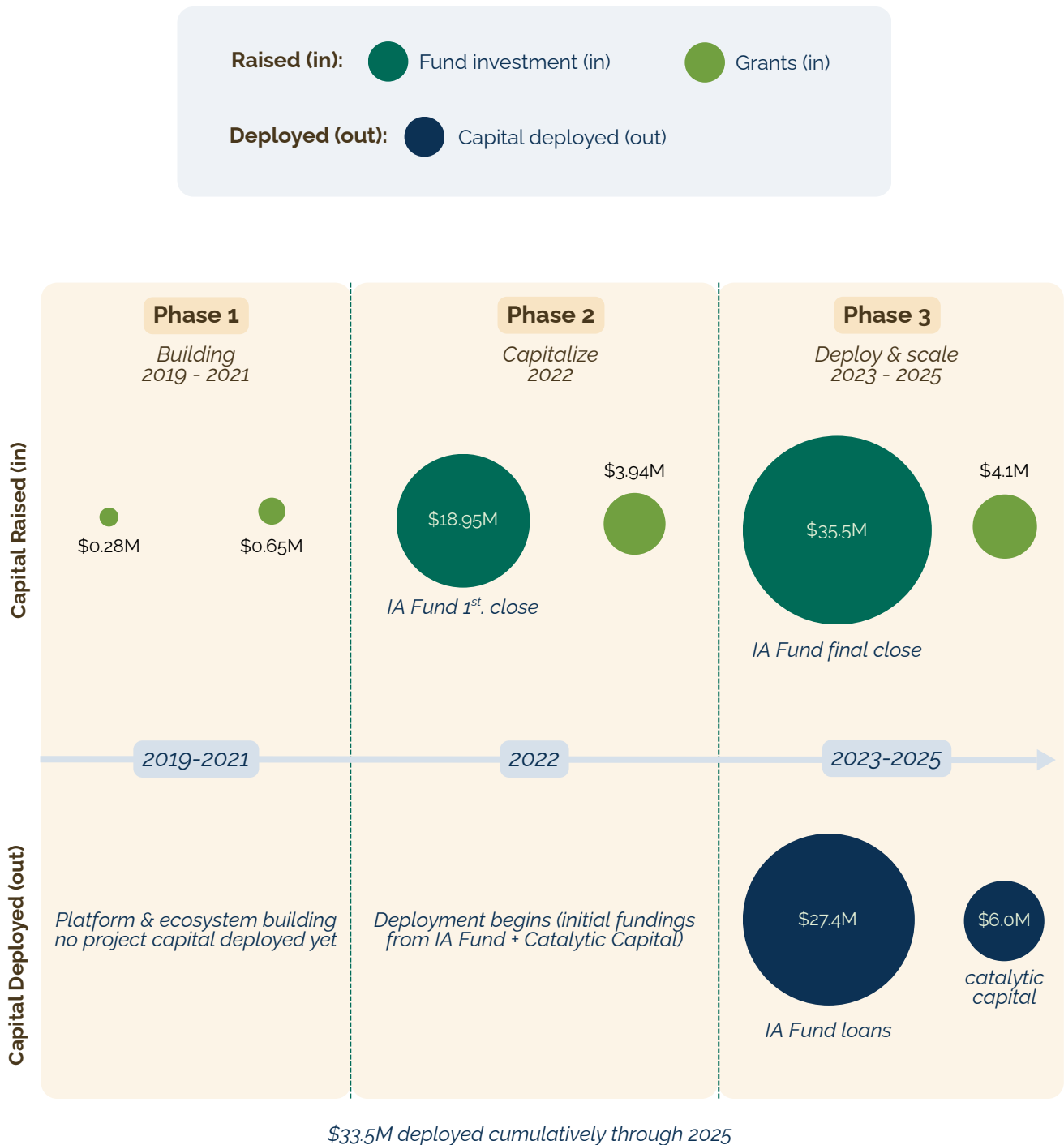


\$35.5M Investment capital (IA Fund LLC)

Since its inception, IA deployed **\$33.5M** in blended capital, including **\$18.5M** in new investments in 2025 alone across **56** community-led projects and businesses. The IA Fund made **32** loans totaling **\$27.4M**, with **60%** involving co-lending or participation with regional lenders, and the Catalytic Capital Fund has committed **\$6.0M** across **87** investments, much of it structured as recoverable capital for future reinvestment. AR

A **cumulative philanthropic base of roughly \$9M** complements the **\$35.5M** investment fund that grants helped make possible. In 2025, 13% of grants were allocated towards operations.

INTEGRATED CAPITAL PATHWAY & TIMELINE



Each bubble = one capital event · size = relative dollars · color = capital type

LENDING APPROACH

The capital stack: The IA Fund provides **patient, flexible, and often subordinated loans to projects with a viable path to repayment** that face barriers to conventional financing, such as limited collateral, unconventional ownership structures, or longer repayment timelines. IA typically lends alongside local and sector-focused partners, allowing its capital to complement existing lenders, rather than replace them. Alongside the IA Fund, the **Catalytic Capital Fund deploys philanthropic dollars in investment-like forms to address the specific gaps** preventing a project from moving forward. These tools include **technical assistance, predevelopment support, recoverable grants, unsecured bridge loans, guarantees, loan loss reserves, and interest-rate buy-downs.**

Why it matters: IA's blended capital structure provides the ability to absorb risk that conventional lenders are not structured to take on. The Catalytic Capital Fund provides **first-loss protection through guarantees, loss reserves, rate buy-downs, and recoverable grants**, making it possible for the IA Fund to lend in subordinate positions, accept weak collateral, and offer terms up to seven years on deal sizes below conventional underwriting thresholds. IA enables deals that otherwise would not close, attracting co-investors like CDFIs and crowding in additional capital to a region where conventional finance has limited reach.

Impact: IA focuses on projects in coal-impacted, rural, and economically distressed communities, with a majority of investments located in communities with multiple distress designations. By the end of 2025, IA deployed \$33.5 million in blended capital, including \$18.5 million in 2025, across the region. **IA-supported projects and businesses have served over 50,000 Appalachian people across 115 counties, showing that its investments reach well beyond individual deals.**

BORROWER EXAMPLE — CAMP GRIER



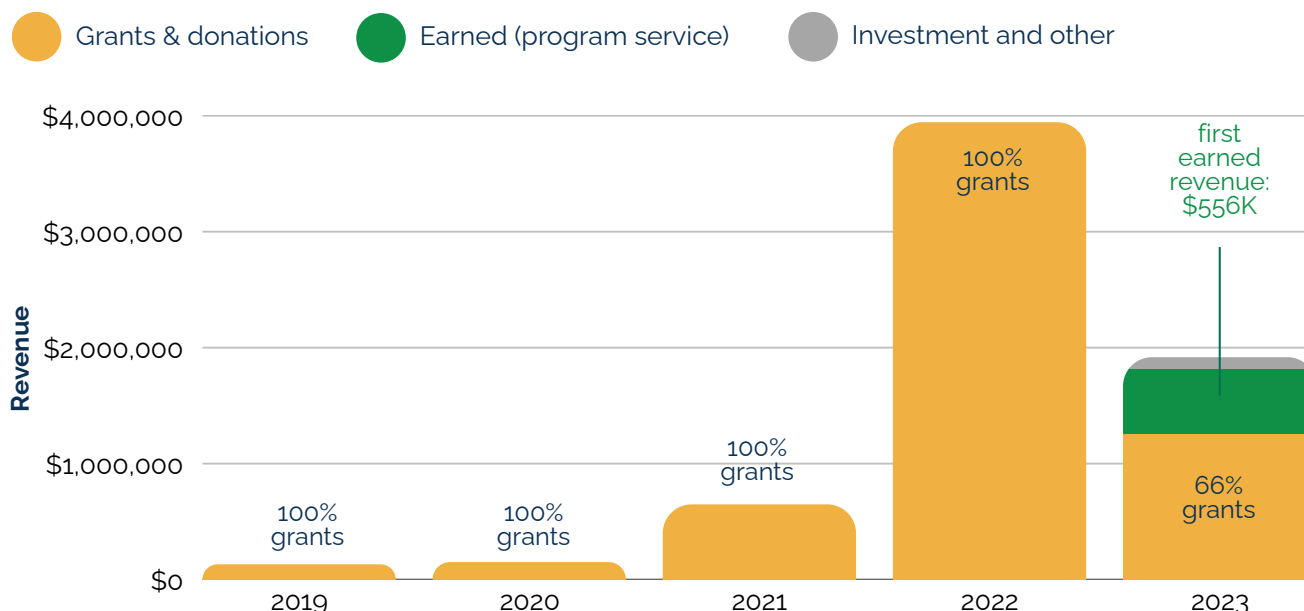
The borrower: Camp Grier is an outdoor education and recreation organization that helped establish Old Fort as a growing trail destination. Working with the G5 Trail Collective, it opened more than 21 miles of accessible trails connecting the town to the Blue Ridge Parkway; helping support new businesses on Main Street, and contributing to approximately \$80 million in nonprofit and impact capital flowing into the Old Fort area.

The financing gap: Hurricane Helene caused severe flooding, landslides, and infrastructure damage across the region. Camp Grier was awarded a five-year, \$34 million U.S. Forest Service agreement to repair trails across more than 192,000 acres, but federal reimbursements would arrive only after project costs were incurred. The organization needed capital upfront to hire workers, purchase equipment and materials, and establish a dedicated trail-repair facility.

IA's role: The IA Fund provided two loans alongside Mountain BizWorks as lead lender. The financing supported construction of a new facility to house Camp Grier's trail-repair operations and provided working capital to bridge delays between project spending and federal reimbursement.

The outcome: Financing enabled Camp Grier to begin critical repairs without waiting for federal reimbursements. It supported local employment, restored public lands, and preserved the outdoor recreation economy that has become central to Old Fort's recovery and long-term economic resilience.

BUSINESS MODEL



In IA's early years, **philanthropy funded the team, the operations, and the risk-absorbing Catalytic Capital funding**. That flexible startup capital and dedicated first-loss funding for the IA Fund helped mission-aligned investors to commit capital at scale. IA Fund loans and Catalytic Capital recycle, with loan and recoverable grants repayments seeding the next deal cycle. Meanwhile, the nonprofit's business model has seen the growth of earned revenue to support the operating budget, with the majority of grant funding supporting capital deployment.

FUTURE DIRECTIONS

Invest Appalachia's track record proves that **flexibility in financing is not a luxury; it is an operational requirement**.

- IA's next stage of growth is about turning nimble, place-based finance into a repeatable regional model: building a deeper pipeline of investment-ready projects in the areas of climate resilience, civic infrastructure, community ownership, downtown development, inclusive business, and resilient energy.
- IA's approach will incorporate more co-lenders and funders into blended-capital deals, build community capacity for locally-led development, and change the narrative about what's possible in Appalachia.

IA continues to raise **grants, donations, and recoverable grants** from foundations, DAFs, and other funding sources for redeployment through the Catalytic Capital Fund. Invest Appalachia Fund 2.0 is also in development, which will allow another round of local and national investors to make impactful investments in a proven model. By keeping financing flexible while growing the systems around it, **IA positions Central Appalachia to adapt, attract aligned capital, and sustain community-led development from within**.

