

CLIMB Fund

Investment Prospectus



Lending for
Opportunity

March 31st, 2025

Before you invest, you may want to review CLIMB Fund's Investment Prospectus, which contains more information about investment opportunities and their benefits. You can find annual reports, the public strategic plan and other financial information online at www.climbfund.org. You can also get more information by calling (843) 410-6704 or by sending an e-mail request to Development@climbfund.org.

Who Are We?

CLIMB Fund is a nonprofit Community Development Financial Institution (CDFI) dedicated to empowering small businesses across South Carolina. By providing flexible and accessible financing, we help **all** entrepreneurs—especially those underserved by traditional banks—start, grow, and sustain their businesses. Our mission is to foster **economic opportunity**, strengthen **communities**, and **create** jobs through responsible lending and technical assistance.

CLIMB Fund has been recognized by the SBA as South Carolina's leading lender in both **total dollar volume** and **Microloan funding**, making us one of the state's most prolific resources for small business financing.

Our Impact

- **\$50+ Million** deployed in small business loans across South Carolina
- **Over 7,000** jobs created and retained through our financing and support
- **1,000+** loans made since 1979 (combine with first bullet)
- **17,000+** hours of Technical Assistance deployed per year



Investing in Growth & Impact

CLIMB Fund seeks to drive economic development through responsible lending, providing access to capital for underserved entrepreneurs and small businesses in South Carolina. Our goal is to create sustainable economic opportunities that foster financial inclusion and long-term community resilience.

CLIMB Fund is poised for substantial growth, with a presence in all five regions of South Carolina and a proven track record of expanding access to capital. Unlike traditional banks, we are not collateral lenders—our approach prioritizes a business's potential over its assets. We evaluate success based on the strength of the business plan, cash flow, history of repayment, global debt service coverage, and the borrower's experience in their industry. This mission-driven model has fueled significant increases in loan volume, client reach, and economic impact over the past five years—clear indicators of what we can achieve with the right resources. As we scale to meet the growing demand for flexible financing, we are seeking partners who share our vision of economic opportunity for all.

Which is why we are offering strategic funding opportunities for impact-aligned investors. By investing in **CLIMB Fund**, you directly support small businesses, job creation, and economic mobility across South Carolina. Let's work together to build stronger communities through inclusive, high-impact lending.

Investment Opportunities

Equity Equivalent Investments (EQ2s)

EQ2s provide long-term, low-interest capital, used to enhance our lending capacity, propel client financial strength, and provide sustainable quarterly investor returns. These investments allow **CLIMB Fund** to deploy more capital to small businesses while ensuring a sustainable return for investors.



Loan Loss Reserves – Risk Management

Financial institutions can invest in our loan loss reserves to mitigate risk while freeing up unrestricted capital for deployment. Loan Loss Reserves (LLR) strengthen our ability to lend by acting as a financial cushion, reducing risk while allowing us to serve more entrepreneurs.



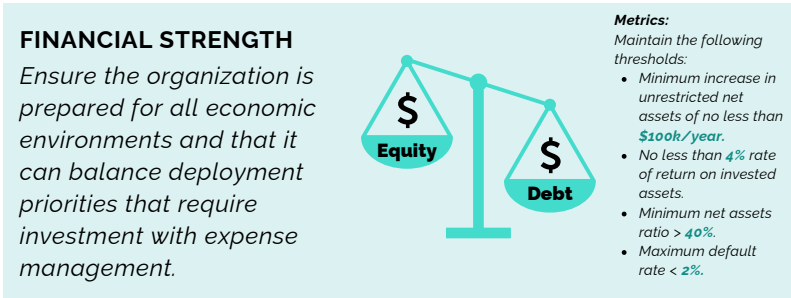
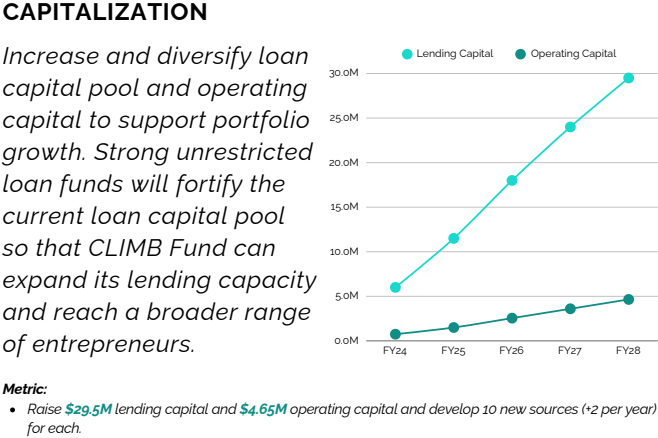
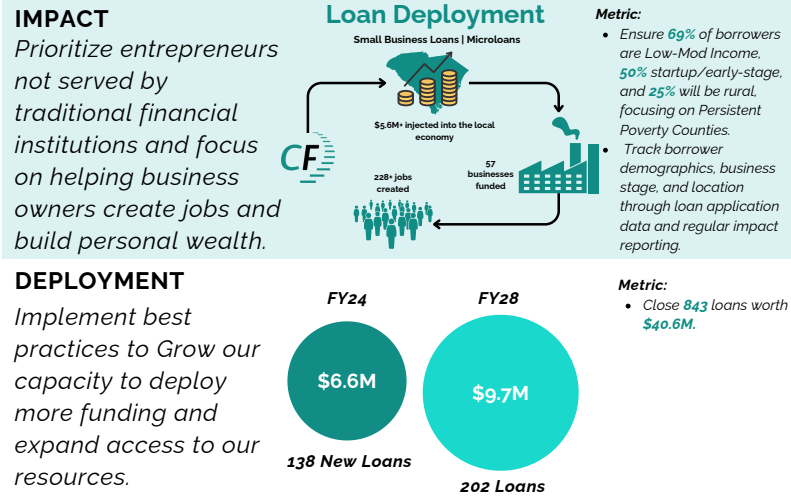
Operational Grants & Funding

Unrestricted grant funding fuels our ability to provide technical assistance, expand outreach, and strengthen our infrastructure—ensuring we are capable of serving exponentially more businesses and communities across South Carolina.



Strategic Plan & Financial Performance

CLIMB Fund's Strategic Plan objectives fall under one of five themes - **Impact, Deployment, Financial Strength, Capitalization, or Organizational Development**- aimed at expanding, financial services to small businesses throughout South Carolina in the areas that need it most. Each theme carries a set of measurable goals that **CLIMB Fund** will achieve to successfully implement the strategic plan.



Equity Equivalent Investments (EQ2s)

Equity Equivalent Investments (EQ2) offer a unique opportunity for financial institutions to invest in **CLIMB Fund** to expand our lending capacity to small businesses in underserved communities.

Investors receive predictable quarterly repayment while allowing them to fulfill Community Reinvestment Act (CRA) obligations, demonstrating a tangible commitment to economic development in South Carolina. Additionally, EQ2 investors receive recognition as key partners in fostering small business success, supporting job creation, and strengthening local economies.

While all investments carry some degree of risk, **CLIMB Fund** mitigates this by maintaining strong underwriting practices, a diverse loan portfolio, and a historically low default rate of less than 2%. EQ2 funds are deployed to entrepreneurs who lack access to traditional bank financing, allowing banks to serve their communities while maintaining their risk-related regulatory obligations that impede their ability to lend to borrowers with poor or no credit.

With a proven track record of responsible lending and sound financial management, **CLIMB Fund** is well-positioned to maximize the impact of EQ2 investments while providing investors with a reliable and socially responsible return.

The table below illustrates a typical EQ2 investment structure:

Investment Amount	Usage	Impact	Investor Benefit
\$1MM+	Direct deployment of funds into community through loans	Businesses created, jobs funded & retained	Community impact

Loan Loss Reserves- Risk Managment

Loan Loss Reserves (LLR) are a critical component of **CLIMB Fund's** financial strategy, ensuring the organization remains resilient while continuing to provide capital to small businesses that may not qualify for traditional financing. These reserves act as a financial cushion, protecting against potential losses and reinforcing investor confidence in **CLIMB Fund's** ability to manage risk effectively.

Loan Loss Reserves ensure **CLIMB Fund** can keep its unrestricted capital actively deployed rather than tied up in matching commitments, allowing us to maximize our lending capacity. Contributions in this area help us leverage additional funding sources, expanding the pool of available capital to serve more underserved entrepreneurs while maintaining financial stability. These reserves enable us to extend capital to more small business owners, particularly those in historically marginalized communities, while minimizing risk exposure for both **CLIMB Fund** and its investors.

For investors, contributing to LLRs enhances the security of their investment by reinforcing **CLIMB Fund's** ability to absorb potential loan losses without disrupting operations. By allocating funds to Loan Loss Reserves, investors play a direct role in fostering small business success while ensuring financial sustainability and long-term impact.

The table below illustrates a typical Loan Loss Reserve structure:

Investment Amount	Usage	Impact	Investor Benefit
\$25,000	Reserved for potential loan losses	Expands lending capacity, reduces risk	Strengthens portfolio security
\$50,000	Enhances risk mitigation strategies	Supports higher-risk, high-impact lending	Provides financial stability

Our Loan Loss Reserve Goal

To achieve our lending goals and expand our impact, **CLIMB Fund** needs \$3.2 million in Loan Loss Reserves. Currently, we have \$1.8 million secured, leaving a funding gap of \$1.4 million that must be raised over the next three years—or approximately \$467,000 per year.

This reserve is not at risk; rather, it is a requirement to ensure our ability to continue lending. For every dollar we lend, we must set aside a portion in LLR to match funding obligations, meaning these funds are temporarily parked but not spent. While we will return any parked funds, our goal is to secure these reserves through granted funds to sustain long-term growth without financial strain.

Operational Grants & Funding

Operational grants are essential to **CLIMB Fund's** ability to sustain and grow its impact. Unlike investment capital, which is deployed directly into lending, unrestricted grant funding fuels our ability to provide technical assistance, expand outreach, and strengthen our infrastructure—ensuring we are capable of serving exponentially more businesses and communities across South Carolina.

Operational funding ensures that **CLIMB Fund** can provide wraparound support services, including financial literacy education, one-on-one business advising, and workshops that prepare entrepreneurs for long-term success. These services are critical in helping small business owners not only secure capital but also build the skills necessary to thrive.

Why Funders Should Invest

Operational grants provide funders with the opportunity to drive systemic change by strengthening **CLIMB Fund's** foundation. These contributions enable us to scale our programs, invest in long-term sustainability, and ultimately serve more businesses across the state.

The table below illustrates the impact of operational grants and funding:

Annual Investment Amount	Usage	Impact	Investor Benefit
\$700K	Expands technical assistance programs & delivery	Provides free business coaching & resources	Strengthens community engagement
\$550K	Supports Palmetto Prosperity Initiative	Enables expansion into new markets	Increases reach & visibility
\$25K	Professional development & training programs	Enhances employee skills & expertise	Builds a stronger, more knowledgeable workforce
\$100K	Technological improvements	Improved loan origination software, IT support, office software & equipment	Enhances organizational capacity and sustainability

Financial Snapshot

CLIMB Fund's financial strength and sustainability are key to our mission-driven lending and long-term impact. This section provides a comprehensive overview of our financial performance, including deployment trends, income statements, and balance sheets for Fiscal Years 2022, 2023, and 2024. Additionally, we present forward-looking projections for Fiscal Years 2025 through 2028, reflecting our strategic growth, anticipated capital deployment, and financial sustainability.

Deployment	2022	2023	2024
New Loans Deployed (\$)	\$4,528,000	\$6,557,000	\$14,337,000
New Loans Deployed (#)	108	112	112
Businesses Funded	53	57	57
Technical Assistance (# hours)	12,664	15,340	15,286
Clients Served	317	384	382

Income Statement	2022	2023	2024
Revenue			
Loan Interest Income	\$768,000	\$872,000	\$1,288,000
Grant Revenue	\$2,497,000	\$3,408,000	\$1,026,000
Program Income	\$236,000	\$367,000	\$466,00
Investment Income	-\$521,000	\$534,000	\$847,000
Other Income	\$76,000	\$77,000	\$93,000
Total Revenue	\$3,057,000	\$5,258,000	\$3,721,000

Expense			
Program Services	\$1,896,000	\$2,339,000	\$2,741,000
Supporting Services	\$227,000	\$358,000	\$393,000
Total Expense	\$2,123,000	\$2,697,000	\$3,134,000
Net Income	\$935,000	\$2,561,000	\$587,000

Disclaimer: In Fiscal Year 2024, CLIMB Fund deployed a total of \$14,337,000 in loans. This includes funds received from the City of Charleston for an Affordable Housing Revolving Fund, of which \$9 million was revolved. This is reflected in year 24 new loans deployed, as well as in loans receivable and cash and cash equivalents.

CLIMB Fund maintains a strong financial position through prudent risk management and responsible lending practices, resulting in a default rate of less than 2%. We ensure long-term sustainability by operating with cash reserves equivalent to 12 months of expenses, providing financial stability and operational resilience. Additionally, our commitment to transparency and sound financial stewardship is reflected in our history of successful independent audits, reinforcing trust with our funders and stakeholders.

Financial Indicators	2022	2023	2024
Net Asset Ratio	74%	69%	68%
Deployment Ratio	78%	70%	77%
Self-Sufficiency Ratio	26%	65%	86%
Delinquency Rate	5%	8%	8%
Default Rate	2%	2%	2%
Balance Sheet	2022	2023	2024
Assets			
Cash and Cash Equivalents	\$14,218,000	\$16,176,000	\$7,849,000
Grants Receivable	\$255,000	\$499,000	\$728,000
Prepaid Expense	\$23,000	\$0	\$8,000
Investments	\$4,391,000	\$4,585,000	\$4,423,000
Loans Receivable	\$10,057,000	\$13,530,000	\$23,933,000
Property & Equipment	\$759,000	\$725,000	\$1,543,000
Liabilities			
Accounts Payable	\$7,000	\$41,000	\$3,000
Accrued Payroll	\$91,000	\$117,000	\$127,000
Deferred Revenue	\$0	\$241,000	\$143,000
Loans Payable	\$7,543,000	\$10,494,000	\$11,868,000
Contingent Liability	\$65,000	\$65,000	\$65,000
Total Liabilities	\$7,706,000	\$10,958,000	\$12,207,000
Equity (Net Assets)			
Unrestricted Net Assets	\$8,258,000	\$8,990,000	\$11,551,000
Board Restricted Net Assets	\$4,391,000	\$4,585,000	\$4,423,000
Donor Restricted Net Assets	\$9,348,000	\$10,983,000	\$10,303,000
Total Equity (Net Assets)	\$21,998,000	\$24,558,000	\$26,278,000
Total Liabilities & Net Assets	\$29,700,200	\$35,500,000	\$38,480,000

Disclaimer Regarding Forward-Looking Statements

The financial information provided in this section includes historical data as well as forward-looking projections for Fiscal Years 2025 through 2028. These projections are based on assumptions and estimates that are subject to change due to market conditions, economic factors, regulatory developments, and other external variables.

Actual financial performance may differ significantly from these projections, and past performance is not necessarily indicative of future results. Investors should be aware that financial forecasts carry inherent risks and uncertainties, and there is no guarantee of specific outcomes.

CLIMB Fund does not assume responsibility for updating or revising forward-looking statements in response to new information or future events. Readers are encouraged to conduct their own due diligence and consult with independent financial advisors before making investment decisions.



Over the past few years, **CLIMB Fund** has been fortunate to receive significant and generous investments from a range of valued partners. These contributions play a vital role in enabling us to provide accessible financing to small businesses and entrepreneurs across South Carolina. We are deeply grateful to these organizations for their commitment to supporting our mission and making our impactful lending work possible.

Financial Institutions

	South State Bank
Bank of America	Synovus Bank
First Capital Bank	TD Bank
First Citizens Bank	Truist
First Palmetto	Wells Fargo Bank
Pinnacle Financial Partners	Woodforest National Bank

Government Partners

OneSpartanburg	U.S. Department of Agriculture
The City of Charleston	U.S. Department of the Treasury
The City of Goose Creek	U.S. Economic Development Administration
	U.S. Small Business Administration

Foundations & Private Investors

The Coastal Community Foundation
Google.org
Opportunity Finance Network
SC Association for Community Economic Development
SC Community Capital Alliance

Contact Us

For more information on investment opportunities and partnership options, please contact:

Development@climbfund.org

(843) 410-6704

We look forward to collaborating with you to drive economic growth and opportunity across South Carolina.



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