



Investment Crowdfunding

DEMOCRATIZING ACCESS TO CAPITAL ACROSS THE USA

The 2025 State of Investment Crowdfunding

Insights, Trends, and Market Predictions



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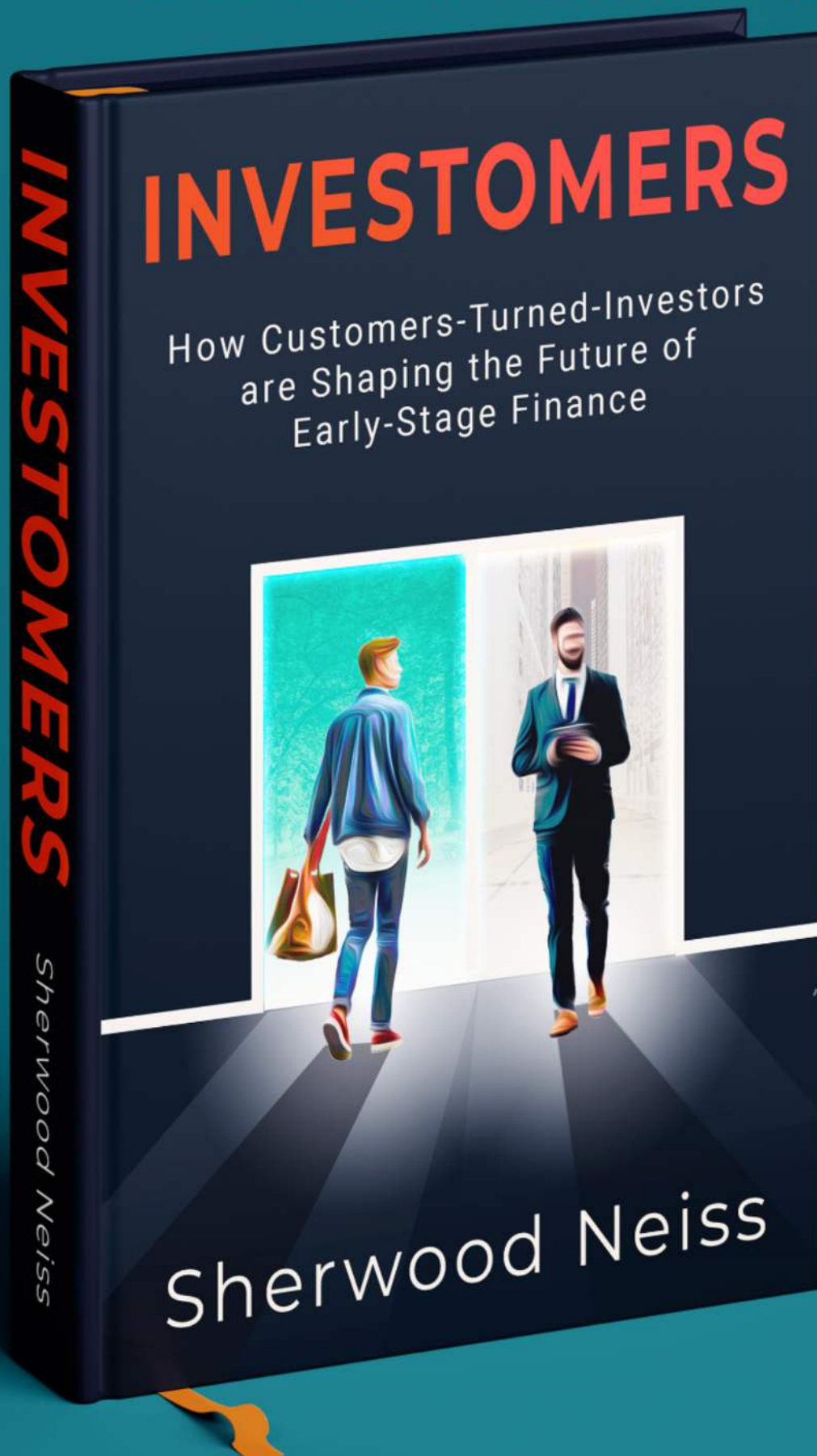
The material herein is intended to be used with CCLEAR data to provide a basic understanding of Investment Crowdfunding. It is not meant to be investment advice, a source, or a replacement for professional legal advice. We would also like to thank our research associate, Zac Stahlhut, for contributing to and working on this report.

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Chapter 1

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The Future of Investment Crowdfunding Starts Here

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Crowdfund Capital Advisors

WHO WE ARE

In 2010, Crowdfund Capital Advisors' founders actively lobbied political leaders and drafted the crowdfunding bill, which later became The Jumpstart Our Business Startups Act (the "JOBS Act"). CCA's founders Sherwood Neiss, Jason Best, and Zak Cassady-Dorion conceptualized a comprehensive regulatory framework (the "Crowdfunding Exemption Framework") that was later utilized and adapted by lawmakers to craft legislation ("Regulation Crowdfunding") to permit crowdfund investing in the U.S. Through their lobbying efforts with the White House and Congress, this framework became the basis of Title III of the JOBS Act. Essentially, the Crowdfunding Exemption Framework merged the principles of internet-based collective finance with early-stage business funding. This has resulted in decentralizing the world of early-stage finance.

CCA has been covered in numerous media outlets, including Entrepreneur Magazine, Fast Company, The Wall Street Journal, Fortune, Forbes, Bloomberg Markets, VentureBeat, and TechCrunch,



and has been featured on CNBC, MSNBC, CNN, BBC, CCTV, BloombergTV, and PBS. CCA's principals are regular speakers at conferences around the world, including events at The White House, TEDx, SXSW, The Global Entrepreneurship Summit, the UK Commonwealth Finance Ministers' meeting, ArabNet, The Securities Commission of Malaysia, The World Bank Global Technology Innovation Forum in South Africa, the Asia Crowdfunding Conference in Singapore, the Chilean Ministry of Economy, Mexican Ministry of Finance, the Taiwan Legislature and National Development Council, the Thai Securities and



Thanks to Karen Kerrigan and the SBE Council, Investment Crowdfunding is fueling small business growth like never before. Their leadership helped make Regulation Crowdfunding a reality, unlocking billions in capital for startups and entrepreneurs.

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ADVOCATING FOR SMALL BUSINESSES WHERE IT COUNTS

Exchange Commission, the US Department of Justice, and the Ukrainian Securities Commission.

CCA's founders spent 460 days working in Washington, DC, to lobby for the creation of Investment Crowdfunding in the United States. After initial meetings at the SEC and congressional offices, CCA gained support from key stakeholders, including the White House, Representative Darrell Issa (R-CA), and Representative Patrick McHenry (R-NC), Chair of the House Committee on Oversight and Governmental Reform. The idea of legalizing crowdfund investing soon attracted significant interest from the business community and policymakers and widespread media attention. Representative McHenry introduced the House version of the crowdfunding legislation that gained broad, bipartisan support, evidenced by the bill's passage by a vote of 407-17. President Obama then issued a rare "Statement of Administration Support" for this Republican bill and called upon the Senate to pass it quickly. CCA's founders then turned their attention to the Senate passage of crowdfund investing. They worked with Senators Jeff Merkley (D-OR), Michael Bennett (D-CO), and Scott Brown (R-MA) to craft crowdfunding legislation in the Senate that built on the House bill

and became Title III of the JOBS Act. CCA's founders provided testimony to five US House and Senate panel hearings. This legislation, described by President Obama as a "game-changer," was among the most significant changes in securities laws in over 80 years. The JOBS Act was passed in March 2012 and was signed into law by President Obama on April 5, 2012, with Mr. Neiss, Mr. Best, and Mr. Cassidy-Dorion in attendance at the White House Rose Garden Ceremony.

CCA has worked in over 43 countries on six continents with financial regulators, government ministries, investors, entrepreneurs, family offices, and multi-lateral organizations regarding infrastructure, regulation, and capacity-building projects to reduce early-stage finance challenges and effectively utilize crowdfunding to create successful ventures, innovation, and jobs. Forbes.com ranked CCA's founders as two of the ten most influential people in crowdfunding. CCA's principal, Sherwood Neiss, authored the newly released book *Investomers: How Customers Turned Investors Are Reshaping Early-Stage Finance*. The organization also wrote the World Bank's research report *Crowdfunding's Potential for the Developing World*, which included a foreword by Steve Case, co-founder of AOL. Additionally, CCA authored



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Crowdfund Investing for Dummies, published by Wiley & Sons, and contributed a chapter to *Crowdfunding – A Guide to Raising Capital on the Internet*, published by Bloomberg.

When the industry went live in 2016, CCA launched the CCLEAR Regulation Crowdfunding Database, the first of its kind. This innovative database collects and enriches data on private companies raising funds online, aggregating over 150 data points for each company. Beyond public filings available through SEC/EDGAR, the database integrates information from company offering documents, tracks investor sentiment through daily commitments into open offerings and the number of checks written, and highlights key insights such as details about women and minority founders. The data is meticulously cleaned and normalized, creating a comprehensive resource for research and analysis.

In August 2020, Bloomberg integrated CCA's data feed, underscoring its value as a transformative resource for understanding private markets. The feed aggregated data from all online investment platforms registered with the SEC and provided enriched insights, including investor behavior and demographic trends. The partnership exemplified the demand for actionable, high-quality private market intelligence.

CCA leverages its unparalleled data to produce a range of public and private reports and dashboards, each designed to provide actionable insights into the Investment Crowdfunding market. These tools empower investors, companies, analysts, and policymakers to understand and respond effectively to the evolving landscape.

- The Crowdfunding Genome and Ecosystem Report 2024 is a comprehensive resource that explores the dynamics of crowdfunding ecosystems, specifically through its "Crowdfunding Genome" framework. This tool ranks 30 ecosystems in the United States by analyzing metrics such as the amount of capital raised, the number of offerings, and investor participation across geographic and industry-specific factors. The report aims to offer

actionable insights for stakeholders, including economic development agencies, by providing a data-driven understanding of how crowdfunding stimulates local economies, fosters entrepreneurship, and supports job creation. These insights are valuable for designing policies or programs to enhance regional competitiveness and innovation.

- The CCLEAR Weekly Tear Sheet is a free comprehensive one-page report encapsulating key Investment Crowdfunding sector metrics. This report provides a snapshot of market dynamics, highlighting significant trends and changes in various aspects such as investment amounts, investor participation, deal activities, platform performance, and success rates. By showcasing both the growth and decline in different areas, the report offers valuable insights into the health and trajectory of the crowdfunding market, serving as an essential tool for investors, companies, and analysts to understand and respond to the evolving landscape of Investment Crowdfunding.
- In 6 pages, the CCLEAR Biweekly report comprehensively analyzes the Investment Crowdfunding market, covering key aspects such as deal volume, issuer activity, investment commitments, and platform performance. It highlights the average number of new deals daily, emphasizing the market's vitality, and notes the proportion of offerings from returning issuers, indicating sustained trust in crowdfunding. The report delves into the total investment commitments and investor sentiment, offering insights into the financial dynamics of the market. It also analyzes the performance of investment platforms, including changes in active platform numbers and average commitments, giving a clear picture of the market infrastructure. Additionally, the report projects future economic output and job creation, influenced by macroeconomic factors like consumer confidence, interest rates, inflation, and geopolitical events. This report provides a snapshot of current market conditions and offers predictive insights,

making it an invaluable tool for understanding and navigating the Investment Crowdfunding landscape.

- The CCLEAR Monthly Report offers a detailed and comprehensive overview of the Investment Crowdfunding landscape. Each month provides a deep dive into a different industry sector, offering valuable insights into market dynamics, trends, and economic impacts specific to that sector. This report includes critical metrics such as deal volumes, average daily offerings, the proportion of returning issuers, total commitments, average investment sizes, and overall success rates. The report is an essential resource for investors, policymakers, industry analysts, and businesses within the crowdfunding ecosystem. The report not only tracks the current state of the market but also offers predictions and trends, thereby serving as a critical tool for making informed decisions and understanding the evolving landscape of Investment Crowdfunding.
- The CCLEAR Regulation Crowdfunding Dashboard discloses summary information on companies raising money online, including total capital invested, total investors, average raise, number of employees, capital commitments over time, a state-by-state view of where capital is going, an industry analysis showing which industries are the most popular with the crowd, and an analysis of the biggest online investment platforms.
- The CCLEAR Crowdfinance 50 Index measures the velocity of capital flowing into the top 50 daily Investment Crowdfunding offerings and is a proxy for investor sentiment.

Much of CCA's analysis is published on its website, CCLEAR's website, and online. The Securities and Exchange Commission (SEC) has referenced CCA data in several of its annual reports, including its annual report by the Office of the Advocate for Small Business Capital Formation.

INVESTOR PROTECTION BUILT IN TO REGULATION CROWDFUNDING

INVESTORS	TRANSPARENCY CHECKLIST <ul style="list-style-type: none"> ✓ LIMIT INVESTOR LOSSES BY CAPPING THEIR MAXIMUM INVESTMENT ✓ PROVIDE INVESTORS WITH DETAILED COMPANY DISCLOSURES/FINANCIALS ✓ ALLOW INVESTORS TO ASK QUESTIONS/RESCIND THEIR INVESTMENT
ISSUERS	ACCOUNTABILITY CHECKLIST <ul style="list-style-type: none"> ✓ LIMIT THE AMOUNT OF MONEY ISSUERS CAN RAISE FROM RETAIL INVESTORS ✓ REQUIRE DISCLOSURES INCLUDING BUSINESS PLAN/USE OF PROCEEDS ✓ REQUIRE ANNUAL REPORTS TO KEEP INVESTORS INFORMED
INVESTMENT PLATFORMS	INVESTOR PROTECTION CHECKLIST <ul style="list-style-type: none"> ✓ HAVE ALL ISSUER INFORMATION EASILY ACCESSIBLE FOR INVESTORS ✓ ENSURE THE INTEGRITY OF THE CAPITAL RAISES ON PLATFORM ✓ PROVIDE A TRANSPARENT COMMUNICATION PATHWAY FROM INVESTORS TO ISSUERS

ABOUT REGULATED INVESTMENT CROWDFUNDING

The JOBS Act was passed by Congress and signed into law by President Obama in 2012. It was one of the most substantial, bipartisan pieces of legislation passed by Congress in years, and it received a statement of administrative support from the White House. It was also one of the most substantial changes to U.S. securities laws in 80 years. It consisted of several provisions to facilitate capital formation and promote job creation. According to the Securities and Exchange Commission, "The JOBS Act crowdfunding provisions were intended to help startups and small businesses raise capital in a less costly manner by making relatively low dollar offerings of securities to a "crowd of interested investors." The crowdfunding provisions have come to be known as Regulation Crowdfunding or RegCF. While that

is the legal term, the market has adopted the term “Regulated Investment Crowdfunding” to explain the difference between donation/rewards crowdfunding (i.e., Kickstarter/Indiegogo) and securities-based crowdfunding (i.e., Regulation/Investment Crowdfunding).

Investment Crowdfunding launched in the United States on May 16, 2016. Any startup or small business can raise \$5M online from retail and accredited investors. Issuers must provide investors with disclosures related to their company history, operations, financials, and use of proceeds. Online investment platforms or Broker Dealers registered with the Securities and Exchange Commission and overseen by FINRA must facilitate the offerings and run bad actor checks on the issuers. Issuers are capped at how much they can raise, and Investors are restricted at how much they can invest based on income or net worth thresholds. These caps and limits are unique to investing, capital formation, and Investment Crowdfunding in particular. They provide a degree of investor protection that does not exist in other

parts of the private capital markets. This is likely why there has been relatively little fraud in the industry.

SECURITIES AND EXCHANGE COMMISSION MODIFICATIONS

In September 2022, the Securities and Exchange Commission amended its rules to implement inflation adjustments mandated by the JOBS Act. The SEC is required to make these adjustments every five years.

According to the final rule in the Federal Register¹, “Title III of the JOBS Act amended the Securities Act to add Section 4(a)(6), which provides an exemption from the registration requirements of Section 5 of the Securities Act for certain crowdfunding transactions. In 2015, the Commission adopted Regulation Crowdfunding to implement that exemption. Sections 4(a)(6) and 4A of the Securities Act set forth dollar amounts used in connection with the crowdfunding exemption, and Section 4A(h)(1) states that those dollar amounts shall be adjusted by the Commission not

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**Table 1—Inflation-Adjusted Amounts in Rule 100(a)(2) of Regulation Crowdfunding
[Investment limits]**

Regulation Crowdfunding Rule	Current Amount	Initial Amount	Rounded inflation amount	Inflation-adjusted amount
Threshold for assessing investor's annual income or net worth to determine investment limits (17 CFR 227.100(a)(2)(i)) ("Rule 100(a)(2)(i)") and 17 CFR 227.100(a)(2)(ii) ("Rule 100(a)(2)(ii)")	\$107,000	\$100,000	\$24,000	\$124,000
Lower threshold of Regulation Crowdfunding securities permitted to be sold to an investor if annual income or net worth is less than \$124,000 (Rule 100(a)(2)(i))	2,200	2,000	500	2,500
Maximum amount that can be sold to an investor under Regulation Crowdfunding in a 12-month period (Rule 100(a)(2)(ii))	107,000	100,000	24,000	124,000

less frequently than once every five years to reflect any changes in the CPI-U. Pursuant to this directive, the Commission, in the 2017 Release, adjusted those dollar amounts to reflect the inflation adjustment for the prior five-year period from December 2011 until December 2016, and we are again amending Rules 100(a)(2) and 201(t) and Form C to adjust for inflation the dollar amounts set forth in these rules and in the form as required by the statute.

To determine the adjusted dollar amounts for Rule 100(a)(2) and Rule 201(t), we use the same process ... in connection with the [Emerging Growth Company] EGC adjustment to determine the raw inflation amounts. Then, we round the raw inflation amounts to the nearest \$100 for amounts under \$100,000 and to the nearest \$1,000 for amounts that equal or exceed \$100,000. The rounded

inflation amounts are then added to the initial inflation amounts to yield the inflation-adjusted amounts. Tables 1 and 2 show the current amounts, initial amounts, rounded inflation amounts, and inflation-adjusted amounts for Rules 100(a)(2) and 201(t).

When the Commission adjusted the Regulation Crowdfunding dollar amounts in April 2017 for inflation pursuant to the statutory directive, those adjustments included setting the offering limit in 17 CFR 227.100(a)(1) ("Rule 100(a)(1)") at \$1,070,000. Adjusting the offering limit amount for inflation using the same method we use for the adjustments in Rules 100(a)(2) and 201(t) would result in an offering limit of \$1,235,000 (\$1,000,000 baseline plus \$235,000 inflation adjustment). However, effective March 2021, the Commission increased the Rule 100(a)(1) threshold by \$3,930,000 (from

**Table 2—Inflation-Adjusted Amounts in Rule 201(t) of Regulation Crowdfunding
[Financial statement requirements]**

Regulation Crowdfunding Rule	Current offering threshold amount	Initial offering threshold amount	Rounded inflation amount	Inflation-adjusted amount
17 CFR 227.201(t)(1)	\$107,000	\$100,000	\$24,000	\$124,000
17 CFR 227.201(t)(2)	535,000	500,000	118,000	618,000
17 CFR 227.201(t)(3)	1,070,000	1,000,000	235,000	1,235,000

\$1,070,000 to \$5,000,000). Accordingly, we consider the current Rule 100(a)(1) offering limit to more than account for inflation and are making zero further inflation adjustments to this threshold.

The amendments to Regulation Crowdfunding adjust the thresholds in Rules 100(a)(2) and 201(t) in accordance with inflation as required by Section 4A(h) of the Securities Act and are not expected to increase disclosure or compliance costs incurred by an issuer. The adjustment will cause some issuers to become subject to less extensive financial statement requirements and may lower disclosure or compliance costs for these issuers. The adjustment will also increase the amounts of securities that may be sold to a given investor, which may expand some issuers' ability to raise capital and some investors' ability to gain exposure to Regulation Crowdfunding investment opportunities.

The inflation adjustment to the thresholds in Rules 100(a)(2) and 201(t) is intended to allow these thresholds to keep pace with inflation, preserving the economic effects of Regulation Crowdfunding in real terms. For example, the inflation adjustments to the financial statement thresholds in Rule 201(t) will ensure that issuers can continue to utilize higher offering amounts without incurring the increased cost of complying with the higher tier of financial statement requirements that would apply absent the amendments.

Substantively, the inflation adjustments to Rule 100(a)(2) and Rule 201(t) marginally affect the amount of capital that issuers may raise in reliance on Regulation Crowdfunding without incurring the costs of compliance with a higher tier of financial statement requirements, the number of investors who may participate in crowdfunding offerings, and the amounts that investors may invest in crowdfunding offerings.”

The Commission’s next adjustments will take place before the end of 2026.

GLOBAL CONTEXT: COMPARING THE U.S. INVESTMENT CROWDFUNDING FRAMEWORK WITH GLOBAL PRACTICES

As the U.S. investment crowdfunding ecosystem evolves, it is essential to understand how its regulatory framework compares to other regions worldwide. While the Securities and Exchange Commission (SEC) underpins a prescriptive approach to investment crowdfunding, other markets adopt varying models tailored to their economic and cultural contexts. These frameworks influence not only how capital flows but also how investors and issuers engage with the system. For a more in-depth exploration of global frameworks and their implications, our newly released book, *Investomers*, provides comprehensive analysis and insights into these topics. Below is a high-level comparison of international practices in investment crowdfunding.

The United States: A Prescriptive Approach

The U.S. regulatory framework is defined by strict, detailed guidelines under Regulation Crowdfunding, part of the Jumpstart Our Business Startups (JOBS) Act. The prescriptive nature of this system prioritizes investor protection through mandatory disclosures, annual reporting requirements, funding caps for issuers, and investment limits based on an individual’s income or net worth. These measures, overseen by the SEC and FINRA, are designed to instill transparency and trust in a still-maturing market. However, critics argue that this regulatory rigidity can sometimes stifle innovation and limit access for smaller issuers and underserved communities.

The United Kingdom: A Market-Driven Model

In contrast to the U.S., the UK has adopted a more market-driven approach, with lighter-touch regulations emphasizing flexibility and innovation. The UK’s Financial Conduct Authority (FCA) oversees crowdfunding but allows platforms greater autonomy in self-regulation. For example, there are fewer mandated disclosures and less restrictive investment caps. This approach has enabled the UK to become a global leader in

investment crowdfunding, fostering a competitive landscape with platforms like Seedrs and Crowdcube at the forefront. The UK's emphasis on fostering an entrepreneurial culture and allowing market forces to drive growth has made it a benchmark for other regions.

Europe: Harmonization through ECSP

In Europe, the introduction of the European Crowdfunding Service Providers Regulation (ECSP) aims to harmonize crowdfunding across member states. The ECSP reduces cross-border barriers and promotes pan-European investment by setting consistent rules for issuers and platforms. This regulatory innovation has positioned Europe as a key player in the global crowdfunding market, particularly as it balances investor protection with market growth.

Asia: Innovation with Varied Regulation

Asia represents a diverse landscape for investment crowdfunding, with countries like Singapore and Malaysia leading the way. Singapore's Monetary Authority (MAS) and Malaysia's Securities Commission have implemented frameworks that balance regulation and innovation, encouraging fintech startups and SMEs to access alternative funding. Meanwhile, the government's heavy regulatory oversight in China has created a cautious but fast-growing market, with platforms leveraging technology to attract a broad investor base.

Middle East: Emerging Opportunities

The Middle East has seen growing interest in crowdfunding, particularly in the Gulf Cooperation Council (GCC) countries. Under its Vision 2030 plan, Saudi Arabia has taken significant strides by introducing a comprehensive framework for securities-based crowdfunding. The Saudi Arabian Monetary Authority (SAMA) has established a prescriptive regulatory approach similar to the U.S., emphasizing strict oversight to ensure transparency, investor protection, and alignment with the country's broader economic diversification goals. Platforms like Beehive in the UAE are also pioneering debt-based crowdfunding, supported by regulatory sandboxes that allow

fintech innovation within a controlled environment. These frameworks reflect a broader strategy to diversify economies and stimulate entrepreneurship while ensuring compliance with Islamic finance principles.

Central and South America: Untapped Potential

Central and South America offer significant potential for investment crowdfunding but remain underdeveloped compared to other regions. Brazil, Mexico, and Chile are emerging leaders with frameworks that promote small business funding while addressing unique regional challenges, such as economic volatility and informal market structures. Regulatory advancements, coupled with increased awareness and investor education, could position this region as a key growth market in the coming years.

Global Trends and Insights

Despite differences in regulatory philosophies, common themes emerge globally. These include:

- *Investor Protection:* Balancing accessibility with safeguards to prevent fraud.
- *Technological Innovation:* Leveraging fintech and blockchain to enhance transparency and reduce operational costs.
- *Harmonization and Cross-Border Opportunities:* Efforts like ECSP in Europe and international collaborations are facilitating cross-border investments.
- *Inclusivity:* Promoting participation from women, minorities, and underserved communities.

By observing and learning from these global frameworks, the U.S. can refine its regulatory approach to foster innovation and economic inclusion while maintaining its strong emphasis on investor protection. This comparative perspective underscores the importance of adaptability and collaboration in shaping the future of investment crowdfunding.

WHAT YOU ARE ABOUT TO READ

When Investment Crowdfunding began, Crowdfund Capital Advisors (CCA) built a database that collects, aggregates, cleans, and reports on all offerings on Online Investment Platforms. We manage over 150 data points on each offering. This includes data disclosed on public documents filed with the Securities and Exchange Commission (SEC), disclosures from the issuer's offering documents, and daily amounts committed to each offer by investors. In addition to publicly available information, each issuer's NAICS code and valuation are recorded, deals are tagged for women/minority founders, angel/venture co-investors, and the number of checks written. In January 2024, CCA launched *CapitalPulse*, a rating mechanism using artificial intelligence and machine learning to score and rank offerings. The ratings are available to subscribers of CCLEAR data.

Investment Crowdfunding is a term that now covers various types of offerings such as 506c, Regulation A+, and Regulation Crowdfunding. However, the analysis presented in this report is limited to Investment Crowdfunding offerings and parallel Investment Crowdfunding/506c offerings. If other exemptions were included, the numbers would be much greater. However, since offerings under other exemptions do not have to occur online, we can only access some of their numbers. Therefore, if we included them, the amounts would not be comprehensive, leading to inconclusive analysis.

All Investment Crowdfunding offerings must occur on Online Investment Platforms or via Broker Dealers registered with the Securities and Exchange Commission. They must file minimum public disclosures that allow us to create a comprehensive database and facilitate the reporting and analysis of this sector of the exempt marketplace. Not all Investment Crowdfunding offerings go to market or complete their round; hence, some offerings are filed with the Securities and Exchange Commission and never go live.

While we capture information on those offerings, we may not capture industry or valuation.

Issuers raising money under Investment Crowdfunding can run multiple offerings, and many within the dataset do. Hence, the dataset has more offerings than issuers, so we analyze data at both the offering and issuer levels.

There are many ways to analyze the data. We compare data by the filing date of an offering, the deadline to reach a funding target, the date of commitment/investment, issuer age, and more. The results can change depending on the filter criteria used. We try to identify how we query the results so the reader may understand.

ABOUT THE DATA

The data in this report is collected daily (including weekends and holidays) and stored in a SQL server. The main tables for the database include company information, offering information, and transaction information. We use Tableau to visualize the data. Subscribers to the CCLEAR dataset have access to all the data collected. Key points about the data and this report:

- This report comprises over 150 data points collected on each Investment Crowdfunding offer from disclosure forms filed with the Securities and Exchange Commission and available on Online Investment Platforms.
- This data is aggregated daily from every active platform registered with the Securities and Exchange Commission.
- The data stretches over 115 months, from May 2016 to December 2024.
- The data is cleaned, normalized, and transmitted to subscribers daily for research and market analysis.
- This report's data analysis encompasses exempt offerings under Regulation Crowdfunding (RegCF) as well as parallel offerings combining Regulation Crowdfunding with 506c (Accredited Investor crowdfunding).

- The report summarizes millions of data points. Subscribers to CCLEAR can easily filter and sort this data to obtain detail-level, real-time results.
- While detailed in length, this report only offers an overview of the industry and is not intended for individual offerings analysis or investment advice. As always, if you are considering investing in private companies, you should do your research and consult an advisor.

METHODOLOGY

This report is built upon the comprehensive CCLEAR dataset managed by CCA. Continuously updated with new issuers, the dataset integrates Form C information, including details about hosting platforms, security terms, offering terms, and company financials. The dynamic data capture process includes daily updates on capital commitments and the number of investors for each open offering. Data is sourced through direct transmissions to our database, file imports from portals, and detailed extraction from offering pages.

While we strive for accuracy and regularly confirm data with the platforms, it's important to note that CCA does not assume responsibility for the published numbers by these platforms. Discrepancies may arise as the figures reported on a platform might only sometimes align with the final figures reported to the SEC. Post-closure adjustments to the amount raised by platforms are one example that may not be reflected in our dataset. Additionally, some platforms may aggregate figures from previous rounds without explicit disclosure on the offering page, leading to potential confusion for investors regarding the total amount raised for the current round. This points to an area where platforms could enhance transparency and accuracy in reporting.

Our analysis employs various data segmentation methods, which can lead to seemingly divergent results. This analysis considers different dates associated with each offering, including the filing date with the Commission, the deadline date, and dates for individual transactions. The choice of

date field significantly influences the outcomes. Typically, we use the filing or deadline dates for analyzing deals, whereas, for investment-focused analysis, we concentrate on the transaction dates.

Furthermore, it's crucial to understand that our report aggregates figures on Investment Crowdfunding offers that are stand-alone RegCF deals or parallel RegCF/506c deals. In these parallel deals, accredited investors predominantly participate in the 506c offer and retail investors in the RegCF offer. Hence, our aggregate numbers are higher since they encompass figures from both sides of these offerings. To put this into perspective, 9.7% of all the capital invested in our figures, amounting to \$297 million, comes from the parallel side of an offering. This capital is reflected in our overall figures, and if these amounts were excluded, it would result in a noticeable change in our reported figures.

It's crucial to note that not all platforms disclose the number of investors in a deal. 16.1% of all successful deals didn't reveal the number of investors. This can impact the accuracy of average check sizes or figures where the number of investors/checks written is a denominator, potentially leading to inflated results.

If you have inquiries about our methodology, would like more detailed insights, or are interested in engaging CCA for exploratory work related to this report, please contact sales@theccagroup.com.



EXECUTIVE SUMMARY

2024 was a year of resilience and strategic evolution for investment crowdfunding. Traditional capital markets had a strong year, with the stock market continuing its rebound as inflation, supply chain issues, and economic uncertainty from 2022 and 2023 subsided. This resurgence was notably driven by the exceptional performance of AI-related companies, such as OpenAI and Nvidia, whose market capitalization soared past \$2 trillion in March 2024, underscoring the significant investor enthusiasm in the AI sector. However, the private capital markets, particularly venture capital, remained locked, with fewer new investments than in recent history. As PitchBook has noted, venture capital fundraising became increasingly concentrated among a small number of large firms, while the number of active VC investors declined. This dynamic reduced capital flow to early-stage startups, leading many investors who might have previously allocated capital to venture funds to invest directly in investment crowdfunding issuers instead. This

shift contributed to investment crowdfunding achieving its second-highest year on record.

While venture capital deals and total invested dollars tracked by PitchBook continued to decline, investment crowdfunding demonstrated quarter-over-quarter growth in multiple quarters. It ended the year with positive indicators for 2025. This suggests that while there was an overall pullback, investment crowdfunding maintained strong momentum, positioning the industry for further expansion in the coming year.

This year's 2025 Annual Report is the most comprehensive, reflecting the industry's rapid growth and maturity. When investment crowdfunding launched eight years ago, the inaugural report was just eight pages long. Today, at over 200 pages, it serves as the industry's most in-depth analysis, offering critical insights from a data analytics perspective. This evolution highlights not just the expansion of the crowdfunding sector but also the increasing depth and complexity of its issues and opportunities.

Investment Trends: Quality Over Quantity

The average amount raised per deal grew, as issuers with validated business models and

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CCLEAR

The insights in this report are just the beginning. Unlock nearly a decade's worth of industry-wide data—the most comprehensive dataset on Investment Crowdfunding.



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customer traction secured larger rounds. Investment Crowdfunding issuers saw their highest-ever median valuations, driven primarily by the presence of more established issuers with higher revenues and significant milestones. While investor confidence in long-term viability plays a role, the key factor influencing valuations is the increasing maturity and financial strength of issuers raising capital online. While the total number of investors declined for the second consecutive year, check sizes increased, reinforcing a shift toward higher-conviction investments. Investors preferred post-revenue and established issuers, with 63% of successful issuers generating revenue—a far cry from when the industry launched, when 63% were pre-revenue and considered highly risky.

Economic Impact & Job Creation

Investment crowdfunding is not just about capital formation—it directly impacts job creation and economic growth. Since the industry's launch in 2016, we estimate that over 441,000 jobs have been created or supported, and successful issuers have contributed \$27.1 billion in economic impact. These figures highlight how investment crowdfunding continues to serve as a critical driver of small business expansion and innovation across the U.S.

Economic Value Creation

The whole goal of investing is to generate returns. One of the key benefits of Investment Crowdfunding is that many of these companies raise capital at their earliest and lowest valuation points, giving investors the opportunity for significant upside. While not all companies will grow in value, data shows that some do—600 companies have collectively generated \$14.7 billion in additional value between their first and most recent crowdfunding rounds. Because this figure only includes companies that have completed follow-on rounds, it is likely a conservative estimate of total value creation.

However, the wealth generated when these companies exit via acquisitions, IPOs, or secondary markets isn't conservative. These

liquidity events will return billions to investors, founders, and employees, creating intergenerational wealth and fueling broader economic growth. This capital is reinvested into new ventures, spent in local economies, and used to fund future innovation.

Geographic and Industry Expansion

Investment crowdfunding continued to extend beyond traditional venture capital hubs. Although California, New York, Texas, and Florida remained dominant, their share of total capital raised declined as states like Washington, Pennsylvania, and Arizona gained traction. Since the industry's inception, more than 2,233 cities across the U.S. have hosted crowdfunding offerings, underscoring the democratization of capital access. Sector-wise, AI/ML, healthcare, and fintech saw increased participation, with growing institutional interest in these verticals.

Women & Minority Issuers: Closing the Gap

Women and minority founders continued to benefit from investment crowdfunding, comprising 44% of all offerings in 2024. However, disparities persisted, with women- and minority-led campaigns receiving only 29.1% of total capital committed—down from 35.9% in 2023. Despite this, their success rates remained above industry averages, showcasing crowdfunding's potential to bridge funding gaps for historically underserved entrepreneurs. The push for greater inclusion and equitable access to capital remains a key driver for industry advocacy.

Policy & Regulatory Landscape

Enhancing transparency and compliance has been a key industry priority, particularly regarding annual reporting requirements. Increased engagement with Congress, the SEC, and state governments underscores the growing importance of investment crowdfunding as a legitimate funding alternative. The industry continues to push for tax credits and expanded capital-raising limits, particularly the need to increase the RegCF investment cap from \$5 million to \$20 million. This would allow businesses to raise more substantial

capital to support growth, especially given the ongoing pullback in venture capital.

Security Tokens & Regulatory Innovation

Another critical area for regulatory advancement is the integration of security tokens into the crowdfunding framework. Given the Commission's new approach to crypto, the RegCF model could serve as a foundation for regulators to develop a structured pathway for digital securities, offering increased liquidity and investor protections while broadening access to capital markets.

Crowdfunding Genome & Market Indicators

For the second consecutive year, we have tracked 30 crowdfunding ecosystems across the United States through the Crowdfunding Genome. This year, Phoenix/Scottsdale replaced Las Vegas as the top ecosystem in the country, highlighting regional shifts in investor engagement and issuer success.

Additionally, the CrowdFinance50 Index, which tracks the top 50 daily offerings, continues to provide critical insights into market dynamics. While the number of deals has contracted for the second year in a row, the amount of capital invested continues to rise, reflecting the current market dynamics where fewer issuers are securing greater amounts of capital than ever.

A New Perspective: "Investomers" and the Future of Crowdfunding

While this Annual Report provides a rigorous data-driven analysis of the industry, our newly released book, *"Investomers: How Customers Turned Investors Are Reshaping Early-Stage Finance"* (available on Amazon), explores the economic rationale behind Investment Crowdfunding. The book not only merges deep industry data with insights into how crowdfunding functions but also predicts where the industry is headed—offering a forward-looking perspective on trends, opportunities, and the growing intersection of retail investors and startup financing.

Looking Ahead: 2025 & Beyond

The economy has already stabilized, and while global tariffs pose a potential risk, the new

Presidency and Republican-controlled branches of government bring a strong pro-business focus. Given this environment, we expect positive momentum for the economy, small businesses, and Investment Crowdfunding in general. A rebound in investor participation, continued geographic diversification, and enhanced institutional engagement will likely drive growth. Concurrent raises, tokenized securities, and AI-driven investment platforms are anticipated to shape the next crowdfunding phase, offering greater flexibility and liquidity for both issuers and investors.

The past year reinforced Investment Crowdfunding's resilience, adaptability, and capacity for democratizing capital access. As the industry matures, it will continue to carve out its place alongside traditional financing avenues, reshaping the early-stage funding landscape and creating broader economic impact.

QUICK INSIGHTS

Since the launch of Investment Crowdfunding in 2016, this funding model has reshaped the entrepreneurial landscape, democratizing access to capital and driving economic impact across the nation. Key achievements include:

- **Issuers:** 7,894
- **Offerings:** 9,376
- **Cities across the United States:** 2,234
- **Funded capital:** \$2.8 billion+
- **Investors:** 2.1 million+
- **Jobs supported:** 437,000+
- **Economic Stimulus:** \$27.1 billion injected into the economy
- **Enterprise value:** just under \$100 billion of potential liquidity.

These numbers underscore the significant role Investment Crowdfunding plays in fueling innovation, creating jobs, and fostering economic growth across urban, rural, and underserved communities.

ACCELERATED GROWTH IN INVESTMENT CROWDFUNDING

The rapid growth of Investment Crowdfunding tells a compelling story of increasing investor confidence, market maturity, and economic impact. Since its inception in 2016, the industry has demonstrated consistent success and scalability, proving to be a viable mechanism for democratizing access to capital.

A Story of Milestones and Acceleration

From its launch, it took five years and five months to raise the first billion dollars in investments. This gradual start reflects the market's adaptation to a new funding model. However, the pace significantly accelerated for the second billion, which was raised in just 23 months between October 2021 and September 2023. (The third billion will most likely be raised in 19 months). This sharp uptick underscores the growing acceptance of Investment Crowdfunding as a robust, scalable funding mechanism.

Key Indicators of Success

- *Economic Decentralization:* Investment Crowdfunding has proven uniquely effective at delivering capital to underserved regions, including rural areas and minority-owned businesses. By breaking traditional geographic and demographic barriers, it has enabled startups and small businesses nationwide to access the funding they need, fostering inclusive economic growth.
- *Growing Investor Trust:* The swift accumulation of the second billion dollars highlights investors' increasing confidence. This trend reflects the sector's transparency, regulatory safeguards, and growing reputation as a reliable investment pathway.
- *Market Maturity:* The acceleration in fundraising reflects the growing maturity of the Investment Crowdfunding ecosystem. Both issuers and investors are gaining a deeper understanding of the model, which is steadily advancing toward becoming a mainstream financial tool. While not fully established, the industry's trajectory

suggests it is well on its way to broader acceptance in the financial landscape.

- *Economic Impact and Innovation:* The companies supported by Investment Crowdfunding collectively contribute an estimated \$9.5 billion annually to the economy. They create jobs, fuel innovation, and stimulate local economies, demonstrating the broader societal value of this funding model.
- *Regulatory Validation:* The smooth scaling of investments and limited enforcement underscores the strength of the regulatory framework. RegCF provides a balanced approach to investor protection and accessible capital, showcasing how effective regulation can support economic growth while maintaining trust.

THE CRITICAL ROLE INVESTMENT CROWDFUNDING COMPANIES PLAY

As detailed in *Investomers*, Companies successful with an Investment Crowdfunding offering play a crucial role in the health and growth of local economies for several reasons:

1. **Job Creation:** Companies leveraging investment crowdfunding play a pivotal role in job creation, directly employing people as they scale and indirectly supporting jobs in local supply chains and services. These businesses reduce unemployment, provide livelihoods, and contribute to economic vibrancy, fostering community resilience and growth.
2. **Economic Stimulation:** Businesses funded through investment crowdfunding inject capital into their local economies by hiring employees, purchasing goods and services, and supporting local vendors. This flow of funds drives economic growth, creating a ripple effect that strengthens the broader community and fosters long-term economic vitality.
3. **Wealth and Equity Building:** Investment crowdfunding enables businesses to generate wealth for owners, employees, and investors.

By providing equity opportunities and financial returns, it fosters economic mobility and, in many cases, creates intergenerational wealth that benefits families and communities for years to come.

4. **Innovation and Competition:** Startups are often at the forefront of innovation, introducing new products, services, and technologies to the market. This benefits consumers through increased choice and improved products and drives other businesses to innovate and stay competitive.
5. **Economic Diversification:** Crowdfunded businesses often operate in niche or emerging industries, broadening the economic base of local communities. Reducing reliance on traditional sectors enhances resilience and fosters a more dynamic and adaptable local economy.
6. **Community Development and Identity:** Local businesses contribute to the character and identity of their communities. They often provide unique products and services that reflect local culture and tastes, which can be a source of pride and a draw for tourism.
7. **Tax Contributions:** Businesses contribute to local economies through taxes, which are crucial for funding essential public services such as schools, healthcare, infrastructure, and public safety.
8. **Social Impact and Community Involvement:** Local business owners often have strong ties to their communities and may be more inclined to contribute to local causes, participate in community events, and support local charities.
9. **Adaptability and Resilience:** Local businesses are often more adaptable to local economic conditions. They can tailor their services and products to meet the specific needs and preferences of the local community, which can be particularly important during economic downturns or in response to changing market conditions.

Investment Crowdfunding issuers are more than economic entities—they are integral to their communities' social and economic fabric. By creating jobs, supporting local supply chains, and fostering innovation, these businesses drive local economic vitality and resilience. Their success has far-reaching impacts, benefiting those directly involved and the broader community. Without Investment Crowdfunding, many of these businesses might not have survived, resulting in the loss of thousands of jobs and billions of dollars in economic activity.

The acceleration from five years to reach the first billion in investments to less than two years for the second underscores the rapid evolution of Investment Crowdfunding. This trajectory highlights the need to adapt the regulatory framework, including raising the fundraising cap and implementing policy refinements that support larger issuers. By continuing to evolve, Investment Crowdfunding can unlock its full potential—democratizing access to capital, fostering economic innovation, and driving meaningful growth that benefits communities and the nation.

MARKET RECOMMENDATIONS

Every market, including Investment Crowdfunding, must evolve and improve over time. This growth is driven by learning from past challenges and identifying key barriers to progress. Below are actionable recommendations for advancing the industry and fostering its long-term success. These suggestions aim to enhance market education, strengthen collaboration, and leverage new opportunities, with additional detailed recommendations provided in the "Areas for Improvement" section. By addressing these priorities, the Investment Crowdfunding ecosystem can unlock its full potential to democratize access to capital, foster innovation, and create meaningful economic impact.

1. *Market Education.* There is a need for better education in the market to train entrepreneurs on leveraging Investment Crowdfunding and changing misconceptions about the industry. Investors must be educated about the

changing risk profile of issuers, while venture capitalists need to understand the benefits of having Investment Crowdfunding investors on a company's cap table. Startups and small business enablers must be educated about the opportunities Investment Crowdfunding presents. They should be aware that just because a company may reside in a capital-intensive area like New York or a strong university-centric city like Boston, there are other options than venture capital. Investment Crowdfunding should also be considered.

2. *Engage Leading Financial Institutions and Service Firms.* Now is the time for major financial entities—including investment banks like Goldman Sachs and Morgan Stanley, private equity firms like Bain Capital, Carlyle Group, and Blackstone, as well as consulting firms like Bain & Company and McKinsey & Company—to define their roles in shaping the Investment Crowdfunding ecosystem. Financial institutions like Bain Capital, Carlyle, and Blackstone can provide critical infrastructure, act as follow-investors to validate successful offerings and create exit pathways through public offerings, acquisitions, or secondary markets. At the same time, strategic advisors like Bain & Company and McKinsey & Company can offer invaluable expertise in optimizing operations, refining business models, and developing scaling strategies. By collaborating with these organizations, crowdfunding platforms and participants can enhance credibility, scalability, and operational efficiency, paving the way for sustainable growth in this evolving market.
3. *Use Investment Crowdfunding Frameworks for Blockchain Regulation.* The crypto industry and regulators should consider leveraging the Investment Crowdfunding framework under Regulation Crowdfunding (RegCF) to create a compliant and scalable approach for token offerings. Using RegCF as a model, crypto asset players can develop offerings that ensure transparency and investor protection while aligning with regulatory requirements, such as

Blue Sky compliance for secondary trading and listing on Alternative Trading Systems (ATS). This approach could serve as a prescriptive, exempt pathway for security token offerings, enabling the crypto industry to operate within a clear regulatory framework. Alternatively, regulators could adapt the RegCF framework to design tailored guidelines for the crypto sector, providing a practical and enforceable solution for this rapidly evolving market.

4. *Create a Unified Industry Message.* The Online Investment Industry should collaborate to develop a unified marketing message. A cohesive approach will help media outlets better understand the industry's potential, including its opportunities, risks, and rewards while educating investors and raising awareness.
5. *Consider the Buy vs. Build Strategy.* Online Investment Platforms entering the market should consider a “buy vs. build” strategy. Buying an existing platform with a license (or one floundering or going out of business) may be cheaper and faster than building their own from scratch.

CONGRESSIONAL RECOMMENDATIONS

Increase the Maximum Fundraising Limit in Regulation Crowdfunding (RegCF) from \$5M to \$20M.

Raising the cap on RegCF is a critical step to unlocking the full potential of this proven framework. This increase will enable businesses to access larger pools of capital, stimulate economic growth, and ensure continued investor protection. Below are the key justifications for this recommendation, ranked by priority:

Justifications

1. *Proven Track Record of Success and Reliability.* Regulation Crowdfunding has consistently demonstrated its ability to operate securely and transparently. With only one reported enforcement case, the framework is robust

against fraud and misuse. The prescriptive disclosures required under RegCF are more rigorous than those for most other exempt offerings (except Tier 2 Reg A), ensuring investors are well-informed. This level of transparency and protection would remain intact even with a higher fundraising cap, making it a reliable pathway for businesses and investors.

2. *Significant Cost Savings Compared to RegA+ Offerings.* The costs associated with RegCF offerings are significantly lower than those for RegA+ offerings—often by more than tenfold. This cost efficiency allows businesses to allocate more funds to growth and scaling rather than cover regulatory expenses. By raising the cap, larger companies can take advantage of RegCF's cost-effective framework, ensuring they retain more capital to fuel their expansion and innovation.
3. *Economic Impact of RegCF Companies.* RegCF companies are already making a substantial financial contribution, with the current cohort adding an estimated \$9.5 billion annually to the economy. Raising the cap to \$20 million would allow larger and more established businesses to participate, exponentially increasing the overall economic impact. This move would create more jobs and foster greater innovation and growth, benefiting local and national economies alike.
4. *Low Failure Rates of RegCF Issuers.* Data indicates that only 21.7% of successful RegCF issuers have ceased operations—a failure rate significantly lower than many other early-stage companies. This stability demonstrates the framework's effectiveness in supporting sustainable businesses. Increasing the cap would attract more growth-oriented companies, reduce investor risk, and enhance trust in the crowdfunding ecosystem.
5. *Bipartisan Support and Legislative Momentum.* RegCF's success stems from its bipartisan origins, which have enabled it to function effectively as a tool for economic development.

Raising the cap builds on this legacy, allowing lawmakers to continue fostering innovation and entrepreneurship while addressing the capital needs of growing businesses. This increase would further solidify the bipartisan commitment to democratizing access to capital.

6. *Investor Confidence Through Enhanced Penalties for Non-Compliance.* Implementing stricter penalties for non-compliance is essential to ensuring the framework's integrity with a higher cap. These could include fines for failing to meet annual filing requirements and restrictions on future capital raising for violators. Such measures would maintain rigorous standards, uphold investor protections, and preserve confidence in the RegCF ecosystem while accommodating larger fundraising amounts.

Raising the RegCF cap to \$20 million is a logical evolution of this proven framework and a necessary step to democratize capital access further, enhance economic growth, and maintain investor protections. This move aligns with RegCF's bipartisan origins, ensuring that its benefits continue to multiply across the entrepreneurial ecosystem and the broader economy.

GOVERNMENT RECOMMENDATIONS

1. *Increase Awareness and Promote Investment Crowdfunding Across Government Agencies.* Investment Crowdfunding has proven successful, providing capital nationwide to businesses in urban and rural areas. It has created and supported hundreds of thousands of jobs, supported women and minority entrepreneurs in at-risk and distressed communities, and contributed billions to the economy. To amplify these benefits, government agencies that enable startups and small businesses—such as the SBA, USDA, and Commerce Department—should prioritize promoting Investment Crowdfunding as a critical funding mechanism. Increasing awareness at every level of government will

strengthen its reach and further drive economic growth.

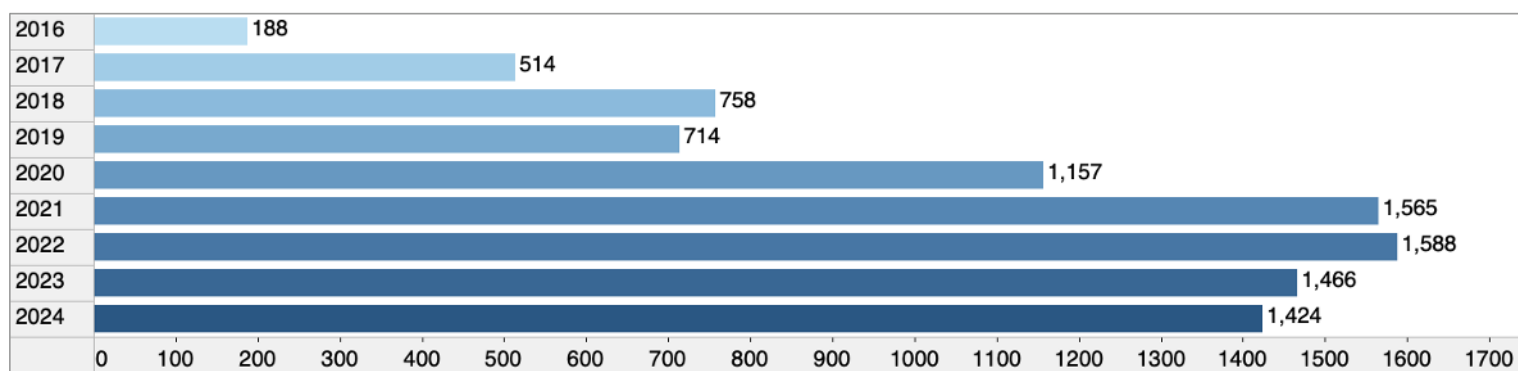
2. **Leverage Investment Crowdfunding Data for Policy and Economic Insights.** The data from Investment Crowdfunding platforms offers real-time, granular insights into local economic activity. Congress and the White House can use this data as a microeconomic feedback tool to identify community needs and optimize capital deployment strategies. With bipartisan support since its inception under the Obama administration, Investment Crowdfunding remains a unifying tool for revitalizing local economies. Policymakers should rely on this data to design programs that turn around distressed areas and create new opportunities nationwide.
3. **Partner with Private Sector Investors to Create Matching Funds.** Government leaders should consider establishing public-private partnership funds modeled after successful programs like the UK's Future Fund. By matching private sector investments with government funding, these partnerships can inject significant capital into local community businesses while maintaining strong oversight. Community-based investors can be *pivotal* in supporting these businesses, ensuring funds are allocated to ventures with the *most significant* potential for local impact and economic growth.
4. **Introduce Tax Incentives to Encourage Investment in Startups via Crowdfunding.** Tax incentives should be provided to encourage Americans to invest more capital in promising startups and innovative technologies. These incentives could include tax credits or write-offs for investments in specific sectors or communities. Economic rewards, including increased corporate tax revenue, job creation, and local stimulus, would offset any short-term revenue losses, making this a win-win for taxpayers and the economy.

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Chart 1: New Deals by File Date

2024 Investment Crowdfunding Annual Report -As of December 31, 2024

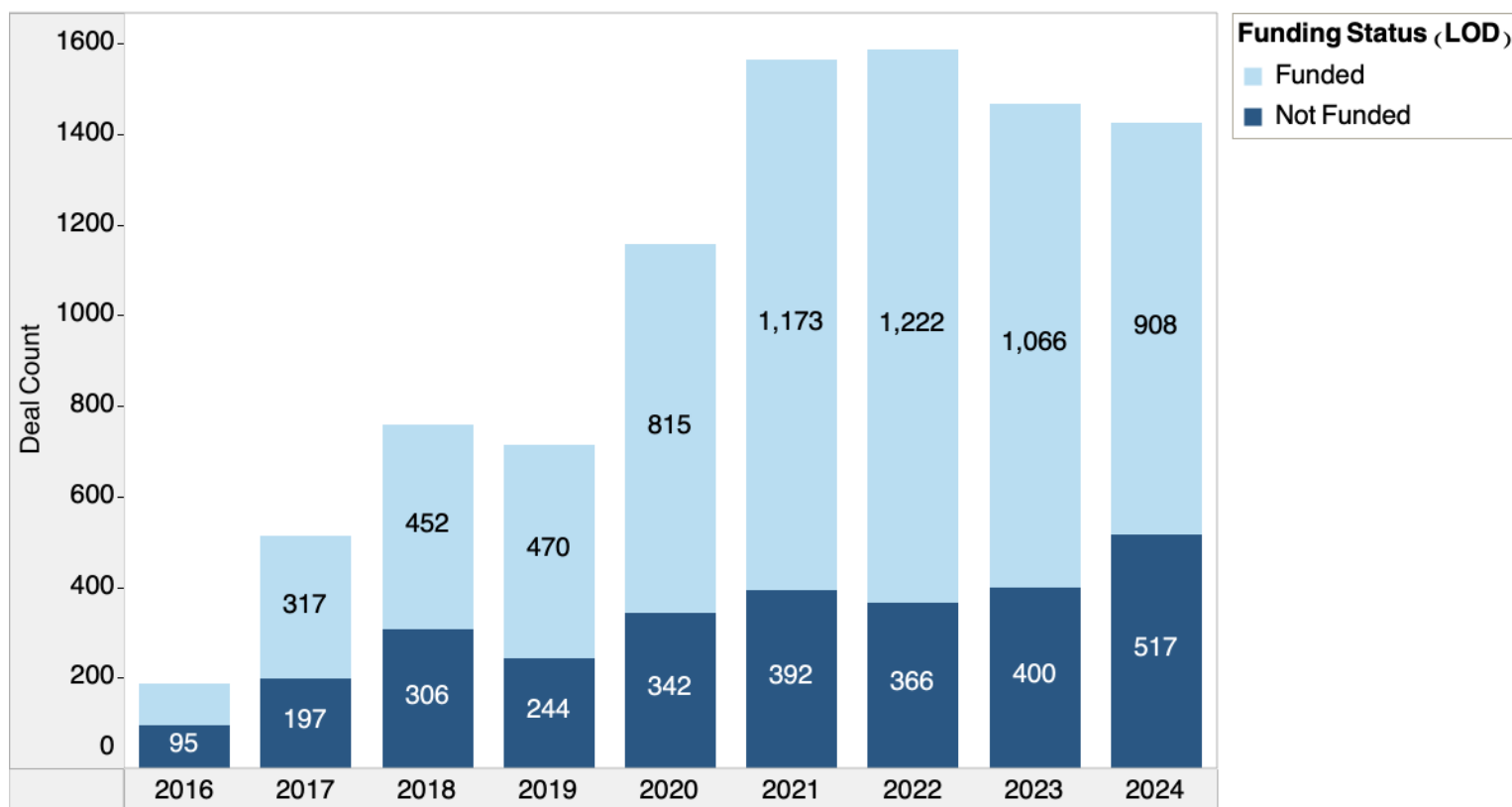
DEAL ACTIVITY

Year-over-Year Comparison

2024 saw a slight decline in deal activity compared to the prior year, reflecting ongoing macroeconomic pressures and evolving issuer sentiment. The number of new deals fell by 2.9%, from 1,466 in 2023 to 1,424 in 2024, reflecting a resilient but cautious market. Despite this decline, Investment Crowdfunding remains a vital channel for issuers seeking capital outside traditional markets.

Historical Context

Since the launch of Investment Crowdfunding in 2016, the industry has facilitated more than 9,374 unique deals, with more than 64% of deals occurring after 2021. The industry's compounded annual growth rate (CAGR) of 32.5% underscores its rapid and sustained expansion, even as deal activity faced headwinds in 2024.

Chart 2: Success Rate of Deals by Deadline

2024 Investment Crowdfunding Annual Report -As of December 31, 2024

Success Rates

One of the more significant shifts observed was the decline in success rates:

- 2023: 72.7% of offerings met or exceeded their minimum funding goals.
- 2024: Success rates dropped to 63.7%, the lowest since 2020.

Despite the prevalence of artificially low funding targets, which increase the likelihood of successful offerings, the decline in success rates suggests heightened caution among investors. This is likely driven by broader economic uncertainty and investment alternatives. While still favorable compared to other capital-raising mechanisms, the reduced success rate underscores the need for improved investment terms to bolster investor confidence.

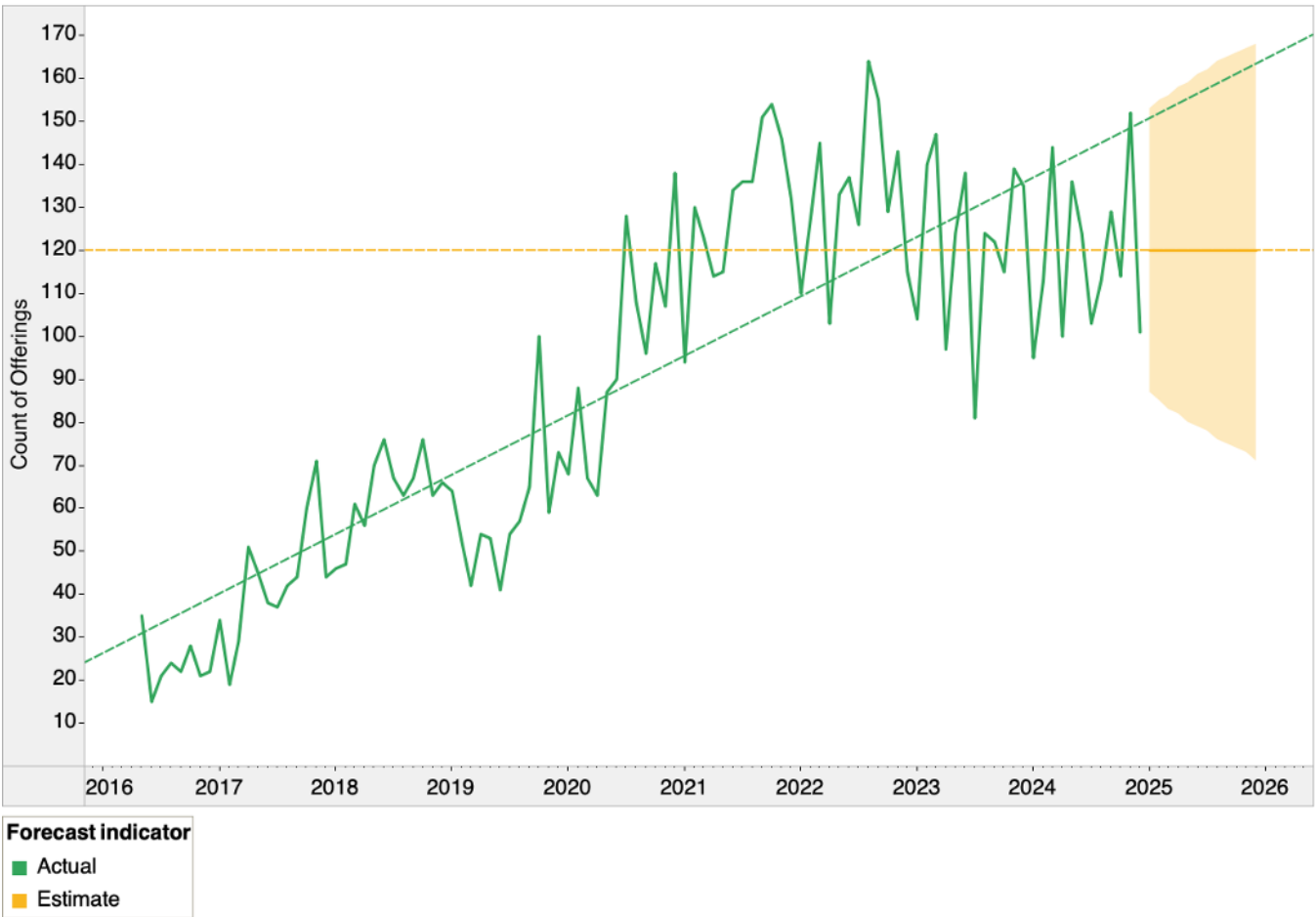
Key Trends in 2024

- *Deal Flow Stability:* While total deals declined slightly, the decrease was far less severe than the contractions observed in traditional venture funding channels.
- *Investor Selectivity:* The drop in success rates indicates investors were more discerning, emphasizing quality over quantity.
- *Continued Growth Potential:* Despite a slower year, the industry's compounded annual growth rate remains strong, with Investment Crowdfunding continuing to serve as a critical funding source for startups and small businesses.

FORECAST

As the Investment Crowdfunding industry looks ahead to 2025, it does so with cautious optimism. Steady macroeconomic conditions and evolving dynamics among issuers and investors support

Chart 3: Forecast Growth in Offerings



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growth. The question is whether external factors—regulatory, economic, and behavioral—will bolster or constrain the industry’s momentum.

Projections suggest that deal activity in 2025 will reach 1,600 to 1,700 deals, a modest but steady increase from 2024. This outlook assumes stability in key economic indicators, including interest rates, employment, and inflation. The current environment of stabilized interest rates provides issuers with predictable borrowing costs, while steady employment and inflation levels foster confidence among both issuers and investors. However, this stability is not guaranteed; external factors could significantly influence the industry’s trajectory.

SEASONALITY

Seasonal patterns remained a defining feature of Investment Crowdfunding in 2024, consistent with historical trends. As in prior years, the year began with a relatively slower pace of new deals, with Winter generating 454 deals. Deal flow gained momentum in the Spring (567 deals) and experienced a contraction through the Summer (488 deals). The Fall season (551 deals) remained robust but fell slightly short of Spring 2024’s 567 deals, illustrating both the enduring strength of fourth-quarter activity and minor fluctuations driven by external factors.

Key Seasonal Patterns

- Summer Slowdown: The summer months, particularly July, typically saw a dip in activity as issuers and investors took seasonal breaks.

However, as is typical, deal flow began to recover in August and increased significantly in September.

- Fall Surge: Fall remained the industry’s strongest season, with October as the most active month. This surge reflects heightened engagement from issuers and investors returning from the summer lull, who capitalize on year-end opportunities to meet funding goals.

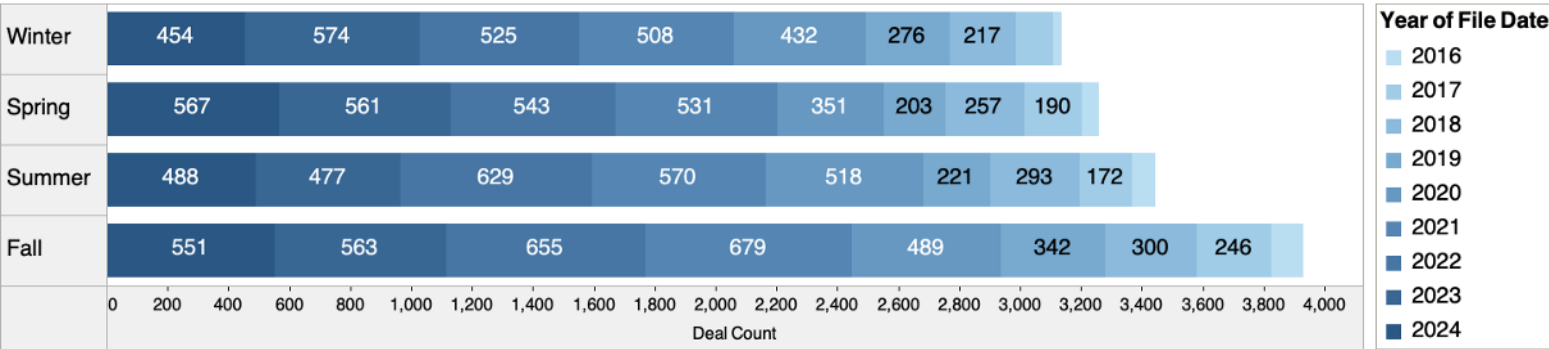
While seasonality remains a consistent trend, external macroeconomic factors—such as inflation, energy costs, and interest rate adjustments—have periodically disrupted typical seasonal dynamics. These influences were particularly evident during the subdued activity of 2022 and parts of 2023.

Seasonality in Context

The strength of seasonal patterns in 2024 also underscores the maturing nature of the Investment Crowdfunding industry. As the industry grows, the alignment of seasonal deal flow with broader economic cycles and investor behavior is becoming more pronounced. The persistence of Fall strength, alongside cyclical patterns in other months, suggests that issuers and investors are increasingly attuned to market timing and conditions.

With the consistent emergence of Fall as the industry’s strongest season and the steady growth of Spring and Summer deal flow, seasonality is expected to play an even greater role as the industry matures. These trends highlight the

Chart 4: Seasonality



importance of understanding seasonal dynamics when planning offerings, as issuers seek to maximize engagement and optimize their chances for success.

Historical Context and Future Expectations

The quarterly trends and seasonality observed in 2024 are part of a longer arc that began with the industry's sustained growth leading to Q2 2022. While Q3 2022 marked the peak of activity with 445 deals, subsequent macroeconomic headwinds—including venture pullback, geopolitical events, rising interest rates, and supply chain challenges—led to stagnation. The turnaround in Q4 2023 and its continuation into 2024 suggests that issuers are regaining confidence in the market's direction.

Despite these encouraging signs, external pressures influence quarterly performance and seasonal patterns. Issuers remain sensitive to market conditions, with perceptions of investor sentiment playing a critical role in determining

their willingness to launch offerings. As economic stability improves, future deal flow will likely become more predictable, with seasonal trends exerting a stronger influence.

ACTIVE OFFERINGS AND DEAL LIFECYCLE

Understanding the trends in active offerings and their lifecycle is essential to gauging the health and adaptability of the Investment Crowdfunding market. Active offerings refer to deals currently open and actively seeking investments, providing a real-time snapshot of market activity and issuer sentiment. The deal lifecycle encompasses the timeline from the initial filing of an offering to its closure, including how long offerings remain active and how quickly issuers achieve their funding goals. We can better understand issuer behavior, investor engagement, and how external factors influence the crowdfunding ecosystem by analyzing these metrics.

Chart 5: Active Deals Over Time



2024 Investment Crowdfunding Annual Report -As of December 31, 2024

Active Offerings in 2024

The level of active offerings in 2024 highlighted the dynamic nature of the Investment Crowdfunding ecosystem. The year began with 675 active offerings in January, dipped to its lowest point of 535 active offerings in May, and climbed steadily throughout the second half of the year, reaching a high of 797 active offerings in December. This represents a 16.2% increase compared to December 2023 (686 offerings), signaling renewed momentum in the final quarter of 2024.

Historical data reveals that the industry's peak for active offerings was 1,103 in March 2022. The decline from these heights reflects how macroeconomic challenges have tempered issuer activity in recent years, including higher interest rates and inflation. However, the recovery in active offerings by the end of 2024 underscores the market's resilience and ability to adapt to shifting conditions.

Drivers of Active Offerings

The rise and fall of active offerings in 2024 can be attributed to several factors:

1. **Issuer Urgency and Capital Needs:** A company's cash position and burn rate play a critical role in determining when and how it engages the market. Issuers with pressing capital needs may launch and close offerings more quickly to secure funding before running out of cash.
2. **Macroeconomic and Geopolitical Events:** External conditions, such as economic uncertainty or geopolitical instability, can influence issuer confidence and investor participation. Periods of heightened uncertainty may prompt issuers to expedite or delay their offerings based on perceived risks.
3. **Stale Offerings:** Deals that remain open for extended periods can lose traction, diminishing their ability to attract investor interest. Issuers often aim to launch, gain momentum, raise their funds, and close quickly to avoid their offerings going stale.

4. **Access to Capital Commitments:** According to the law, issuers cannot access capital until their offerings are funded and closed. This incentivizes shorter offering durations, as prolonged timelines delay access to critical funding.

The shorter average offering lengths observed in recent years suggest that issuers increasingly adopt this focused, efficient approach to raising capital.

Investor Engagement

Investor engagement, measured by the percentage of active offerings receiving commitments, provides another layer of insight. In December 2024, approximately 17% of active offerings received commitments, down from 22% in December 2023. While this marks a decline, it is important to contextualize this figure. The commitment rate represents an average and fluctuates daily; an offering might receive investments on some days and none on others. With hundreds of active offerings open at any given time, the data reflects an overall trend rather than a fixed number.

Historically, the highest engagement rate occurred in July 2020, when 47% of active offerings received commitments. This peak coincided with economic stimulus and increased retail investor activity during the pandemic. Since then, the decline in engagement rates reflects the broader cooling of market conditions as liquidity tightened and investor scrutiny increased.

The steady drop in commitment rates throughout 2024 suggests heightened caution among investors, likely driven by persistent macroeconomic uncertainty. However, the sustained volume of active offerings indicates that issuers remain optimistic about crowdfunding's potential as a mechanism for capital formation, even as investors grow more selective.

Structural and Seasonal Influences

While some fluctuations in offering activity may appear seasonal, they are often driven by

regulatory deadlines and structural factors within the crowdfunding ecosystem. For example:

- **End-of-Year Closures:** Many offerings close on December 31, reflecting issuers' desire to align their fundraising efforts with the calendar year.
- **Regulatory Deadlines:** Issuers often close offerings by April 30 to avoid the need for updated disclosures, as required under Regulation Crowdfunding securities regulations. These deadlines create drops in activity that may mimic seasonality but are fundamentally tied to legal and operational considerations.

Macroeconomic Influences

The trends in active offerings and offering lengths underscore the ongoing impact of macroeconomic conditions on the Investment Crowdfunding market. In 2024, high interest rates, inflation, and broader economic uncertainty likely contributed to the lower commitment rates and shorter offering durations. Issuers sought to mitigate risks by accelerating their campaigns, while investors approached opportunities with increased caution.

AVERAGE AND MEDIAN OFFERING LENGTHS

In 2024, the average offering length was 4.5 months, slightly longer than 4.4 months in 2023 but significantly shorter than the peak of 6.30 months in 2021. The median offering length remained steady at 3 months, reflecting a consistent pattern across most years since 2016.

The divergence between average and median offering lengths highlights two distinct strategies among issuers:

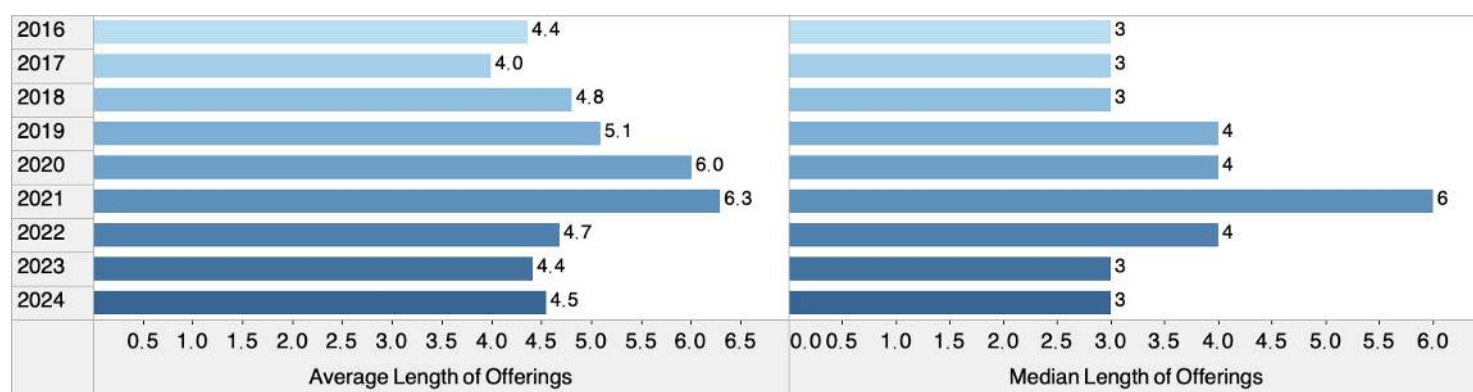
- **Quick Closures:** Many issuers aim to close offerings quickly, often within three months, to secure their funding efficiently and minimize the risks associated with prolonged timelines.
- **Extended Timelines:** A smaller subset of issuers opts for longer offering periods, which skews the average upward. These issuers may pursue extended campaigns to reach higher funding targets or accommodate more complex fundraising strategies.

The shift toward shorter offering lengths since 2021 reflects a combination of issuer adaptability and market dynamics. Issuers are increasingly focused on efficiency, recognizing that prolonged offerings risk going stale and delaying access to critical capital.

Key Takeaways Active Offering/Offering Length

1. **Market Resilience:** The recovery in active offerings by Q4 2024 demonstrates the market's ability to adapt to challenging conditions. Issuers are leveraging crowdfunding platforms to address capital needs efficiently.
2. **Issuer Strategies:** The consistent median offering length of 3 months reflects a focus on avoiding stale campaigns and expediting access to funding.

Chart 6: Average/Median Length of a Successful Offering



3. **Investor Trends:** The decline in commitment rates highlights the need for increased investor engagement and confidence-building measures to sustain growth in the crowdfunding market. This underscores the critical role of effective marketing by issuers to maintain consistent visibility and attract investor interest throughout the lifecycle of their offerings. Successful campaigns often rely on regular updates, transparent communication, and targeted outreach strategies to keep investors engaged and demonstrate the value of their opportunities. As competition among active offerings grows, issuers who proactively market their deals are better positioned to secure commitments, even in a cautious investment climate.
4. **Structural Influences:** Regulatory deadlines and year-end closures significantly shape offering timelines and patterns, underscoring the importance of understanding these dynamics in market analysis.

As the Investment Crowdfunding sector evolves, these trends reflect a maturing ecosystem where issuers and investors navigate dynamic conditions with increasing sophistication. Continued efforts to educate both parties and adapt to external pressures will be critical for long-term growth.

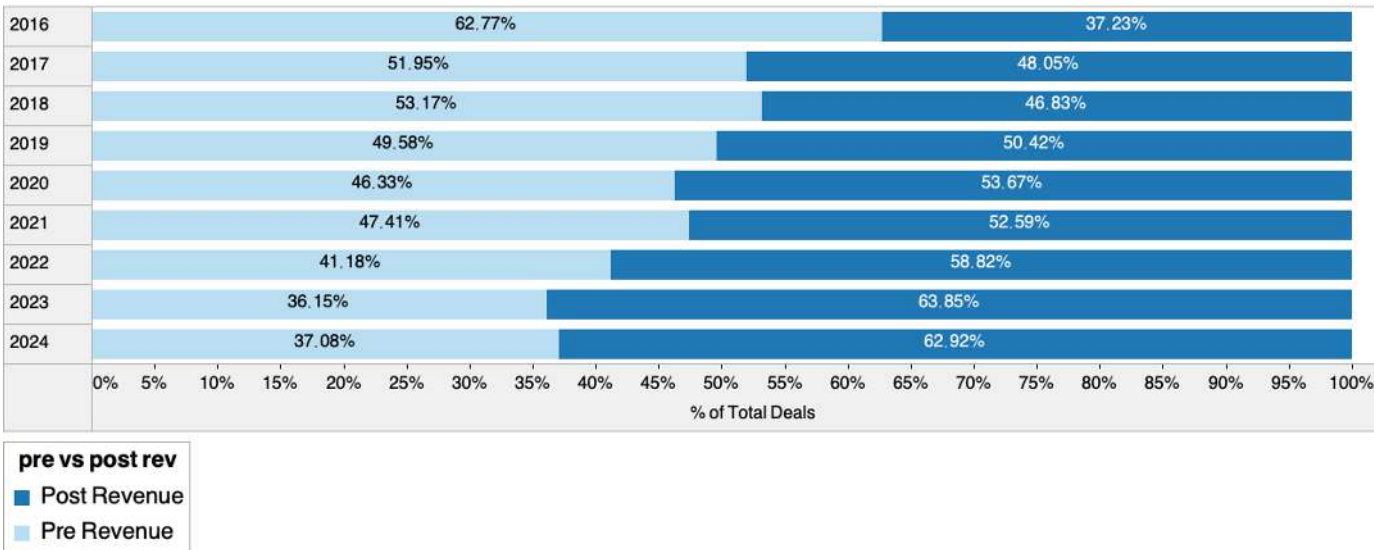
PRE VS. POST-REVENUE DEALS

When Investment Crowdfunding was first introduced in 2016, pre-revenue companies largely dominated the industry—approximately 63% of deals fell into this high-risk category. These issuers, often untested in the market, represented an entrepreneurial frontier but also posed significant risks to investors.

Over the years, a marked shift has occurred. By 2023, post-revenue companies made up 64% of deals, reaching an all-time high. In 2024, this trend persisted, with post-revenue issuers continuing to dominate offerings. This reflects a growing preference among both issuers and investors for businesses with proven revenue models, which increases confidence in their ability to meet financial milestones.

A key driver of this trend has been the SEC’s decision to raise the funding cap from \$1M to \$5M in 2021. This regulatory change likely encouraged more established issuers, many post-revenue, to enter the crowdfunding space. These companies are better positioned to leverage the higher funding limit to support growth initiatives, making crowdfunding an attractive alternative to traditional funding sources. This is an important reminder of the impact of regulatory policies: raising the cap further could attract even more

Chart 7: Post-Revenue Deals Increasing over Time



post-revenue issuers, thereby reducing exposure to riskier pre-revenue companies and broadening the appeal of Investment Crowdfunding for investors.

It is also worth noting that revenue status is assessed at the time of each offering. This means issuers transitioning from pre-revenue to post-revenue status across multiple raises influence the year-to-year percentages. Nonetheless, the consistent growth in post-revenue issuers underscores the maturation of the Investment Crowdfunding market and its ability to attract more developed businesses.

STARTUP VS. ESTABLISHED ISSUERS

A similar evolution can be observed when categorizing issuers as startups (companies less than three years old) or established firms (older than three years). In 2016, 73.4% of deals involved startups, underscoring the high-risk nature of early Investment Crowdfunding offerings.

By 2023, 47.6% of issuers were classified as established companies, and in 2024, for the first time since the industry launched, established issuers outnumbered startups. This shift toward a balance favoring more mature companies is a significant milestone in the industry's development. It signals a maturing market and

reflects a reduced risk profile for offerings, as established issuers often bring a history of operations, financial performance, and market validation.

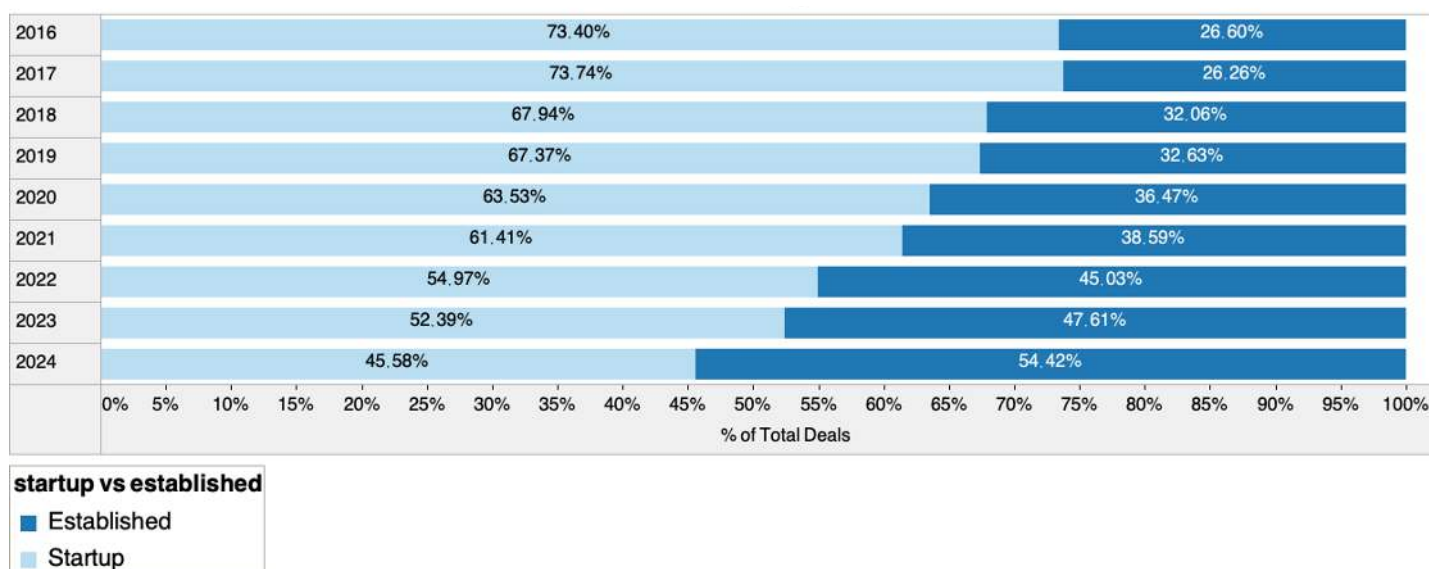
This transition reinforces the notion that Investment Crowdfunding is no longer solely the domain of high-risk startups. Instead, it has evolved into a viable funding source for businesses across their lifecycle, from inception to growth.

What This Means for the Industry

The changing makeup of issuers—regarding revenue status and company age—indicates that Investment Crowdfunding has become a funding mechanism capable of supporting diverse businesses. The steady increase in post-revenue and established issuers reduces investors' overall risk exposure while broadening crowdfunding's appeal to a wider range of companies.

This shift represents a promising trend for investors. It suggests that the industry is “growing up,” providing opportunities to support companies with reduced risk profiles while allowing exposure to innovative startups. For issuers, the changes signal a competitive market where a strong track record can differentiate offerings and attract a broader base of investors.

Chart 8: Established Issuers Increasing over Time



For regulators, the impact of the \$5M cap adjustment is an important case study. It highlights how policy changes can shape market dynamics, encouraging higher-quality issuers and fostering greater investor confidence. A further increase in the cap could accelerate these positive trends, attracting more post-revenue and established companies to the industry while enhancing investor protections by reducing exposure to higher-risk pre-revenue issuers.

DEAL DEMOGRAPHICS

The evolving landscape of issuers participating in investment crowdfunding reflects the industry's maturation. Since the launch of investment crowdfunding, the diversity of issuers—ranging from startups to well-established businesses—has expanded significantly. This growth highlights a broader acceptance of crowdfunding as a viable capital-raising tool across industries, business stages, and geographies.

This section explores key issuer characteristics related to offerings, including their geographic distribution, revenue profiles, and maturity. By analyzing these dynamics, we gain insights into how the issuer base has changed over time and what this means for the industry's future. Including high-growth and emerging markets further underscores the flexibility and reach of crowdfunding as a financing mechanism.

Investment crowdfunding issuers not only span diverse locations but their participation is also marked by an increasingly balanced mix of startups and established businesses. This shift has reduced overall risk profiles and reflects a maturing industry attracting businesses at various stages of development. Additionally, the geographic distribution of issuers—discussed here alongside trends in deal activity—demonstrates the continued democratization of capital access across the United States.

GEOGRAPHIC DISTRIBUTION OF ISSUERS

Since its inception, investment crowdfunding has reached 2,233 cities across the United States, with 1,679 towns hosting at least one successful offering. This breadth demonstrates the geographic diversity of issuers and the industry's ability to attract businesses from traditional financial hubs and smaller, emerging markets.

Regional Trends

2016 the industry began modestly, with just 105 cities hosting crowdfunding offerings. Over time, participation expanded significantly, peaking at 728 cities in 2021. Although the number of towns declined slightly in subsequent years, 653 cities hosted offerings in 2024, reflecting the industry's resilience and ongoing appeal across the country.

The year-over-year fluctuation highlights the dynamic nature of geographic participation:

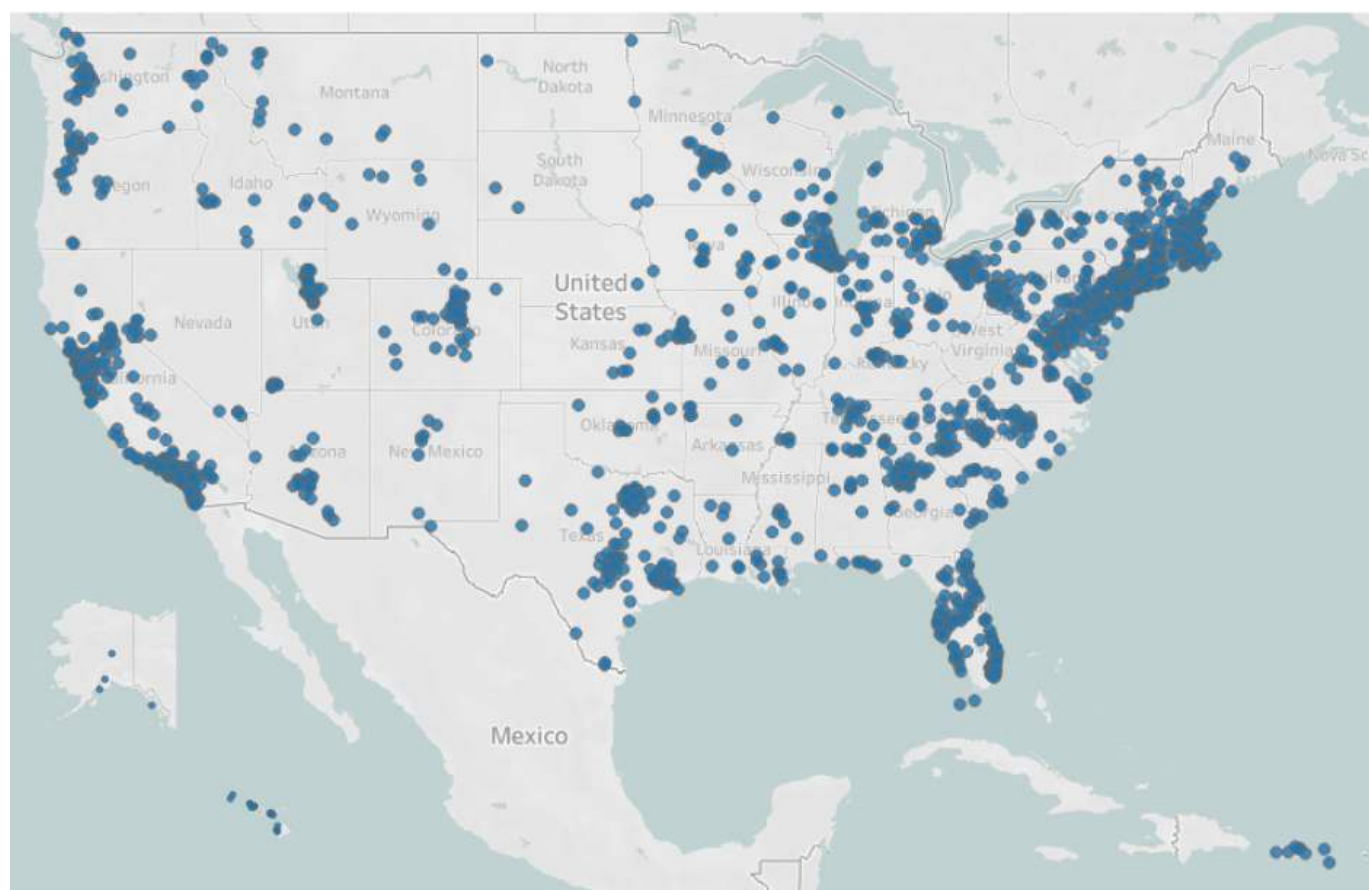
- Four hundred seventeen cities that hosted offerings in 2023 did not have offerings in 2024.
- Conversely, 408 cities with no offerings in 2023 entered the market in 2024, underscoring the industry's ability to expand into new territories while maintaining activity in core markets.

Top Performing Cities

While geographic participation is broadening, several cities have consistently led in deal activity, driven by their strong entrepreneurial ecosystems and robust investor networks. The top-performing towns in 2024 were:

- New York, NY: 88 offerings
- Los Angeles, CA: 56 offerings
- San Francisco, CA: 41 offerings
- Austin, TX: 39 offerings
- Brooklyn, NY: 29 offerings

These cities have dominated deal activity for the past five years, reflecting their well-established ecosystems that support crowdfunding. They account for a significant portion of the industry's

Image 1: Distribution of Offerings Across the USA

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offerings and provide benchmarks for emerging markets.

High-Growth Cities

Beyond the traditional hubs, several cities have shown exceptional growth rates in offerings, demonstrating how the industry is reaching new markets:

- New York, NY: A Compound Annual Growth Rate (CAGR) of 53%, cementing its position as the leader in both volume and growth.
- San Jose, CA: A CAGR of 50%, highlighting Silicon Valley's increasing use of crowdfunding for innovative startups.
- Sheridan, WY: A CAGR of 47%, a standout among smaller cities, likely benefiting from favorable local regulations related to token offerings.

- Carlsbad, CA (43%), Newark, DE (43%), and Orlando, FL (41%) further illustrate the expansion of crowdfunding into diverse geographic regions.

Implications of Geographic Trends

The geographic diversification of issuers has significant implications for the industry:

- For Issuers: Crowdfunding provides businesses in smaller markets access to capital that might not be available through traditional funding channels.
- For the Industry, the rise of high-growth cities showcases how crowdfunding can thrive in established ecosystems and less conventional markets, broadening its appeal and impact.

REGIONAL AND STATE-LEVEL INSIGHTS

Investment Crowdfunding in 2024 demonstrated significant geographic reach, with offerings spanning the vast majority of states and territories in the United States. While traditional hubs like California and New York maintained dominance, notable growth pattern shifts and contractions in certain states revealed both opportunities and challenges. These trends underscore the continued evolution of Investment Crowdfunding as a tool to democratize access to capital.

Regional Trends

The West retained its leading position in 2024, accounting for 34.5% of total offerings, with California as the driving force. This dominance reflects the state's established startup ecosystem and strong entrepreneurial culture. With 28.3%, the Northeast followed closely, led by activity in New York and Pennsylvania. Other regions showed steady engagement:

- Southeast: 18.5%, with key contributions from Florida and North Carolina.
- Midwest: 9.3%, illustrating persistent challenges in raising awareness about crowdfunding.
- Southwest: 9.1%, which is also reflective of similar challenges.

Compounded Growth Rates

When examining compounded growth rates by region, the Midwest, despite fewer deals, continues to show the highest long-term growth at 48.1%, followed by:

- Southeast: 43.8%.
- Northeast: 28.9%
- Southwest: 26.2%
- West: 22.7%.

State-Level Highlights

California remained top-performing in 2024, with 423 deals representing 23.1% of total offerings. This share is down slightly from 24.6% in 2023 (and 33.6% when the industry launched), indicating further diversification of activity. Other top states include:

- New York: 174 deals, reinforcing its role as a financial hub.
- Florida: 153 deals, underscoring its position as an emerging market for issuers.
- Texas: 128 deals, reflecting its business-friendly policies.
- Pennsylvania: 89 deals, marking a remarkable rise in crowdfunding adoption.

Rapid Adoption and Emerging Markets

Several states demonstrated extraordinary growth:

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Table 3: Number of Offerings by Region

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Midwest	22	42	68	63	119	150	141	138	137	880
Northeast	43	111	212	237	341	432	462	388	402	2,628
Southeast	29	82	102	89	203	270	287	292	263	1,617
Southwest	16	41	69	87	107	156	156	127	130	889
West	82	239	309	242	393	552	540	518	490	3,365

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- Pennsylvania: Offerings have increased by 3,600% since 2016, underscoring its transformation into a key crowdfunding market.
- North Carolina: 3,200% growth, showing significant adoption in the Southeast.
- Nevada: 2,800% growth, reflecting issuer and investor engagement.
- Vermont, Idaho, and New Hampshire led year-over-year growth with increases of 300%, 200%, and 200%, respectively.

These states highlight the expanding reach of Investment Crowdfunding, particularly in regions that previously lagged behind traditional hubs.

Declining Deal Flow

Despite growth in many areas, 24 states saw a year-over-year decline in offerings. The worst of these were:

- Rhode Island: -71.4%.
- Oklahoma: -66.7%.
- Indiana: -61.5%.
- Puerto Rico: -60.0%.
- Georgia: -58.6%.

These contractions may result from a combination of limited issuer awareness and a broader perception that "the timing isn't right" for raising capital, influenced by widely reported pullbacks in venture capital activity. Such declines suggest opportunities for targeted outreach and education to rebuild confidence and engagement in these markets.

Broadening Geographic Reach

The data reveals a continued shift away from concentration in a few dominant states:

- In 2016, the top 11 states accounted for almost 80% of all offerings.
- By 2023, 17 states accounted for 80% of offerings.
- In 2024, this expanded further, with 18 states contributing 80% of total deal flow, reflecting the growing geographic spread of crowdfunding activity.

This broader distribution underscores the effectiveness of Investment Crowdfunding in reaching underserved regions and democratizing access to capital.

Economic Impact

Investment Crowdfunding's expanding footprint directly contributes to economic growth:

- Since the industry's launch, the top five states by deal flow have collectively generated an estimated \$18.1 billion in economic output, creating jobs, paying operating expenses, and generating tax revenue.
- States with limited or declining deal flow, such as Rhode Island and Oklahoma, risk missing out on these economic benefits, further emphasizing the need for capacity-building initiatives.

Table 4: Offerings by State (Total Offering Rank)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
California	82	244	275	274	443	493	516	493	423	2,275
New York	15	66	124	141	184	213	235	185	174	917
Texas	13	39	60	84	108	147	141	118	128	663
Florida	20	56	38	56	122	140	157	157	153	654
Massachusetts	9	26	60	76	103	108	81	60	55	423
Pennsylvania	2	9	33	40	71	87	79	105	89	384
Delaware	5	10	12	12	27	50	88	75	75	273
Colorado	11	19	30	26	43	75	69	62	34	265
Illinois	13	24	22	17	22	53	55	48	51	250
Georgia	4	13	7	22	33	61	55	71	32	233
Washington	7	11	20	21	43	62	61	48	39	218
New Jersey	4	22	21	21	32	59	49	31	39	190
North Carolina	1	5	7	10	25	32	42	48	39	174
Arizona	1	9	21	16	22	44	48	47	35	172
Nevada	2	15	28	16	17	42	31	38	32	171
Ohio	5	13	21	20	42	33	31	24	33	170
Virginia		9	24	13	17	36	28	25	31	159
Maryland	4	13	8	11	25	21	31	33	35	147
Michigan	5	9	11	21	28	33	32	38	14	139
Oregon	2	17	17	3	26	20	22	29	31	138
Utah	2	13	23	17	15	20	30	23	23	130
Tennessee		5	8	13	24	30	32	31	22	123
Connecticut	4	3	11	10	21	38	39	18	33	105
Minnesota	2	5	8	6	17	26	22	15	21	94
District of Columbia	4	2	4	5	10	18	25	17	17	87
Wyoming	1	1	4	3	9	15	4	25	25	83
South Carolina		5	6	4	11	19	13	11	17	80
Missouri		3	14	3	9	16	10	18	14	70
Kentucky	2		6	1	13	7	16	12	26	69
Indiana	1	2	4	3	16	11	9	15	5	52
Idaho		4	15	4	10	13	12	5	6	49
Wisconsin	1	2	2	5	9	10	10	4	6	45
New Hampshire	1	2	1	8	8	12	11	2	7	44
New Mexico	1	2	7		9	16	12	8	5	44
Alabama	6	2	7	5	5	16	14	12	4	42
Louisiana		1	5	1	5	8	13	5	5	39
Hawaii	8	2	12	2	9	5	4	10	5	38
Rhode Island	1	1	6	1	3	4	6	7	2	31
Maine	1	1	4	2	3	9	8	4	4	30
Kansas				3	5	6	5	6	7	26

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Iowa				3	1	8	4	3	6	21
Vermont	1	1	1		4	9	3	1	6	20
Puerto Rico			3	4	6	6	2	7	5	20
Oklahoma		1		2	2	5	5	3	1	19
Montana				2	3	3	5	2	3	18
Arkansas		1	5			2	3	3	2	16
Alaska		1	1				5	3	1	9
North Dakota					1	1	1		3	6
Mississippi	1		1		3		1			6
Virgin Islands, U. S.						1	1		3	5
South Dakota		1						1	2	4
Nebraska				1	1		1		1	4
West Virginia	2	1						1		3
Grand Total	244	691	997	1,008	1,665	2,143	2,177	2,007	1,829	9,448

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“I believe in the mission of Substack to put control in the hands of writers and readers.”
– an investor in Substack

“Believer in the product and the community investing strategy!”
– an investor in Mercury

“I invested because I believe this is the future of investing”
– an investor in Wefunder



INVEST IN STARTUPS YOU LOVE

“Love soccer and love Minnesota!”
– an investor in Minnesota Aurora

“I believe in the mission of Levels.”
– an investor in Levels

“In reality, so few of Silicon Valley's top minds are focused on meaningfully transforming the human experience (as opposed to, like, building food delivery robots). Also, I've known the CEO for many years and I've never seen anyone so relentlessly focused on novel, creative, cross-disciplinary solutions to the hairiest problems in healthcare.”

– an investor in Atom Limbs

Table 5: Cities with the Most Offerings (Total Offering Rank)

Rank	Location	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
1	New York, New York	3	32	57	93	95	94	112	84	88	463
2	San Francisco, California	20	31	33	31	71	55	65	51	41	297
3	Los Angeles, California	15	35	40	33	45	60	40	34	56	252
4	Austin, Texas	9	13	21	20	29	51	37	38	39	185
5	Brooklyn, New York	6	14	25	20	35	45	41	41	29	176
6	Chicago, Illinois	10	19	18	9	8	27	25	31	28	147
7	Houston, Texas	3	12	14	30	22	27	21	13	11	138
8	San Diego, California	5	11	20	14	20	25	36	33	24	134
9	Las Vegas, Nevada	2	12	19	10	12	29	23	29	19	113
10	Pittsburgh, Pennsylvania		4	10	19	21	15	20	25	22	111
11	Atlanta, Georgia	3	5	3	13	14	22	27	27	17	111
12	Boston, Massachusetts	4	6	14	16	23	31	20	14	13	102
13	Wilmington, Delaware	2	4	6	5	8	18	33	31	23	101
14	Miami, Florida	2	16	1	6	16	17	18	23	17	94
15	Denver, Colorado	4	4	14	5	14	27	19	23	11	89
16	Oakland, California	5	8	10	16	14	18	15	18	17	88
17	Seattle, Washington	3	5	7	12	18	23	22	22	14	87
18	Washington, DC	4	2	4	5	10	18	25	16	17	86
19	Santa Monica, California	5	6	10	16	15	14	23	27	18	76
20	Portland, Oregon		5	4	1	15	9	11	13	18	68
21	Philadelphia, Pennsylvania		1	6	6	12	17	13	15	9	65
22	Dover, Delaware	3	4	2	2	5	6	19	11	19	63
23	Dallas, Texas		2	6	8	11	10	12	10	11	58
24	Sheridan, Wyoming			2	2	6	5	4	17	20	52
25	San Jose, California		1	4	8	13	8	14	12	17	48
26	Irvine, California	1	6	5	1	4	11	11	12	3	46
27	Nashville, Tennessee		2		5	11	7	13	9	7	42
28	Baltimore, Maryland		2	3	1	3	9	7	10	4	39
29	Palo Alto, California	4	4	4	3	6	9	6	8	4	38
30	Phoenix, Arizona		5	5	2	7	10	4	3	5	37

QUARTERLY TRENDS

The quarterly performance of Investment Crowdfunding in 2024 reflected the broader economic and investor sentiment trends that have shaped the industry over recent years. While deal flow showed resilience in challenging conditions, external factors such as interest rates, inflation, and issuer perceptions of market readiness significantly determined quarterly activity levels.

Quarterly Trends

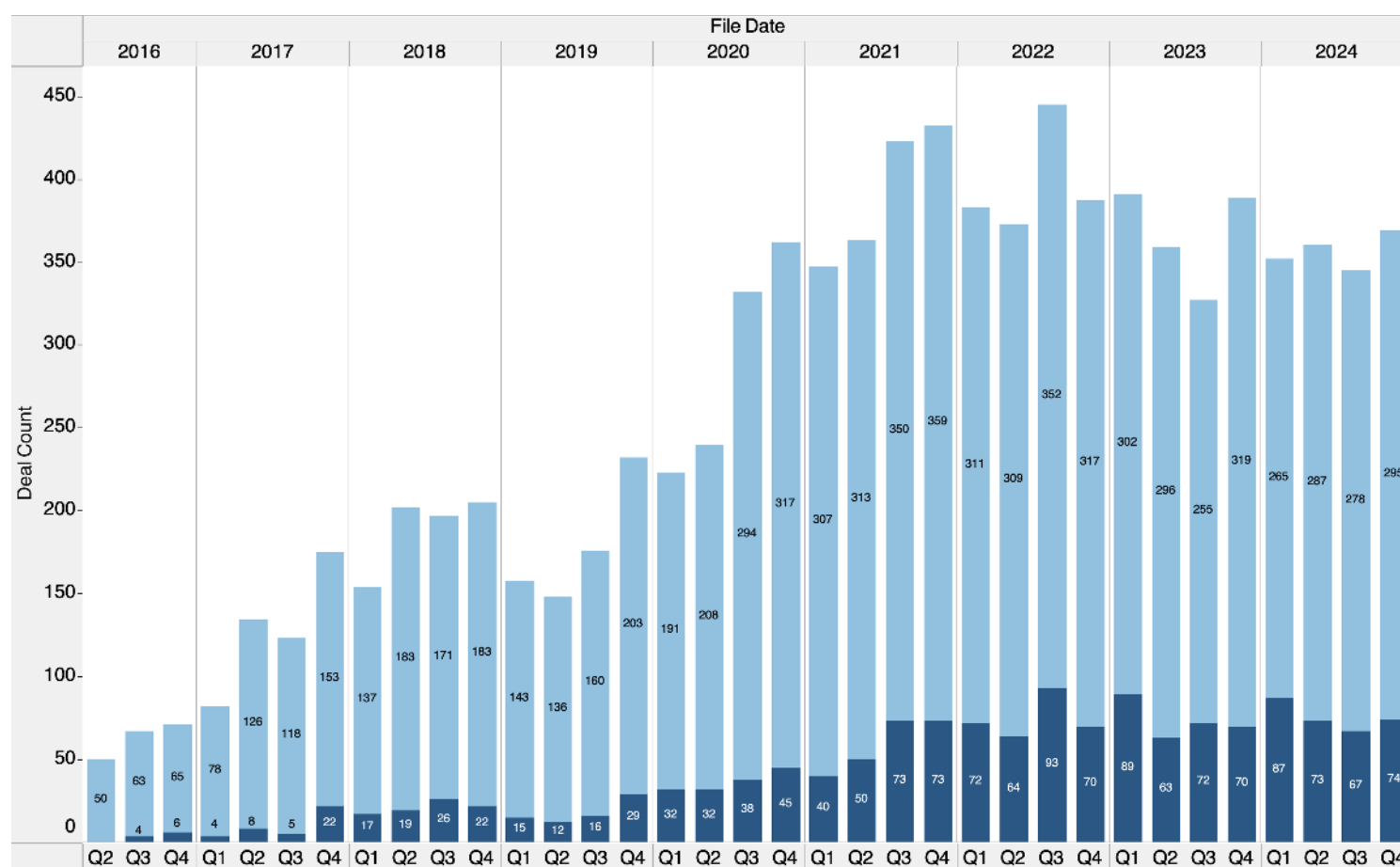
In 2024, Q4 emerged as the strongest quarter, with 367 deals representing a clear upswing in issuer activity. This late-year momentum may reflect a combination of macroeconomic stabilization and issuers capitalizing on seasonal trends that typically favor the fourth quarter. By contrast, Q1, with 352 deals, recorded the lowest quarterly activity of the year, continuing the historical

pattern of slower starts at the beginning of the calendar year.

External factors had a noticeable impact on quarterly deal flow. While high interest rates and inflation moderated in 2024, they likely contributed to a cautious environment early in the year. Additionally, investor sentiment remained subdued as issuers weighed the feasibility of raising capital amid lingering geopolitical uncertainty and economic unpredictability. These dynamics echo the challenges observed in prior years, particularly in 2022 and 2023, when macroeconomic headwinds created prolonged hesitancy among issuers.

The industry also experienced a lagging effect in deal activity. It typically takes issuers an average of 90 days to prepare an offering, meaning decisions made in one quarter often manifest in deal activity in the following quarter. This explains, in part, the

Chart 9: Quarterly Growth in Offerings



rebound in Q4, as issuers likely responded to improving economic indicators in Q3 by initiating offerings that culminated in late-year activity.

The Rise of Follow-On Offerings in Investment Crowdfunding

A key trend shaping the quarterly dynamics of Investment Crowdfunding in 2024 was the continued growth in follow-on offerings, (dark blue in Chart 9), which saw issuers return to the market for additional funding rounds. This trend underscores the industry's increasing maturity, as more companies that initially raised funds through crowdfunding opt to return for subsequent raises, reinforcing the sustainability of this capital-raising method.

Steady Growth in Repeat Issuers

Data from 2016 to 2024 reveals a consistent increase in follow-on offerings. In the early years, follow-on deals were rare—only a handful of issuers returned to raise capital in 2016 and 2017, with repeat issuers accounting for fewer than 10 deals per quarter. However, as the industry gained traction and more issuers saw the benefits of crowdfunding beyond an initial raise, follow-on offerings became an increasingly prominent part of the market.

By 2020, the number of repeat issuers per quarter had grown into the 30s and 40s, demonstrating that a growing subset of companies saw crowdfunding as a viable way to support their growth beyond just an initial capital injection. The momentum continued into 2021, when repeat issuers per quarter consistently surpassed 70 deals, setting the stage for even stronger activity in subsequent years.

Follow-On Offerings Reach Record Levels in 2024

The data for 2024 shows that repeat issuers have become an integral part of the industry's deal flow. The first quarter of 2024 recorded 88 repeat issuers, and the second and third quarters saw 73 and 67 repeat issuers, respectively. The fourth quarter ended strong with 74 repeat issuers, demonstrating sustained participation from

returning companies. By the end of 2024, 21.2% of all offerings were repeat, the highest level yet.

This upward trajectory reflects how issuers increasingly view crowdfunding as more than just a one-time fundraising event. Instead, crowdfunding has become a recurring financing tool for businesses looking to raise capital in stages, similar to how startups in traditional venture capital move from Seed to Series A, B, and beyond.

Factors Driving the Growth of Follow-On Rounds

Several factors have contributed to the rise in follow-on offerings:

1. *Issuer Familiarity and Success Stories:* Many companies that successfully raised initial capital through crowdfunding have recognized the platform's ability to engage their investor communities for additional funding. These companies have built trust with their backers, making it easier to return for follow-on rounds.
2. *Increased Offering Limits:* The SEC's decision to raise the maximum crowdfunding cap from \$1 million to \$5 million in 2021 has played a pivotal role in encouraging repeat offerings. Companies that initially raised smaller amounts now see crowdfunding as a viable method to secure additional capital rather than transitioning solely to venture capital or private equity.
3. *Investor Loyalty and Retention:* Repeat issuers benefit from a base of existing investors who have already contributed and are more likely to reinvest in subsequent rounds. This built-in investor base reduces the barriers to securing additional capital, particularly when an issuer has met milestones or demonstrated growth since their first offering.
4. *Broader Adoption Across Business Stages:* While first-time issuers and startups dominated early crowdfunding deals, more established companies have begun leveraging crowdfunding as part of their broader capital strategy. As these companies mature, they return to the market for follow-on rounds to

continue scaling operations, launching new products, or expanding market reach.

5. *Macroeconomic Conditions and Liquidity Needs:* In an environment where venture capital and bank lending have been constrained, repeat issuers have increasingly turned to crowdfunding as a reliable source of financing. With more companies seeking non-dilutive capital or alternatives to traditional funding, crowdfunding has provided a critical lifeline for continued growth.

Future Outlook for Follow-On Offerings

The trajectory of repeat issuers suggests that follow-on rounds will continue to play a significant role in the industry. As we have proposed, if the SEC raises the crowdfunding cap from \$5 million to \$20 million, it would fuel even greater participation from issuers looking to conduct larger successive rounds.

Additionally, as more investors experience success with early crowdfunding investments, their confidence in reinvesting in follow-on rounds will grow. This will cement crowdfunding as a sustainable, long-term financing solution for new and returning issuers.

Ultimately, the rise of follow-on offerings strongly indicates industry maturity and issuer retention. It showcases that crowdfunding is not just a stepping stone for early-stage companies but a repeatable, scalable funding mechanism for businesses at multiple stages of growth.

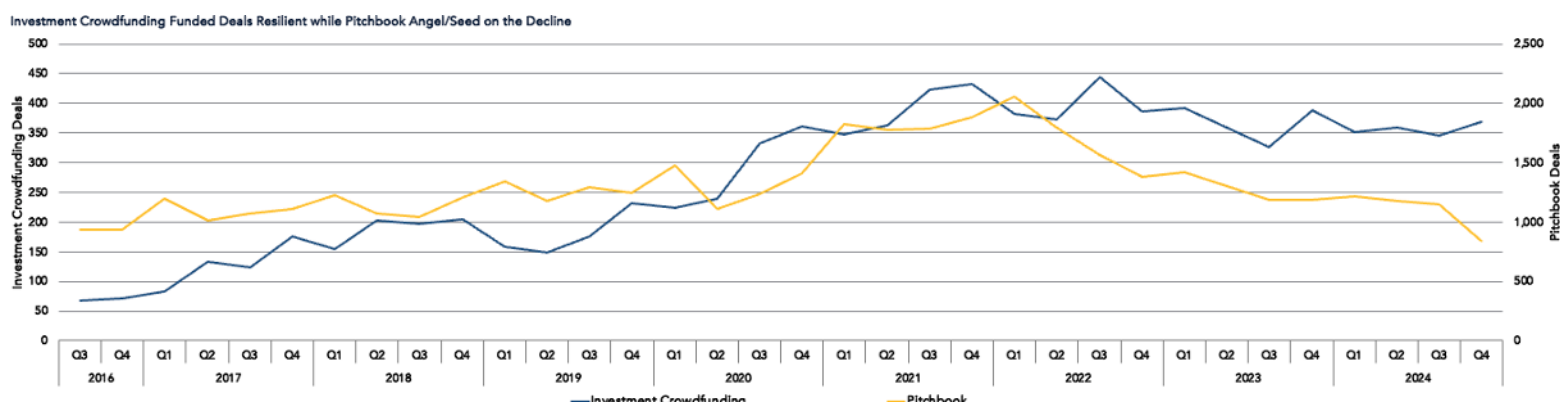
PITCHBOOK DEALS VS INVESTMENT CROWDFUNDING

The Pitchbook Venture Monitor tracks the number of deals and funding activity, primarily focusing on venture-backed companies. Their data includes Pre-seed and Seed-stage deals, which align closely with the types of deals seen in Investment Crowdfunding. However, Investment Crowdfunding represents a subset of the deals tracked, as VCs are not constrained by the maximum amount issuers can raise under crowdfunding regulations. Despite this limitation, the overlap between the two funding mechanisms makes it possible to compare trends over time. The chart below illustrates this comparison.

A comparison of the two datasets reveals that both PitchBook and Investment Crowdfunding experienced growth in deal activity leading up to Q1 2022. However, venture capital deals rapidly declined after this point as the industry faced macroeconomic pressures and investor hesitancy. Investment Crowdfunding, by contrast, reached its peak in Q2 2022 before tapering off. Notably, Investment Crowdfunding sustained four quarters of growth after this period, demonstrating resilience and adaptability in the face of the broader pullback in venture funding.

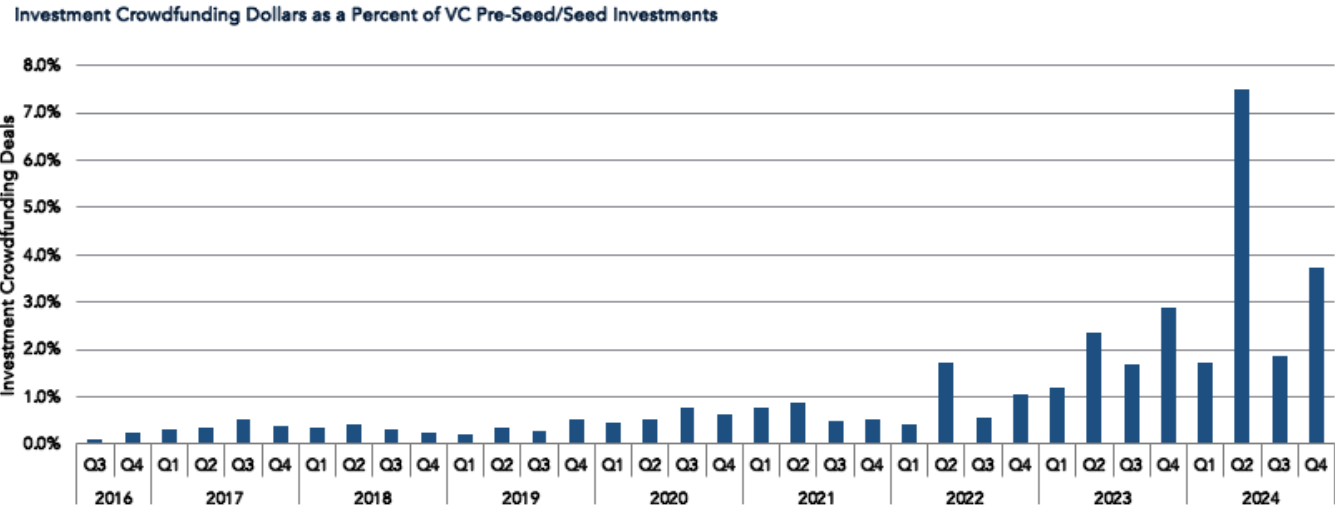
When examining the long-term trajectory, Investment Crowdfunding shows a clear upward trend in quarterly deal activity. At the same time, PitchBook's data indicates a steady contraction in

Chart 10: Investment Crowdfunding Deals Heading Up vs Pitchbook Deals Heading Down



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Chart 11: Investment Crowdfunding vs Offerings on Pitchbook



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pre-seed/seed deal flow, especially in the most recent quarters.


Investment Crowdfunding’s share of total pre-seed/seed investments, as a percentage of venture capital activity, was less than 1% leading up to Q2 2022. Since then, it has remained above that threshold, peaking at 7.5% in Q2 2024 and ending at an estimated 3.7% in Q4 2024. While this remains a small fraction of overall venture investments, it reflects significant momentum in an evolving market. For issuers unable to secure venture funding, Investment Crowdfunding provided a critical alternative, leading to a shift where early-stage companies sought and secured capital.

The changing composition of deals further demonstrates the resilience of Investment Crowdfunding. In 2024, 55% of the cohort were post-revenue, established businesses, indicating an improvement in deal flow quality compared to prior years (25.7% when the industry launched). This trend signals the ecosystem's maturity, attracting businesses with proven revenue models and lower risk profiles. Furthermore, empirical studies suggest that 80% of investors are within an issuer's first-degree network, with most being retail investors. This proximity to issuers may enhance trust and engagement, providing a competitive

edge over venture-backed deals, which typically rely on institutional or professional investors.

Here are some insights that make Investment Crowdfunding stand out in comparison to Pitchbook results:

- 1. Consistent Growth in Deal Activity:** Despite recent contractions, Investment Crowdfunding has consistently grown in the number of deals per quarter from 2016 to 2024, with notable surges in Q2 2021, Q2 2023, and Q2 2024. This growth suggests a robust and expanding ecosystem capable of weathering macroeconomic challenges.
- 2. Resilience:** While venture funding began declining sharply in Q1 2022, Investment Crowdfunding continued to provide startups and small businesses with a viable funding avenue. This resilience reflects the accessibility and reliability of crowdfunding platforms, even amid broader economic uncertainty.
- 3. Broadening Investor Base:** Investment Crowdfunding’s growth highlights its appeal to a diverse and expanding investor base. While specific investor data remains limited due to regulatory constraints, empirical evidence suggests most investors are retail and connected directly to issuers. Additionally, the decline in venture deal flow likely pushed both



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issuers and investors toward crowdfunding, where deal opportunities persisted.

4. **Diversification of Investment Opportunities:** Crowdfunding platforms offer a wide array of projects and businesses, many of which are less readily available through traditional VC channels. This diversification has likely contributed to the sustained investor interest and increasing adoption of crowdfunding platforms.
5. **Improving Deal Flow Quality:** The growing number of post-revenue and established businesses within the Investment Crowdfunding ecosystem reflects a higher-quality pipeline of investable opportunities. This shift is a positive indicator of the industry's maturity and ability to attract seasoned issuers.
6. **Market Dynamics:** The dramatic increase in Investment Crowdfunding activity in Q2 2022, alongside the sharp decline in venture deals beginning in Q1 2022, underscores a shift in where early-stage companies seek funding. Macroeconomic conditions, investor sentiment, and the accessibility of crowdfunding platforms likely influence this shift.

The percentage of Investment Crowdfunding dollars relative to VC Pre-seed/Seed investments has steadily risen, demonstrating that crowdfunding fills a void left by the contraction in venture capital funding. Although it remains a smaller segment of the broader market, its growth trajectory and ability to provide an alternative funding source during economic uncertainty highlight its importance. The continued development of Investment Crowdfunding will depend on expanding awareness, improving issuer education, and further technological advancements. As the macroeconomic environment stabilizes and platforms attract more post-revenue businesses, Investment Crowdfunding is well-positioned for further growth and increased relevance within the funding ecosystem.

THE ROAD AHEAD: OBSERVATIONS AND OPPORTUNITIES

Regulatory changes remain one of the most significant potential catalysts for growth. If the SEC were to raise the offering cap from \$5 million to \$20 million, it could fundamentally reshape the market. A higher cap would attract more established companies to crowdfunding platforms, reducing reliance on pre-revenue issuers and bringing in a broader spectrum of investors. Such a change would position crowdfunding as a more competitive alternative to venture capital, opening the door for issuers seeking larger rounds and appealing to investors looking for lower-risk opportunities.

In addition to regulatory shifts, increased media coverage could transform the industry. The industry has long grappled with limited public awareness, constraining issuer and investor participation. Greater visibility in mainstream media would spotlight the opportunities available through Investment Crowdfunding and elevate its profile as a vital funding mechanism for small businesses. More awareness could drive a feedback loop: New market issuers would bring fresh deals, attracting more investors and generating additional capital flow.

While these factors represent growth opportunities, risks remain. One potential challenge is the impact of geopolitical and economic policy changes. For instance, the imposition of new tariffs could disrupt the current stability. A rebound in inflation driven by such policies could erode consumer spending power and push investors to adopt a wait-and-see approach, slowing the momentum of the crowdfunding market. This underscores the delicate balance the industry must navigate, where macroeconomic stability and investor confidence are paramount.

Investor behavior continues to evolve, presenting both challenges and opportunities. While investor sentiment remains constrained, partly due to lingering economic uncertainty, there are signs of a shift toward larger individual commitments.

These “bigger checks” indicate a growing willingness among investors to concentrate their support on fewer, higher-quality offerings. If macroeconomic conditions improve, this trend could lead to a higher volume of funded deals, sparking a cycle of greater awareness, more issuers, and increased deal flow.

The liquidity released into the market by recent IPO activity also presents a potential boon for crowdfunding. If this newly unlocked capital finds its way into crowdfunding platforms, it could catalyze a surge in activity, particularly among investors seeking alternatives to traditional equity markets. However, for this to happen, crowdfunding platforms must continue differentiating themselves from venture capital and other investment pathways, emphasizing accessibility, inclusivity, and unique value proposition.

Issuers, too, are expected to adapt in 2025. As in recent years, more established companies are likely to enter the crowdfunding market, leveraging its flexibility and reach to access growth capital.

This trend reduces the overall risk profile of offerings and reflects the industry’s maturation. Established businesses with proven track records bring credibility to the ecosystem, attracting a wider pool of investors and setting the stage for further growth.

Despite the challenges, the future of Investment Crowdfunding is bright. While there remains a shortage of broad capital—particularly for smaller deals reliant on retail participation—the growing presence of larger individual commitments offers a promising counterbalance. If external conditions align, these larger checks could drive more funded deals, greater market awareness, and a virtuous growth cycle.

As the industry enters 2025, its trajectory will depend on a combination of regulatory developments, economic stability, and the ability of issuers and investors to adapt to changing conditions. Investment Crowdfunding has proven its resilience, and with the right mix of factors, it is poised to continue its ascent as a critical pillar of modern capital markets.

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ISSUERS

Some of the information in this section may seem as if it appears in the Offerings section. Keep in mind issuers can have multiple offerings, so there will be fewer issuers than offerings, and hence, the data will look slightly different. However, as you will see, similar trends apply.

Since the launch of Regulation Crowdfunding (RegCF), 7,893 issuers have accessed this funding mechanism, showcasing its transformative role in democratizing capital. However, recent years have seen a contraction in new issuers, reflecting the challenging economic environment.

In 2023, new issuers declined by 7.44% compared to 2022. Though slower, this contraction continued into 2024, with a 5.00% decrease year over year. The reduced rate of decline suggests that the market may be stabilizing, potentially setting the stage for renewed growth. The incoming pro-business administration, which is expected to implement policies to foster entrepreneurial activity and ease access to capital, is bolstering this cautious optimism.

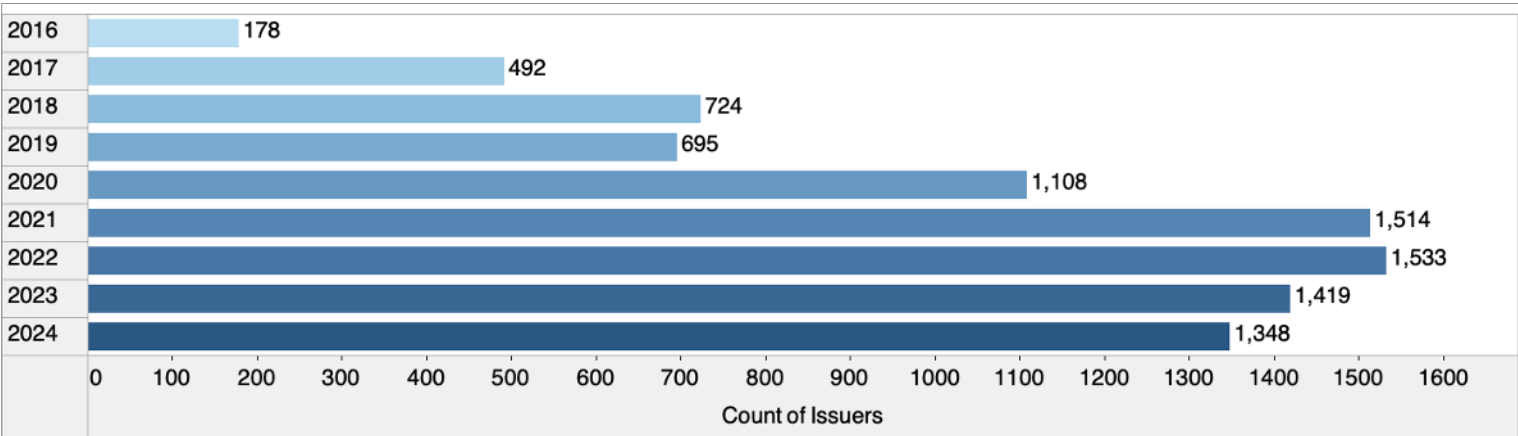
Economic Context and Trends

As mentioned in the offerings section, the decline in new issuers over the past two years is deeply intertwined with broader macroeconomic factors:

- **Inflation and Rising Costs:** Persistent inflation has elevated the cost of operations for startups and small businesses, leading many to delay or forgo launching offerings.
- **High Interest Rates:** Elevated borrowing costs have deterred businesses from pursuing capital-intensive projects, including crowdfunding offerings, while investors have shifted toward safer, interest-bearing investments.
- **Investor Sentiment:** Economic uncertainty has made investors more risk-averse, impacting the ability of issuers to attract investors.
- **Venture Capital Pullback:** The significant contraction in venture capital activity during this period, driven by valuation corrections, prolonged exits, and LP liquidity constraints, has reshaped the private capital markets. This pullback has had a cascading effect on Investment Crowdfunding. Many early-stage startups that were traditionally reliant on VC funding, have turned to crowdfunding platforms as an alternative.

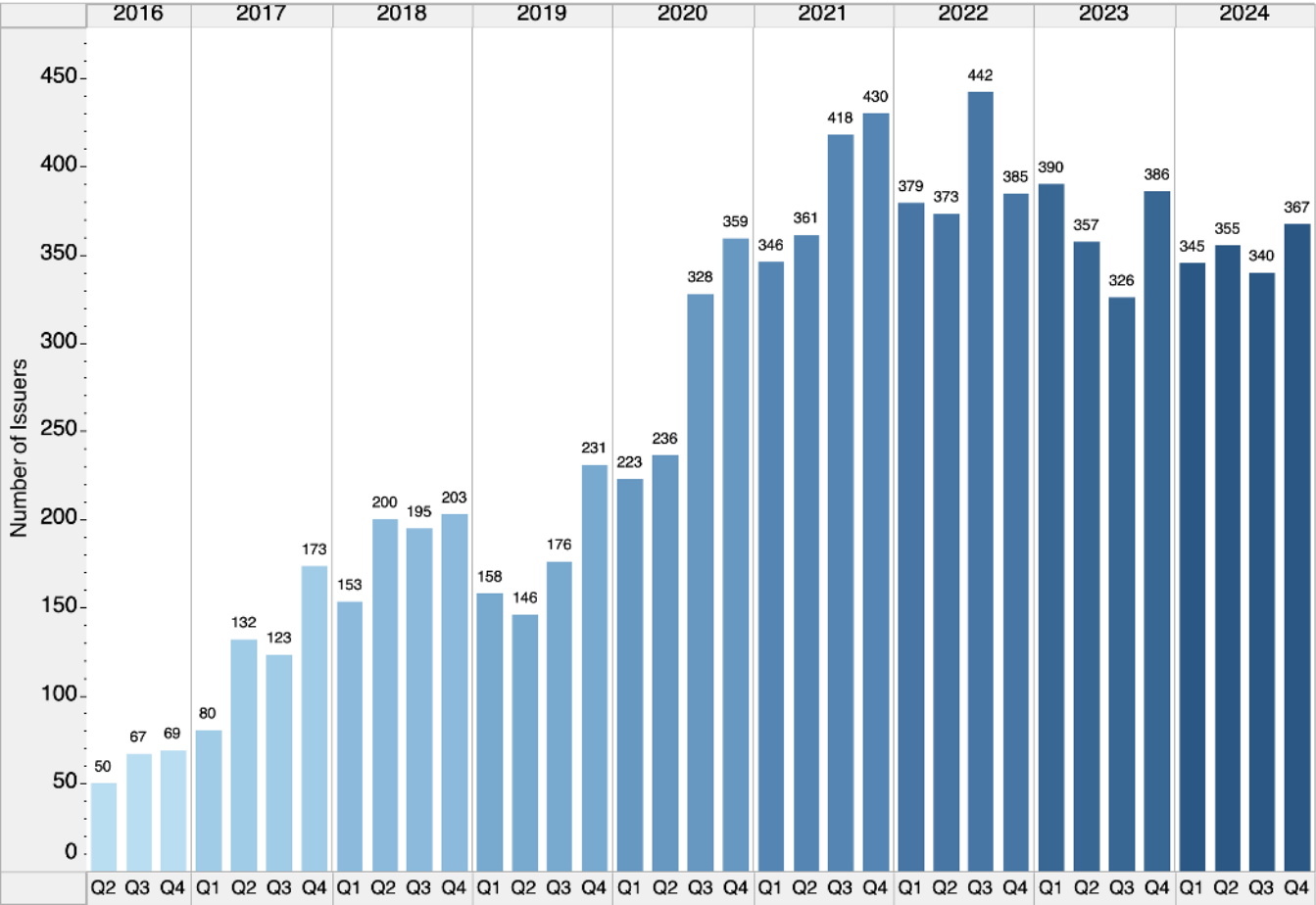
Despite these challenges, Q4 2024 again stood out as the strongest quarter for new issuers, reflecting the industry's seasonal pattern. Historically, Q4 is characterized by issuers seeking to finalize offerings before year-end, supported by increased platform activity. Conversely, Q1 2024 remained the weakest quarter, consistent with past trends, as issuers typically use this time to prepare offerings after the holiday season.

Chart 12: Issuer Contraction in Recent Years



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Chart 13: 2025 Poised for Growth



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The slowing decline in new issuers from 2023 to 2024 and the new administration's anticipated business-friendly policies suggest a potential inflection point for the market. As economic conditions improve and awareness of crowdfunding continues to grow, the industry could see an influx of new issuers in the coming years. The resilience demonstrated by platforms and entrepreneurs during this period positions the market for a possible rebound.

KEY TRENDS IN ISSUER BEHAVIOR

The investment crowdfunding landscape has evolved significantly, reflecting shifts in economic conditions and investor preferences. Two key groups—pre-revenue and post-revenue issuers—illustrate these changes alongside notable patterns in the behavior of first-time versus repeat issuers.

The Divergence Between Pre-Revenue and Post-Revenue Issuers

Pre-revenue issuers, once dominant in the early years of Regulation Crowdfunding, have faced mounting challenges. Since their peak in 2021, the number of pre-revenue issuers entering the market has declined sharply, with 2024 recording the lowest level since 2019/2020. This contraction highlights a stark shift in investor sentiment, as economic uncertainties have made pre-revenue businesses—typically seen as higher risk—less attractive. Pre-revenue issuers seeking online capital dropped by 10.6% in 2022 and 21% in 2023. Things seem to have moderated in 2024, with only an 8.5% drop in new pre-revenue issuers.

In contrast, post-revenue issuers demonstrated greater resilience. While they, too, faced declines

Table 6: Pre-Revenue Issuers on the Decline Since 2021

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Post Revenue	93	364	506	546	948	1,180	1,343	1,343	1,220
Pre Revenue	154	332	503	468	726	973	870	686	628

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after 2023, their smaller drop suggests that investors remain more confident in backing businesses with proven revenue streams. This divergence underscores how macroeconomic conditions have shifted the balance toward companies perceived as lower risk.

The Rise of Repeat Issuers

A striking trend in 2024 has been the growing proportion of repeat issuers. Once a rarity, with just 7.2% of issuers returning for follow-on rounds in 2017, this figure reached an all-time high of 21.21% in 2024. The increase reflects the growing trust issuers place in the crowdfunding model. Returning issuers often capitalize on the confidence of their initial investor base, successfully raising larger amounts while demonstrating their ability to deliver on previous commitments.

The preference for follow-on rounds also signifies a maturation of the ecosystem. Businesses that achieve their goals through crowdfunding are increasingly leveraging the platform to fuel further growth, signaling that the system is functioning as intended and fostering lasting relationships between issuers and investors.

First-Time vs. Repeat Issuers: A Performance Gap

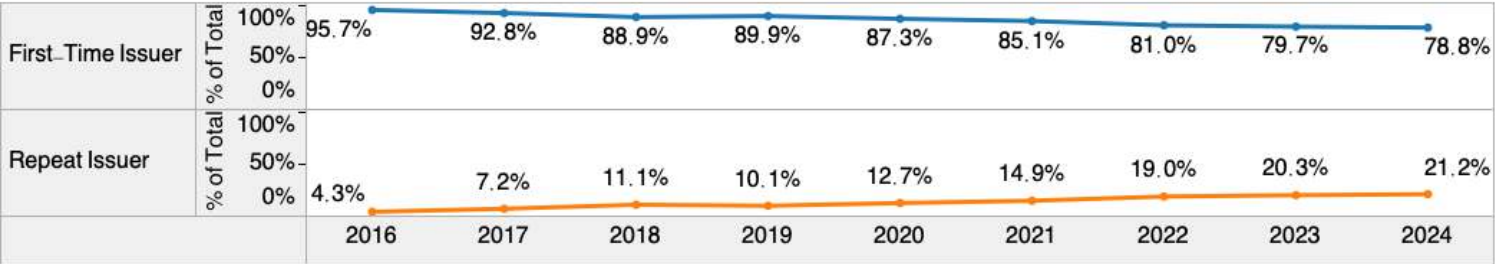
Another critical development is the growing advantage of repeat issuers over their first-time counterparts. Repeat issuers have historically enjoyed higher success rates, consistently averaging in the mid-80% range. By contrast, first-time issuers experienced declining success rates, falling to near-historic lows in 2024 due to challenging market conditions.

Beyond success rates, repeat issuers are raising significantly more capital. In 2018, repeat issuers raised 33.31% more on average than first-time issuers. By 2024, this gap widened to an impressive 106.8% as returning businesses successfully engaged their investor networks and delivered compelling updates on their progress. This trend emphasizes the importance of transparency, clear communication, and maintaining investor confidence as key drivers of fundraising success.

FOLLOW ON ROUNDS

Since the launch of Investment Crowdfunding, 7,893 issuers have made 9,375 offerings, indicating that multiple issuers have returned to the crowd for additional rounds. Notably, 1,085 issuers conducted more than one offering, collectively

Chart 14: Percent of Repeat Issuers Growth over Time



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raising funds through 2,180 follow-on offerings. However, this number excludes the 441 unsuccessful follow-on offerings that failed to meet their funding goals.

Three issuers stand out for conducting 10 or more rounds:

- DSTLD, a premium denim apparel manufacturer, has raised over \$1.4 million through RegCF.
- Fisher Wallace, a manufacturer of prescription wearables for mental health, has raised over \$6.1 million.
- CGB Green Liberty Notes, a cleantech company, has raised over \$3.6 million.
(Note: These issuers may have raised additional funds through exemptions outside RegCF, so their total fundraising amounts could be higher.)

The prevalence of follow-on rounds underscores that Investment Crowdfunding is becoming an essential tool for issuers seeking continual access to capital. This channel may serve as their primary

fundraising avenue for some, mainly when alternative sources, such as venture capital, are unavailable.

Performance of Follow-On Issuers

Follow-on issuers have demonstrated the ability to leverage Investment Crowdfunding effectively to support their growth. Companies conducting follow-on rounds raised an average of \$683,000 per offering, 86% more than first-time issuers. This upward trend highlights the financial maturity and credibility of companies that successfully return to the crowd.

- Average Raise by Round:
 - Second round: \$493,000
 - Third round: \$716,000
 - Fourth round: \$775,000
 - Fifth round: \$937,000

These figures suggest that issuers raise more capital in successive rounds, reflecting their

Chart 15: Repeat Issuers Raise More Money on Average

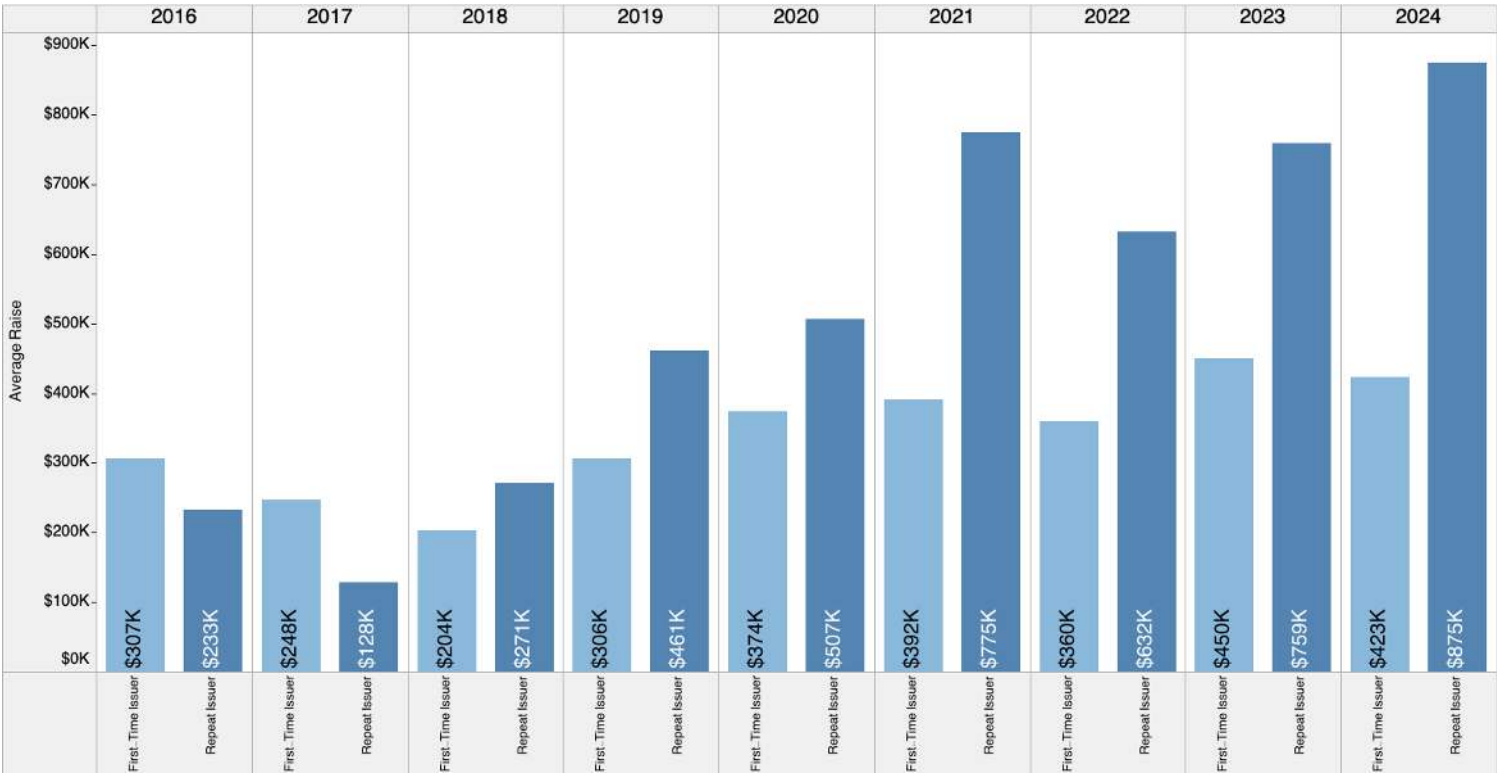


Table 7: Repeat Issuers Enjoy the Highest Success Rate

		2016	2017	2018	2019	2020	2021	2022	2023	2024
First-Time Issuer	Funded	56.33%	69.60%	64.50%	70.09%	74.33%	76.16%	75.85%	71.52%	59.19%
	Not Funded	45.31%	30.71%	35.50%	29.91%	25.89%	24.08%	24.15%	28.48%	40.81%
Repeat Issuer	Funded	89.47%	63.64%	66.35%	85.50%	88.16%	89.26%	89.76%	86.59%	84.28%
	Not Funded	10.53%	36.36%	33.65%	16.00%	15.22%	11.37%	12.61%	14.51%	21.41%

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growing capital needs and increased investor confidence as they hit key milestones. While the number of issuers conducting three or more follow-on rounds is limited, potentially skewing the averages, the data still highlights a positive correlation between repeat rounds and capital raised.

A Healthy Evolution for Issuers

The ability to raise follow-on funding through RegCF signals that Investment Crowdfunding is a viable path for sustainable capital formation. As companies scale, it provides an accessible and flexible funding source. However, as they mature, we expect many issuers to "graduate" from RegCF to 506c (Accredited-Investor Crowdfunding), Regulation A+, venture capital, or private equity.

Additionally, while the SPAC market has cooled, some issuers may still find exit opportunities through acquisitions or SPAC mergers. This potential for issuers to transition into larger funding vehicles or achieve exits represents a healthy evolution in the private capital markets, demonstrating how Investment Crowdfunding can serve as both a launchpad and a long-term financing solution.

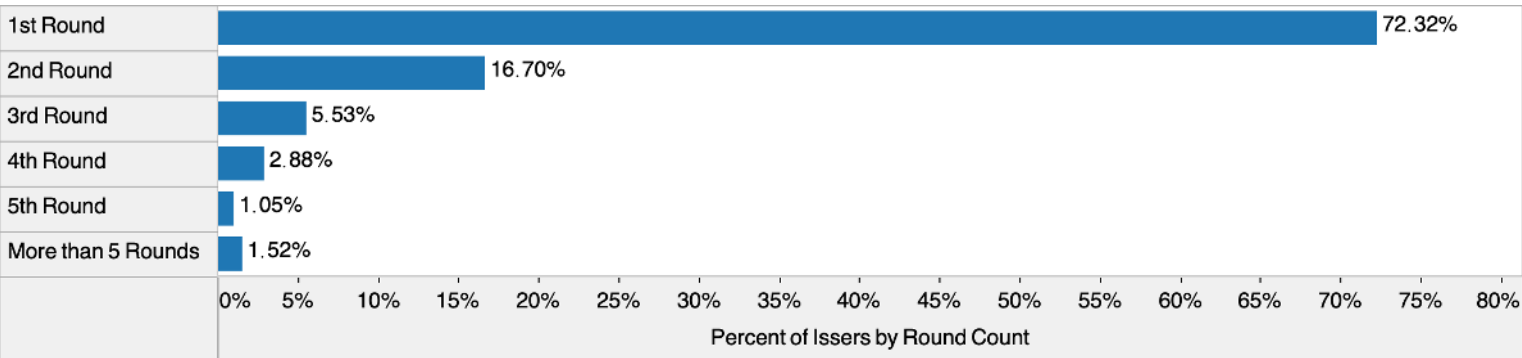
GROWTH IN REVENUE-GENERATING ISSUERS

When investment crowdfunding launched, fewer than 40% of the issuers raising money online were revenue-generating. This early stage meant most issuers were inherently riskier, as they had yet to validate their business models with paying customers. Fast forward to today, and we see a dramatic shift—63% of companies raising money online are now revenue-generating. This trend suggests a maturing market where more established and potentially less risky companies are turning to crowdfunding to fuel their growth.

As the accompanying chart demonstrates, the average revenue of post-revenue issuers has been on a consistent upward trajectory, reaching an all-time high in 2024. This cohort of post-revenue issuers has been a cornerstone of the industry, attracting the lion's share of investor capital and contributing to sustained high valuations across the ecosystem as explored later in this report.

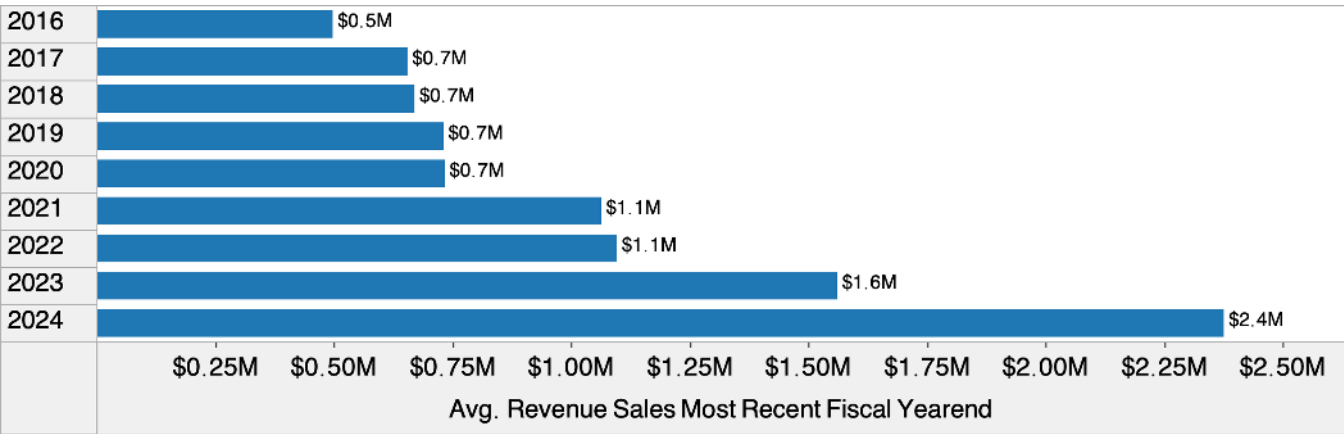
This shift is not just about reducing risk; it indicates crowdfunding's evolving role in the private capital landscape. Established companies increasingly recognize crowdfunding as a strategic

Chart 16: Issuers Prefer to Run Follow on Rounds



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Chart 17: Stronger Issuers Showing up for Investment Crowdfunding



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tool for raising capital and engaging a broader community of brand advocates and customers who double as investors. This creates a virtuous cycle where business growth and investor interest feed into one another.

Looking ahead, the trend of rising numbers of post-revenue companies and increasing average revenues suggests a continued decline in market risk. As more mature companies enter the crowdfunding space, we may see:

- Enhanced investor confidence, drawing more diverse investor profiles into the market, including those typically wary of early-stage investments.
- Stabilized market conditions, with post-revenue companies potentially serving as a buffer during economic downturns, thanks to their proven business models and revenue streams.
- Evolving platform dynamics, where platforms may tailor services and support to meet the needs of more mature companies, potentially leading to innovations in how crowdfunding is facilitated and managed.

This evolution aligns with the new administration's anticipated business-friendly policies, which could further accelerate the shift toward more stable, revenue-generating issuers in the market.

SECURITY PREFERENCE

One key feature of Regulation Crowdfunding is that it does not limit the types of securities issuers can use to raise capital. While traditional funding mechanisms allow various securities, RegCF's openness has led to innovative fundraising instruments, including SAFEs (Simple Agreements for Future Equity), Crowd Notes, and Token offerings. This flexibility has allowed issuers to experiment with novel security structures, offering investors a spectrum of risk and return profiles.

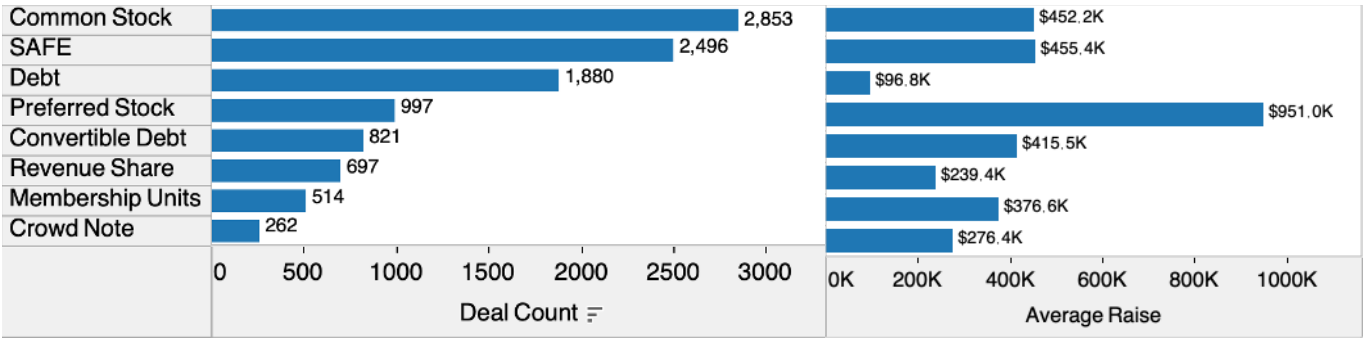
Since RegCF's inception, issuers have used 41 different security types, demonstrating the broad applicability of crowdfunding across industries and business models. However, a few dominant security types have emerged, shaping issuer behavior and investor participation.

Traditional Securities: The Foundation of Investment Crowdfunding

Common Stock remains the most widely used security, with 2,853 offerings. Its simplicity and transparency—offering investors a direct equity stake—make it attractive. This is reflected in an average raise of \$452,000 per offering, highlighting its continued investor appeal.

Though less frequently used (997 offerings), preferred stock leads in average raise size,

Chart 18: Preference of Security Type vs Average Raise



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reaching \$951,000. Its additional protections, such as dividends and liquidation preferences, make it particularly attractive to risk-averse investors, explaining its ability to raise larger sums of capital.

Convertible Debt, used in 821 offerings, has become a strong choice for startups looking to defer valuation discussions. With an average raise of \$416,000, its hybrid nature—offering the security of a loan with the potential for future equity conversion—makes it appealing to investors seeking both downside protection and potential upside.

Despite being featured in 1,880 offerings, debt securities tend to raise lower amounts, averaging \$97,000 per offering. This could reflect that debt financing serves issuers with smaller capital needs and that investors often prefer securities with higher upside potential.

Revenue Share agreements and Membership Units offer alternative financing structures. Revenue Share securities, present in 697 offerings, raise an average of \$239,000, providing investors with a return tied directly to an issuer’s revenue performance. Membership Units, used primarily by LLCs, appear in 514 offerings and raise an average of \$376,000, reflecting their suitability for businesses structured as partnerships or cooperatives.

Newer Instruments: The Evolution of Investment Crowdfunding

The emergence of newer securities—such as SAFEs, Crowd Notes, and Tokens—demonstrates how RegCF is reshaping private capital markets by embracing financial innovation.



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SAFEs (Simple Agreements for Future Equity) have surged in popularity, with 2,496 offerings raising an average of \$455,000. Their flexibility in delaying valuation discussions makes them especially attractive for startups, who can raise funds without immediately pricing their equity.

Crowd Notes, a variation of convertible securities, have been used in 262 offerings, with an average raise of \$276,000. While less common than SAFEs, they provide structured conversion mechanisms that may appeal to investors comfortable with less traditional equity arrangements.

Token Offerings, while still a niche category, represent a growing frontier in crowdfunding. To date, 18 token-related offerings have been conducted under RegCF, raising an average of \$238,000 per offering. Many view tokens as the "holy grail" of crowdfunding, offering the potential for liquidity and decentralized ownership structures. However, the SEC has not made any meaningful regulatory advancements in this space, leaving issuers in a gray area. In essence, a token offering through RegCF can act as a backdoor approach to a regulatory-compliant token issuance, providing issuers a structured path to offering digital assets without directly confronting uncertain regulatory frameworks.

While still early, the presence of token offerings signals the direction crowdfunding could take in the future, particularly if regulators provide clearer guidance on how digital assets fit within existing securities laws.

Market Trends and the Strategic Use of Security Types

The choice of security type is not just an administrative decision—it influences how much capital an issuer can raise and what kind of investors they attract. Data suggests a strong correlation between issuer revenue levels and security type:

- The highest average revenues are from preferred and common stock issuers, suggesting that more established companies

gravitate toward these traditional equity structures.

- SAFE issuers rank third, reflecting their model's alignment with early-stage businesses.
- Debt and Revenue Share issuers report lower average revenues, consistent with their focus on smaller capital needs and lower-risk business models.

As the crowdfunding ecosystem matures, the use of specific security types may continue to shift, with structured, investor-friendly instruments gaining traction.

The flexibility of Regulation Crowdfunding has allowed for an unprecedented diversity in security types, with 41 instruments used by issuers to date. While Common Stock and SAFEs dominate due to their simplicity and familiarity, Preferred Stock leads in capital raised, reflecting its investor-friendly protections.

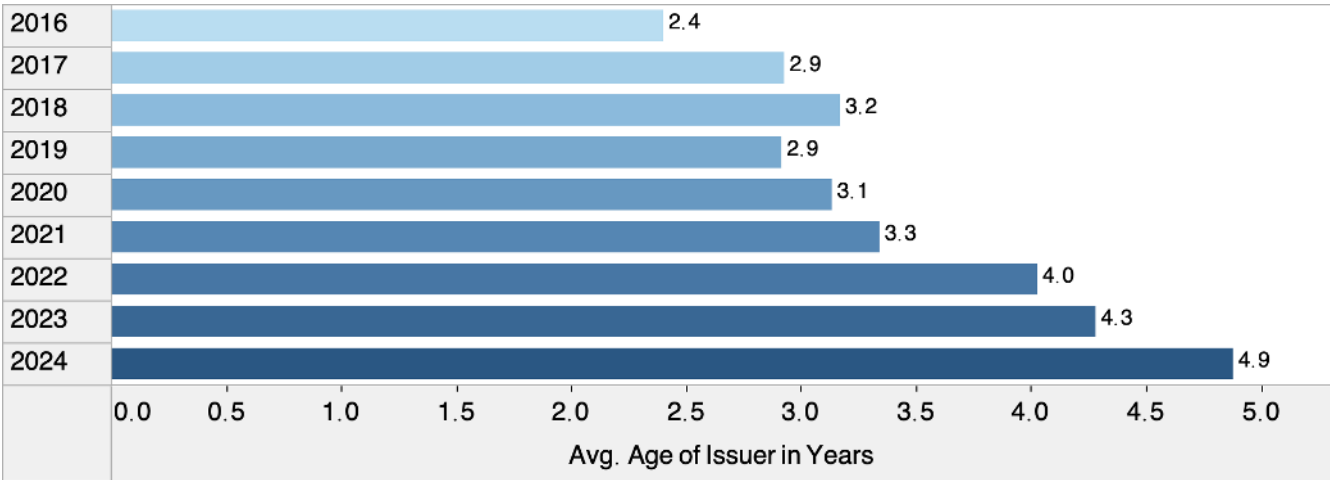
At the same time, innovative instruments like Tokens highlight the industry's forward-looking nature, even as regulatory uncertainties persist. The SEC's lack of clear guidance on tokenized securities has left issuers in a complex position. Still, RegCF provides a potentially compliant framework for offering digital assets, paving the way for future developments in blockchain-based investing.

Ultimately, security type selection is a strategic decision that shapes issuer success, investor participation, and the evolution of the crowdfunding market. As investment crowdfunding expands, the interplay between traditional securities, hybrid instruments, and emerging digital assets will define the industry's next growth phase.

AGE OF ISSUERS: DEBUNKING THE ADVERSE SELECTION MYTH

Not long ago, venture capitalists largely dismissed Investment Crowdfunding, arguing that it primarily attracted risky, early-stage startups with no traction—a classic case of adverse selection. The

Chart 19: Average Age of All Issuers Increasing over Time



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assumption was that companies turning to crowdfunding lacked the credentials to raise capital through traditional means.

However, as Chart 7 shows, this notion is becoming outdated. The percentage of pre-revenue companies leveraging Investment Crowdfunding has steadily declined, reaching an all-time low in 2023. At the same time, more post-revenue issuers—companies with customers, traction, and validated business models—are choosing crowdfunding as a viable funding mechanism. This shift has reduced perceived risk and challenged the adverse selection argument.

This evolving landscape is also evident in surveys conducted by CCA in 2021 and on platforms like Republic, where venture capital perceptions are shifting. As a result, more VCs are beginning to participate in Investment Crowdfunding, recognizing its potential to source promising companies before they enter later-stage funding rounds.

Does Age Correlate with Funding Success?

If firm age is another proxy for risk, what can we learn from the age of issuers in successful Investment Crowdfunding campaigns?

Historically, the average age of firms raising capital online is 3.5 years—placing them outside the conventional definition of a "startup," which

typically refers to firms under three years old. The older a firm is, the lower its perceived risk. This is why traditional banks often require businesses to be at least three years old and provide financial records when applying for loans.

A comparison of issuer age across successful and unsuccessful offerings reveals key insights:

- The average age of all issuers raising funds through crowdfunding is 3.5 years.
- The average age of successful issuers is slightly higher, at 3.7 years.
- The average age of issuers who failed to meet their funding goals is lower, at 2.9 years.

This suggests that older issuers are more likely to succeed in raising funds online. A more established operational history may instill greater investor confidence and increase an issuer's ability to reach its funding target.

The Trend Toward More Mature Issuers

Since the inception of investment crowdfunding, the average age of successful issuers has steadily increased. In 2016, it was just 2.4 years old. Since then, the trend has been upward, with only a brief dip in 2019. In 2024, the average age of successful issuers reached its highest point—4.9 years.

This steady rise in issuer age reinforces the notion that Investment Crowdfunding attracts more mature businesses, not just early-stage startups. These companies have already demonstrated resilience, operational stability, and revenue generation, lowering risk and further challenging outdated perceptions of adverse selection.

AGE VS. AMOUNT RAISED: THE FUNDING ADVANTAGE OF ESTABLISHED ISSUERS

An issuer’s age plays a significant role in determining how much capital it can raise through Investment Crowdfunding. Over time, Established Issuers (firms older than three years) have consistently raised more capital than their younger Startup counterparts.

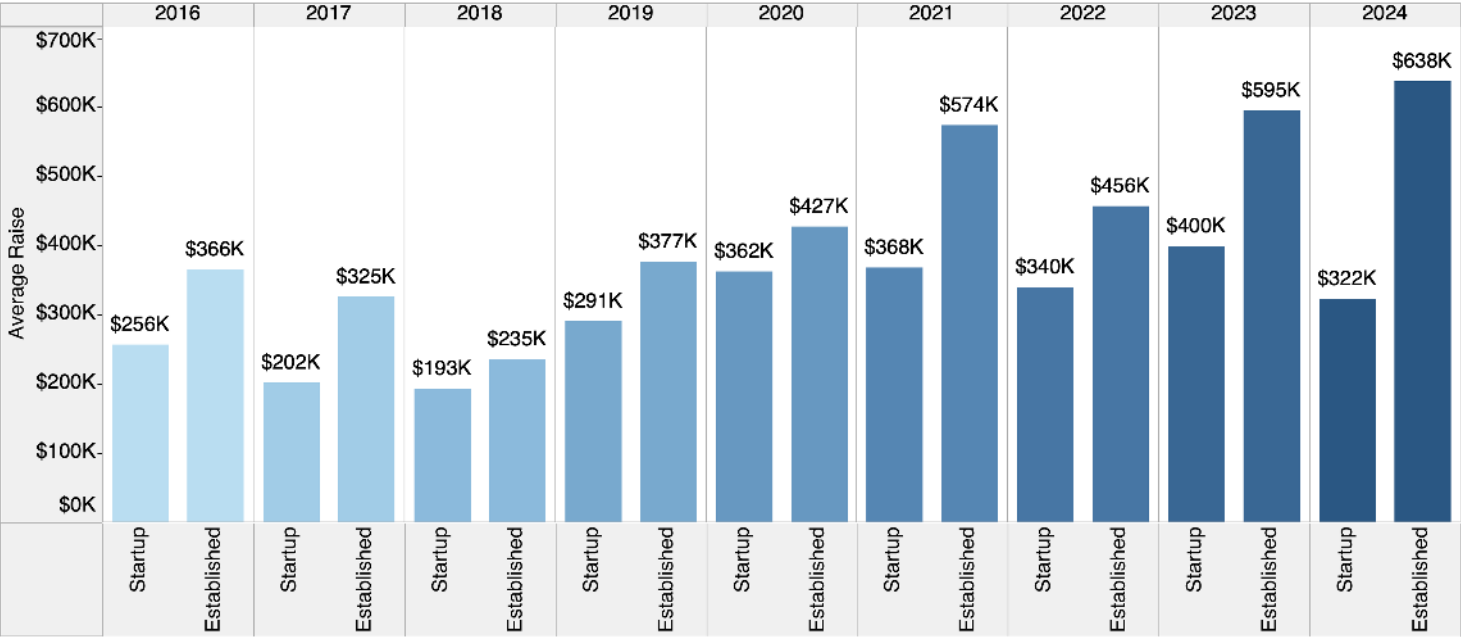
Across all successful issuers, Established firms raise, on average, 55% more than Startups—\$509.6K vs. \$ 328K. This trend reinforces the idea that older companies with proven traction inspire

greater investor confidence, leading to higher funding success rates.

The trend became particularly pronounced in 2024, when established issuers raised 98% more than startups, creating the largest funding gap in recent years. While the funding disparity narrowed slightly in 2022, the overall trend has remained consistent: more mature companies attract larger investment rounds in Investment Crowdfunding.

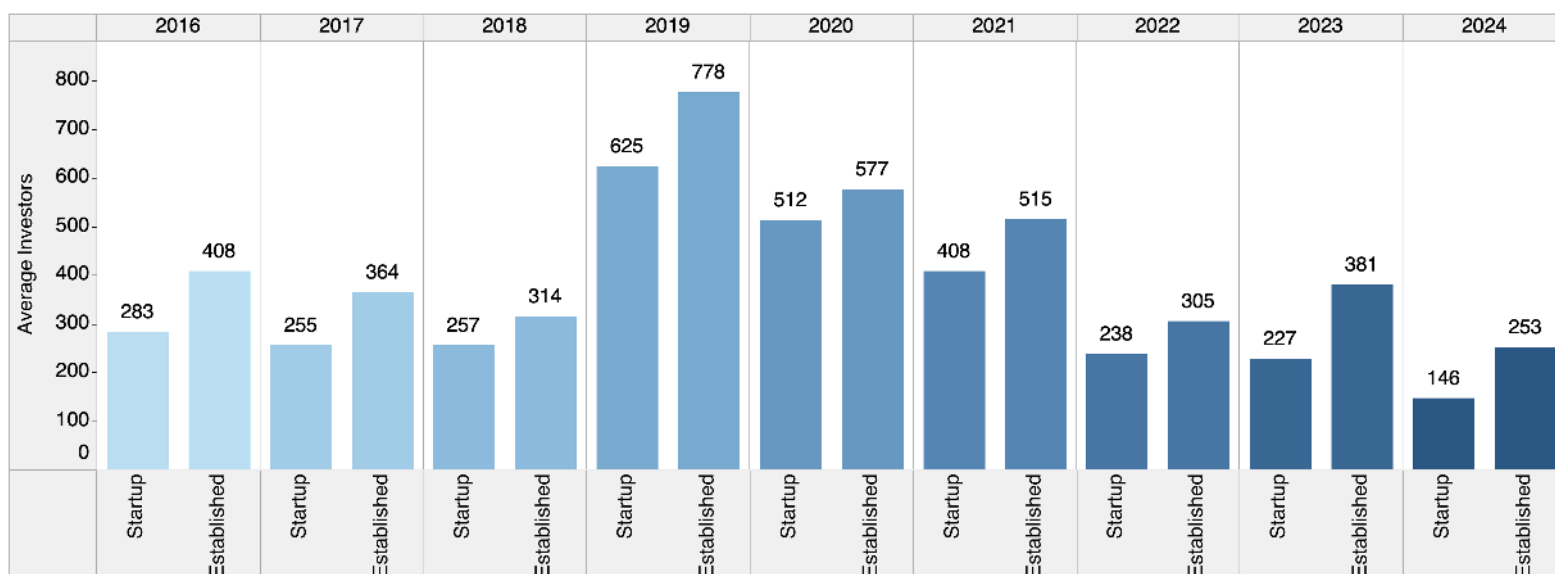
This suggests that as crowdfunding continues to evolve, the Investment Crowdfunding capital markets are also maturing. Investors favor businesses with track records of operational success and revenue generation. While we expect the average amount raised by established companies to continue climbing, it's not surprising to see the average raised by startups decline, given the increasing competition among these investment opportunities.

Chart 20: Startups Raise Less than their Non-startup Counterparts



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Chart 21: Startups have Less Investors than their Non-startup Counterparts



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AGE VS. CHECKS WRITTEN: INVESTOR BEHAVIOR AND RISK ASSESSMENT

Beyond the total amount raised, an issuer's age also influences the number of investors participating in an offering and the average check size per investor.

Historically, Established Issuers attract 21% more investors per offering than their Startup counterparts—408 vs. 338 on average. This suggests investors are more willing to spread risk across companies with longer operating histories, reinforcing that experience and financial track record matter in crowdfunding.

Investors also tend to deploy slightly larger checks to established firms. Since the industry's launch, the average check size for Established Issuers has been \$1,228, compared to \$1,089 for Startup

issuers. While the difference is relatively small, it signals a willingness among investors to allocate more capital to companies perceived as lower risk.

However, check sizes remain relatively constrained across both categories, reflecting rational investor behavior within this high-risk asset class. The data show that investors remain disciplined, investing amounts they can afford to lose, regardless of whether they back a startup or an established firm. Interestingly, while check sizes fluctuate year to year, there have been instances where Startup issuers have received larger average check sizes than Established Issuers. This indicates that, in certain market conditions, investors are willing to take bigger risks on early-stage firms, particularly if the perceived upside is high. With lower valuations and greater growth potential, startups also allow investors to acquire a larger stake for their money.

Table 8: Average Check Size Grows, Varies by Year, and Changes by Preference

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Startup	\$876	\$797	\$777	\$736	\$602	\$977	\$1,409	\$1,874	\$1,755
Established	\$938	\$1,267	\$728	\$811	\$555	\$1,030	\$1,224	\$1,478	\$2,230

CCA Annual Report -As of December 31, 2024

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Key Takeaways from Investor Behavior

Taking all of this into account, Investment Crowdfunding investors appear to be applying rational, risk-adjusted thinking in their decision-making:

- Investors gravitate toward more established firms.
- More investors participate in offerings from established issuers compared to startups.
- Established firms raise more money on average.
- Investors write slightly larger checks to more established issuers.
- Successful issuers tend to be older than those who fail to hit their funding target.

These patterns suggest that Investment Crowdfunding is maturing into a more rationalized private capital market, where investor behavior increasingly mirrors more risk-adjusted decision-making seen in traditional investing.

LEGAL ENTITY FORM AND ITS INFLUENCE ON INVESTMENT CROWDFUNDING OUTCOMES

The legal structure of an issuer can play a significant role in its fundraising success, investor participation, and overall ability to raise capital through Investment Crowdfunding. While Regulation Crowdfunding is open to various legal entity forms, the vast majority of issuers fall into two categories:

- Corporations (C-Corps or S-Corps): 5,810 issuers
- Limited Liability Companies (LLCs): 3,524 issuers

Both structures provide clear frameworks for equity ownership, governance, and investor rights, making them well-suited for capital formation. Corporations, in particular, raise the most money from the most investors, reflecting their investor-friendly structure and widespread acceptance in private markets.

Other entity types have appeared in crowdfunding, though far less frequently. Limited Partnerships (LPs), for example, have had 43 issuers. However, their corporate structure is not well-suited for broad investor participation, as LPs traditionally involve more complex governance and profit-sharing structures.

The Rise of Public Benefit Corporations (PBCs)

One of the more notable emerging legal structures in Investment Crowdfunding has been Public Benefit Corporations (PBCs). Unlike traditional corporations, PBCs are legally required to balance shareholder value with social or environmental impact, making them attractive to investors who prioritize mission-driven businesses alongside financial returns.

Since the inception of RegCF, 81 issuers have identified as PBCs, with their peak occurring in 2022 when 24 PBC issuers raised capital. However, interest has tapered off in the past two years, reflecting broader market trends in impact investing and regulatory uncertainty surrounding mission-driven businesses.

Despite being fewer in number, PBCs have demonstrated a remarkable ability to raise larger sums of capital than their traditional corporate counterparts.

- Public Benefit Corporations have the highest average raise of \$945,000.
- Corporations, by comparison, raise an average of \$421,000 per offering.

This suggests that investors are willing to deploy more capital into mission-driven businesses due to their strong brand narratives, consumer loyalty, and alignment with impact-driven investment trends.

As we will explore in the following case study, Heroic, a PBC issuer, exemplifies this trend. It demonstrates how a company leveraging the Public Benefit Corporation structure can drive investor interest and significant fundraising outcomes in Investment Crowdfunding.

CASE STUDY: HEROIC, A PUBLIC BENEFIT CORP

Public Benefit Corporations (PBCs) are a growing trend in the Investment Crowdfunding landscape. They embody a shift towards socially responsible business practices. To contextualize their rise, it's essential to understand what a PBC is and why it chooses this path.

A Public Benefit Corporation (PBC) is a legal structure for a business that aims to balance profit-making with societal and environmental benefits. Unlike traditional corporations, whose primary goal is to maximize shareholder value, PBCs are legally obligated to consider the impact of their decisions on society and the environment. This dual focus enables PBCs to address various social issues, ranging from environmental conservation to social inequality, while operating under a profit-driven model.

The rise in crowdfunding PBCs can reflect evolving societal values, where consumers and investors increasingly support businesses that align with their ethical and moral beliefs. This shift is evident in the growing number of PBC issuers—from just one in 2017 to 24 in 2022. Since then, the number of PBC issuers dropped to 11 in 2024, reflecting the overall market contraction. In total, there have been 93 PBC issuers. These issuers have run 124 offerings. 86.3% of offers hit their minimum funding targets and were funded. Collectively, PBCs have raised \$78.2 million from more than 42,000 investors.



Heroic Public Benefit Corporation is a notable example of a PBC issuer in Investment Crowdfunding. Founded by Brian Johnson, Heroic has successfully conducted three rounds online, raising over \$7.5 million from more than 3,750 investors. Heroic's mission, centered around helping individuals become the best, most heroic versions of themselves, showcases the typical focus of PBCs on creating positive societal impact.

Heroic is a social training platform that empowers individuals by integrating ancient wisdom, modern science, and practical tools. Through resources like Philosopher's Notes, 101 classes, and the Heroic Coach certification program, Heroic provides structured pathways for self-improvement. This aligns with the ethos of many PBCs: leveraging innovative solutions to address societal needs while generating financial sustainability. Heroic's success in crowdfunding underscores the growing investor appetite for companies that offer financial returns and meaningful contributions to society. Their valuation in their first online round was \$10 million; in their latest round, it was capped at \$50 million. This trajectory exemplifies the increasing recognition and valuation growth of mission-driven enterprises.

The emergence of Public Benefit Corporations (PBCs) in the Investment Crowdfunding market signifies a significant trend. PBCs present a compelling opportunity for investors seeking alignment with their values beyond traditional financial returns. PBCs' ability to articulate and execute a mission-driven strategy often leads to heightened engagement and loyalty from both customers and investors. Furthermore, their regulatory requirements ensure transparency and accountability, making them attractive to impact-driven investors.

As investor priorities evolve, businesses prioritizing profitability and societal good are gaining traction. The case of Heroic exemplifies this shift, proving that mission-aligned companies can thrive in crowdfunding and achieve remarkable valuation gains. As more investors seek companies that deliver both financial returns and positive societal impact, PBCs are likely to play an even more prominent role in shaping the future of business and investment. However, given the current administration's policy shift, it remains to be seen if this trickles down to investor sentiment and PBCs lose favor or if investors act independently of administration policies.

ISSUERS BY QUARTER: SEASONAL TRENDS IN MARKET PARTICIPATION

The number of issuers entering the Investment Crowdfunding market varies by quarter, revealing recurring seasonal trends. While issuer activity is naturally tied to deal activity—since every offering originates from an issuer—when issuers decide to enter the market and file their offerings is an important independent trend reflecting macroeconomic conditions and issuer-specific decision-making.

Historically, Q1 has been the slowest quarter for new issuers, while Q4 is typically the strongest. This pattern has held for most years, as issuers often spend Q1 preparing offerings after the holiday season and launch them in later quarters when investor activity picks up. Q4 filings are usually driven by issuers looking to close funding rounds before year-end and platform-driven pushes to meet quarterly goals.

However, 2023 disrupted this historical pattern, with Q1 (390 issuers) slightly outpacing Q4 (386 issuers)—suggesting a more even distribution of issuer activity across the year. Meanwhile, Q3 of 2022 remains the single strongest quarter on record, with 442 companies entering the market.

Why Did Issuers Surge in Q3 2022?

Rather than responding to macroeconomic stability after a volatile period, the Q3 2022 issuer boom likely reflects a window of time when private capital markets were still relatively active and issuers were entering the crowdfunding space without the headwinds that emerged in later quarters.

Several factors may have contributed to the spike:

- *A Still-Active Private Capital Market:* At that time, venture capital was still available, albeit slowing down, meaning issuers had not yet been fully pushed online by a constrained capital environment.
- *A Lack of Negative Economic Catalysts:* The major economic shocks of 2023 and 2024 (bank failures, hyperinflation, and aggressive rate hikes) had not yet materialized, so issuers were operating in a more stable market.
- *Momentum from Earlier Years:* Issuers that had been preparing for crowdfunding may have launched before broader market uncertainty took hold, seizing what was then perceived as an opportune fundraising window.

2024 in Context: A Stable Issuer Base


2024 follows historical trends, with Q4 emerging as the strongest quarter, with 367 issuers. However, issuer counts have stabilized over time, suggesting a more predictable flow of new companies into the crowdfunding space.

Despite economic uncertainty, issuer participation remains strong. Companies are increasingly viewing crowdfunding as a legitimate long-term capital source rather than just a short-term alternative to venture capital or bank lending.

Looking ahead, issuer participation may remain steady, but quarterly patterns could shift based on broader economic conditions. If venture capital constraints persist and awareness of Investment Crowdfunding continues to grow, we could see more issuers turning online for capital in the coming years.



Women and Minorities in Crowdfunding



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CASE STUDY: WOMEN AND MINORITIES IN CROWDFUNDING

Methodology

This case study is based on a detailed analysis of crowdfunding offerings filed in 2023 and 2024, focusing on women- and minority-led campaigns. Each offering was categorized based on the presence of women or minority founders. For this analysis, minorities were classified as individuals identifying as Asian, African American, Hispanic, or LGBTQ+. Campaigns that explicitly highlighted diversity or included at least one woman or minority co-founder were grouped accordingly.

The analysis encompassed metrics such as the number of offerings, capital commitments, success rates, investor engagement, and valuations. Data was segmented by factors such as revenue stage, geography, and security preferences to provide a nuanced view of trends. Open offerings that had not yet closed were included to reflect the broader fundraising landscape, with committed capital representing investments pledged but not yet funded. We look at the data from the perspective of the date an offering was filed with the SEC, the date at which an offering closes, and the offering transaction date. Depending on how you look at the data affects the analysis. Additionally, this study considered averages and medians to account for the impact of outliers and provide a clearer picture of typical outcomes for women and minority founders.

Introduction

Women and minority founders bring indispensable qualities to the entrepreneurial landscape, contributing significantly to innovation, resilience, and economic growth. Their diverse backgrounds often allow them to identify and address underserved markets, creating products and services that cater to broader, more varied audiences. This diversity drives innovation, fosters inclusive economic growth, and reflects a deep understanding of the unique social and cultural needs of various communities. Research consistently shows that organizations with diverse leadership often outperform their peers, presenting a compelling business case for investing in women- and minority-led ventures.

Despite their contributions, women and minority founders face significant barriers to accessing capital. These systemic challenges include valuation biases, unequal access to resources, and a lack of representation in traditional funding networks. Women and minorities often encounter unconscious biases from investors, who may undervalue their market potential or fail to recognize the importance of their target markets. Additionally, limited access to mentorship and established networks compounds these issues, making it more difficult for underrepresented founders to secure the funding they need to scale their businesses.

Investment Crowdfunding has emerged as a transformative solution, providing women and minority founders an alternative to traditional venture capital. This model bypasses many systemic barriers in conventional funding systems, allowing founders to connect directly with a diverse base of retail investors. The impact of crowdfunding is particularly significant when compared to venture capital, where numerous research studies point to only 2% of portfolio companies having a woman or minority founder. By democratizing access to capital, Investment Crowdfunding plays a crucial role in leveling the playing field for underrepresented entrepreneurs.

The 2024 data highlights both the progress and challenges for women and minority founders. While these groups continue to represent a substantial share of campaigns and outperform industry averages in some areas, they face ongoing disparities in capital commitments, valuations, and investor engagement. These trends underscore the importance of fostering a supportive and inclusive crowdfunding ecosystem that recognizes and amplifies the unique strengths of women and minority founders.

Representation in Offerings

The consistent representation of women and minority founders in Investment Crowdfunding underscores their resilience and significant contributions, even in a challenging economic environment. In 2024, women and minority founders accounted for an impressive 44% of all offerings, a slight decline from 47.75% in 2023. This highlights their ability to maintain substantial participation despite systemic barriers and broader market pressures.

Women-only-led campaigns accounted for 29.5% of all offerings in 2024, down slightly from 30.5% in 2023, while minority-only-led campaigns represented 27.5% in 2024, compared to 28% in 2023. These marginal declines indicate steady participation from underrepresented groups, demonstrating their ability to leverage crowdfunding to access capital that is often inaccessible through traditional funding channels.

The contribution of women and minority founders is particularly notable when contrasted with the venture capital landscape, where only 2% of funded companies have a woman or minority founder. Crowdfunding’s inclusivity provides a critical counterbalance to these systemic inequities, enabling underrepresented entrepreneurs to connect directly with retail investors and bring diverse perspectives to the entrepreneurial ecosystem. This steady participation reflects not only the resilience of women and minority founders but also the growing recognition among investors of the value these founders bring to the market.

Capital Commitments/Investments

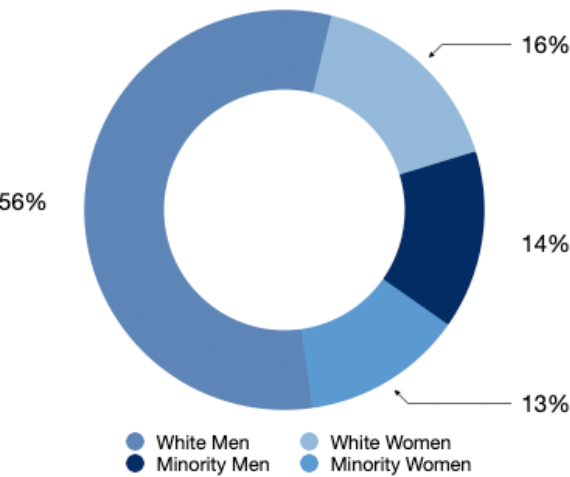
Women and minority founders collectively raised \$174.4 million in 2024, representing 29.1% of all capital committed that year. While this is a decline from \$202.7 million and 35.9% of total capital in 2023, it underscores the critical role of crowdfunding in providing access to funding for underrepresented groups. Women-only-led campaigns raised \$108.7 million in 2024, down from \$120.7 million in 2023, while minority-only led campaigns raised \$105.8 million, compared to \$118.7 million the previous year.

Success Rates

The success rate is calculated based on issuers that meet their minimum funding target, which is the threshold required for a campaign to secure its committed capital. However, these rates should be interpreted cautiously, as issuers often set unrealistically low funding targets that may not reflect their actual capital needs. For instance, the median funding target in 2024 was \$50,000. For startups seeking to hire, market, or scale, this amount may be insufficient to achieve their objectives. Since the law does not impose requirements on funding target amounts, issuers are free to set them as low as they deem necessary to attract investor confidence and ensure campaign success.

In 2024, the overall success rate for all campaigns was 67%, reflecting the percentage of issuers that met their minimum funding targets. Women- and minority-led campaigns outperformed the industry average, achieving a combined success rate of 68.4%, down from 76.9% in 2023. Female-only founders had a

Chart 22: Women/Minority as Percent of All Offerings in 2024



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success rate of 70.4% in 2024, compared to 76.1% in 2023, while minority-only founders experienced a sharper decline, with success rates dropping from 75.3% in 2023 to 64.2% in 2024.

Notably, white male founders had a success rate of 65.7% in 2024, placing them below both female-only and minority-only campaigns. This trend highlights the ability of women and minority founders to connect with investors and close campaigns at higher rates, even in a challenging economic environment. However, the declines across all groups indicate that broader market pressures, such as inflation and investor caution, affected overall campaign performance. By addressing systemic biases and supporting underrepresented founders, the crowdfunding ecosystem can further strengthen these success rates and foster equitable access to capital.

Valuations

Valuations in 2024 revealed notable disparities between white male founders and women- and minority-led campaigns. While the median valuation for all offerings remained stable at \$14 million, women and minority founders consistently set lower valuations for their companies, which may reflect their strategic approach to attract investors or undervalue their market potential.

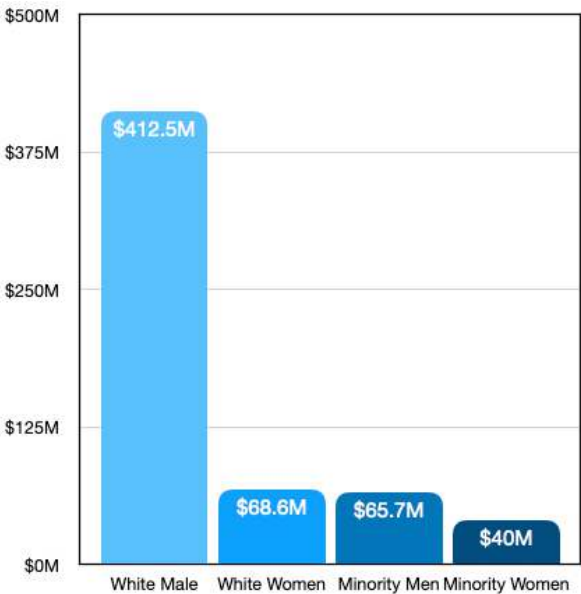
For white male founders, median valuations increased from \$15.1 million in 2023 to \$18 million in 2024, suggesting that these founders may be more assertive in demanding higher valuations or confident in their perceived market value. In contrast, diverse founders saw their median valuations decline from \$11.9 million to \$10 million during the same period. Among subgroup-specific trends:

- Female-only founders set median valuations that fell from \$9.5 million in 2023 to \$9 million in 2024.
- Minority-only founders experienced a more significant drop, with valuations decreasing from \$13.5 million to \$10 million.

The valuation trends are also evident when comparing pre-revenue and post-revenue issuers. Post-revenue median valuations for diverse founders declined slightly, from \$11.2 million in 2023 to \$10.2 million in 2024, while their pre-revenue valuations dropped from \$12.2 million to \$9 million. For white male founders, post-revenue median valuations rose from \$16 million to \$19.2 million, while pre-revenue valuations decreased from \$12 million to \$9 million.

These differences suggest that women and minority founders may set lower valuations to appeal to investors or manage expectations, especially in a constrained economic environment. By setting more modest valuations, founders could increase their likelihood of reaching funding goals, particularly given the added scrutiny diverse founders often face. In contrast, white male founders may be more inclined to demand higher valuations, potentially reflecting greater confidence in their ability to justify these figures to investors.

Chart 23: 2024 Investments by Class



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These patterns highlight the need for tailored support and resources to help women and minority founders recognize and confidently assert their true market potential. Encouraging founders to assess their valuations based on growth potential and industry benchmarks rather than underestimating their worth could help close these gaps. Additionally, investor education to challenge biases and foster equitable valuation practices is critical for creating a more inclusive funding environment.

Investor Engagement

Investor participation in women- and minority-led campaigns declined significantly in 2024, mirroring broader economic pressures and shifts in investor behavior. The total number of checks written for closed deals fell from 313,000 in 2023 to 205,000 in 2024, a sharp 45% decrease. This decline reflects heightened caution among retail investors, driven by inflation, rising interest rates, and a volatile economic climate.

Diverse founders accounted for 34% of all checks written in 2024, a slight decrease from 35.3% in 2023. This relatively stable share highlights the continued ability of women- and minority-led campaigns to attract investor interest, even as overall participation declined. However, the drop in total checks suggests that these groups are not immune to market-wide contractions.

The average number of investors per deal also fell across all groups, from 275 in 2023 to 214 in 2024, reflecting reduced investor engagement on a per-campaign basis. Campaigns led by female-only founders experienced a decline in average investor participation, dropping from 200 investors per deal in 2023 to 150 in 2024. Minority-only founders saw a steeper drop, from 258 investors per deal to 152, highlighting the disproportionate impact of economic uncertainty on this group.

The data suggests that women- and minority-led campaigns continue to perform relatively well in maintaining their share of investor participation. Still, the declines in absolute numbers and average participation per deal reveal several underlying dynamics:

- **Heightened Risk Aversion:** Retail investors appear more selective, favoring fewer campaigns or those perceived as less risky. This trend may disproportionately affect underrepresented founders, who often face biases in how their businesses are perceived.
- **Challenges for Minority Founders:** The steeper decline in investor participation for minority-only campaigns reflects a compounded impact, possibly due to increased scrutiny or challenges in demonstrating market potential to investors.
- **Economic Context:** The broad decline in investor engagement aligns with a constrained economic environment, where rising interest rates and inflation make alternative investments, such as bonds or savings accounts, more appealing than equity crowdfunding.

While 2024 saw a significant contraction in investor engagement, the ability of women and minority founders to maintain their share of checks written underscores their resilience. By addressing systemic barriers and fostering deeper connections between investors and founders, the crowdfunding ecosystem can help these groups thrive, even in challenging market conditions.

Platform Engagement

Platform performance in 2024 demonstrated significant variation in how women- and minority-led campaigns were supported, highlighting the importance of founders selecting the right platform for their fundraising goals. Wefunder hosted 161 diverse campaigns in 2024, down from 185 in 2023, but remained the clear leader in capital raised, securing \$98.3 million—far surpassing other platforms. StartEngine maintained a steady deal count of 80 campaigns in both years but saw a decline in total capital raised, from

\$34.9 million in 2023 to \$22.9 million in 2024. On the other hand, Honeycomb increased its deal count significantly, hosting 188 women- and minority-led campaigns in 2024, up from 167 in 2023, but raised only \$6.3 million, emphasizing its focus on smaller, community-oriented campaigns.

These trends reveal distinct platform strategies and underscore the need for women- and minority-led founders to carefully evaluate platform fit. Honeycomb's emphasis on debt offerings aligns with its focus on community-driven investments, but such deals historically raise less capital than equity-based campaigns. Founders aiming to raise larger sums through equity offerings may find Wefunder better suited to their needs, given its ability to attract a larger investor base and support high-capital campaigns. Meanwhile, StartEngine continues to provide a middle ground, maintaining a consistent number of campaigns but at lower capital levels than Wefunder.

Security Preferences

Security type preferences among women- and minority-led campaigns showed notable shifts in 2024. Debt instruments, including traditional debt and revenue share agreements, continued to dominate, representing 45.3% of all securities used by diverse founders, slightly down from 46.7% in 2023. As founders adapted to investor preferences for more structured securities, SAFE usage declined significantly, from 25.9% in 2023 to 19.4% in 2024. Common stock offerings remained consistent, comprising 18.5% of diverse campaigns in 2024, compared to 17.8% in 2023. These trends highlight the strategic adaptability of women and minority founders in navigating investor sentiment and market conditions.

Geographic Distribution

Women- and minority-led campaigns succeeded in 44 states in 2023 and 2024. California, New York, Pennsylvania, Texas, Illinois, and Florida accounted for more than 50% of all women- and minority-led deals. California and New York led in deal volume and capital raised, reinforcing their status as hubs for diverse entrepreneurship. Emerging regions also contributed to growth, with Connecticut seeing a 600% increase in diverse campaigns, albeit from a small base. The expansion of women- and minority-led offerings to 47 states in 2024, up from 44 in 2023, reflects the growing accessibility of crowdfunding across the U.S.

Conclusion

The 2024 crowdfunding landscape for women and minority founders underscores progress and ongoing challenges. Diverse founders continued to demonstrate resilience, maintaining substantial representation and achieving success rates that often outperformed those of their white male counterparts. However, declines in capital commitments, valuations, and investor engagement highlight persistent systemic inequities that disproportionately affect women- and minority-led campaigns. These disparities reflect broader market dynamics and the unique barriers these groups face, including self-assigned lower valuations and a cautious investor environment.

Platforms like Wefunder and StartEngine significantly contributed to driving capital toward women's and minority-led campaigns, with Wefunder emerging as the clear leader for equity-focused campaigns. Meanwhile, Honeycomb's emphasis on smaller, community-oriented investments, primarily through debt offerings, provided a unique pathway for founders with different goals. The data suggests that platform selection is critical for women and minority founders, as aligning campaign goals with a platform's strengths can significantly impact fundraising outcomes.

Platforms and policymakers must take targeted actions to address these disparities. Platforms should provide tailored support, such as helping diverse founders communicate their value propositions effectively and set equitable valuations. Investor education is critical to counter unconscious biases and encourage

broader participation in women's and minority-led campaigns. Additionally, fostering equitable valuation practices and encouraging diverse founders to assert their market value will help close the gaps in the funding ecosystem.

The 2024 data highlights the transformative potential of crowdfunding as a democratizing force for underrepresented groups. By leveraging the proven strengths of diverse founders and addressing the persistent barriers they face, the crowdfunding ecosystem can evolve into an even more inclusive and equitable space, driving meaningful change in access to capital.

ISSUERS BY CITY: GEOGRAPHIC EXPANSION AND INVESTMENT CROWDFUNDING’S REACH

The geographic distribution of Investment Crowdfunding issuers highlights the industry's expansion nationwide and the continued concentration of offerings in key financial hubs. Since the industry's launch, issuers in 2,233 cities have turned to crowdfunding to raise capital.

When Regulation Crowdfunding first became available in 2016, issuers came from just 106 cities across the United States. As awareness grew and more businesses adopted this financing method, the number of participating cities surged, reaching a peak of 720 cities in 2022. However, the number of new towns with crowdfunding issuers declined slightly in 2023 (664) and 2024 (655), this does not suggest that growth has plateaued. Instead, it reflects the early stages of mainstream adoption and room for expansion into more communities.

A map of Investment Crowdfunding activity reveals a broad national presence, yet certain cities consistently stand out. New York, San Francisco, and Los Angeles top the list, reflecting their status as financial centers with higher concentrations of capital and entrepreneurship.

The Role of Investment Crowdfunding in Major Metro Hubs

While Investment Crowdfunding is often championed as a democratizing force that enables businesses to raise capital outside traditional venture ecosystems, it is telling that many issuers still come from venture-heavy regions like New York, San Francisco, and Los Angeles. However,

the reasons why issuers in these cities turn to crowdfunding differ from common assumptions.

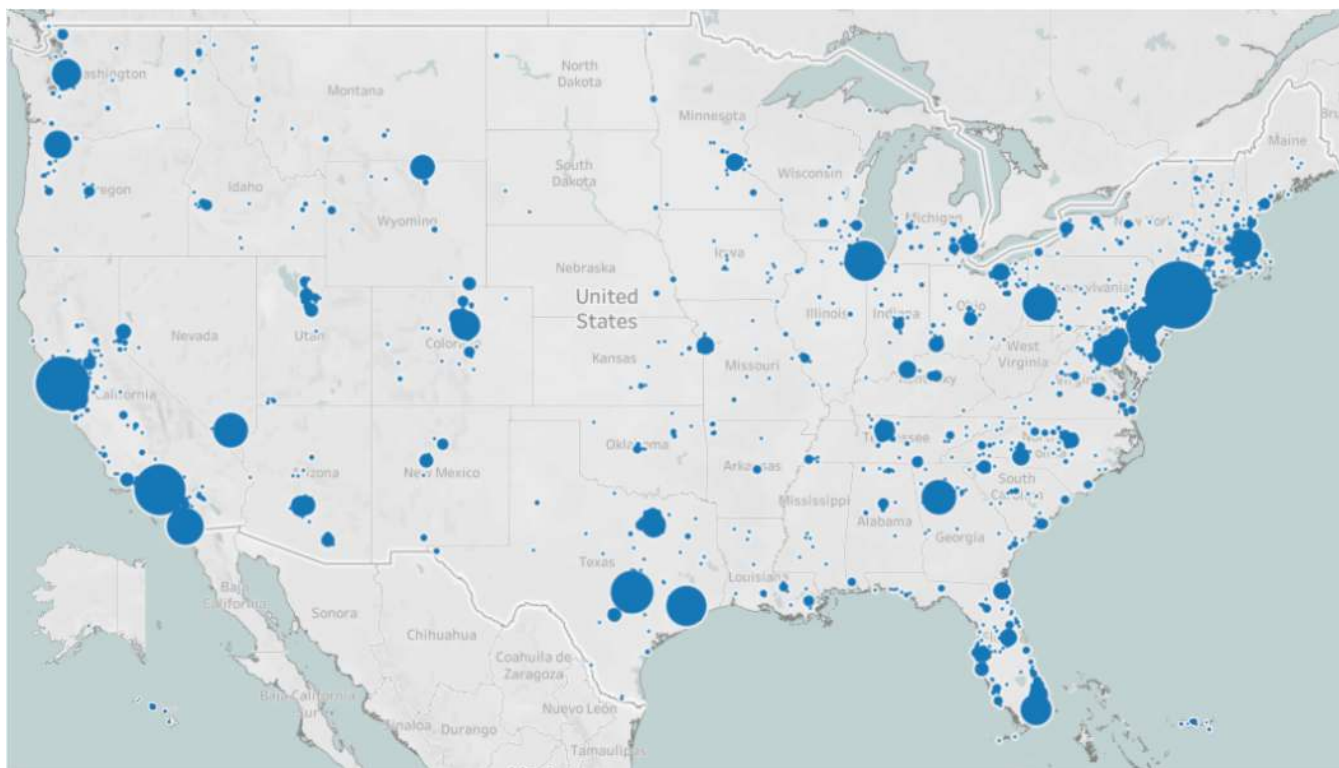
CCA interviews with issuers in these regions reveal a clear trend: Many of these businesses do not fit the “sweet spot” for venture capital, which typically favors companies growing at 4x per year with the potential for an exit within 7 years. As a result, these companies turned to customers, friends, family, and their broader online community for capital.

However, an interesting shift began in 2021. Some venture capitalists advised founders to raise a crowdfunding round before seeking institutional capital. Platforms like Republic have seen increased venture-backed deals as investors explore syndication strategies that allow retail investors to participate alongside VCs.

Chart 24: Top Cities

New York	371	Pittsburgh	98
San Francisco	238	Atlanta	98
Los Angeles	210	Oakland	72
Austin	149	Denver	75
Brooklyn	139	Wilmington	94
Houston	132	Seattle	71
San Diego	111	Miami	79
Chicago	131	Washington	80
Boston	84	Portland	75
Las Vegas	98	Dover	59

Image 2: Cities with the Most Issuers



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VCs now monitor retail investor sentiment in crowdfunding rounds to measure consumer traction for some sectors—especially B2C (business-to-consumer) and DTC (direct-to-consumer) brands. While retail investors cannot offer the strategic advantages of a VC firm, they bring grassroots marketing power. They help issuers build brand awareness and organically grow their customer base, a benefit that companies would otherwise have to pay for if raised exclusively from institutional investors.

Additionally, SEC rule modifications allowing issuers to group retail investors into an SPV (Special Purpose Vehicle) with a single voting block have removed a key structural barrier for VCs who previously hesitated to invest in crowdfunded companies due to the complexity of the cap table.

Investment Crowdfunding Beyond Major Metro Areas

Beyond financial hubs like New York, San Francisco, and Los Angeles, a closer look at the top cities for issuers reveals two key takeaways:

1. **Investment Crowdfunding Has Decentralized Capital Access**
 - Unlike traditional venture capital, which tends to concentrate funding in a handful of cities, Investment Crowdfunding has proven that issuers can now raise meaningful capital from anywhere.
 - While major metros remain dominant, many businesses outside these hubs have successfully leveraged crowdfunding to finance their growth.
2. **Crowdfunding Fills a Critical Funding Gap for Businesses Nationwide**

- Raising capital remains a significant challenge for thousands of businesses—particularly those outside the VC ecosystem.
- Without a dispersed funding mechanism like Investment Crowdfunding, many

companies might not have the capital to survive and grow.

The data suggests that Investment Crowdfunding is becoming an essential financial tool not just in startup hubs but across the country. It enables businesses of all sizes and geographies to tap into investor demand.

CASE STUDY: DEFYING EXPECTATIONS - CROWDFUNDING ISSUERS PROVE MORE RESILIENT THAN TRADITIONAL COMPANIES

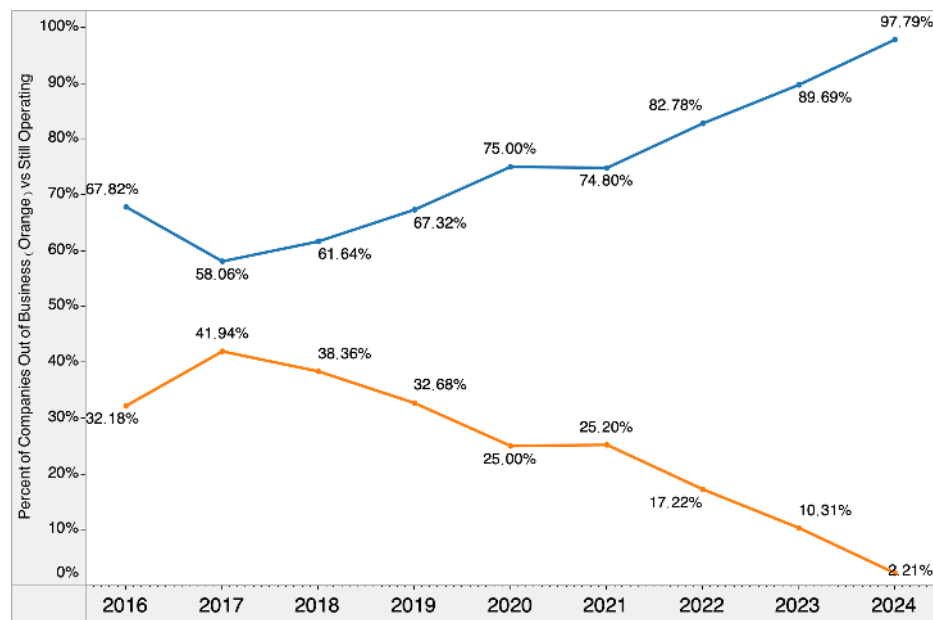
In the ever-changing business world, longevity is often dictated by access to capital, market demand, and the ability to adapt. Traditional funding models—venture capital, bank loans, and private equity—have long been considered the gold standard for financing a company's growth. Yet, new data challenges this assumption, revealing that **businesses funded through Regulation Crowdfunding (RegCF) are surviving and thriving at rates that defy conventional wisdom.**

The latest Crowdfund Capital Advisors (CCA) analysis presents a compelling counterargument to the outdated perception that Investment Crowdfunding is a last-resort option for struggling businesses. Instead, the data suggests that **RegCF-funded companies outperform traditionally funded businesses regarding survival rates, reinforcing the idea that crowdfunding-backed companies may represent a stronger, more resilient class of businesses.**

For decades, research has shown that half of all new businesses fail within their first five years, a sobering statistic reported by the U.S. Bureau of Labor Statistics (BLS). However, an analysis of nearly 8,000 issuers funded through RegCF tells a very different story:

"The Bureau of Labor Statistics reports that approximately 50% of all new businesses fail within five years. Yet, our analysis of nearly 8,000 companies engaged in Investment Crowdfunding tells a different story. Here, only 25.5% of funded companies have gone out of business, a stark contrast to the national average," says Sherwood Neiss, Principal at Crowdfund Capital Advisors. **"This is a significant finding that underscores the viability and strength of Investment Crowdfunding as a funding mechanism."**

Chart 25: Business Survival Rate by Year they Raised Capital



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The failure rate for businesses funded within the past five years drops even further to just 20.7%, demonstrating the sustainability of crowdfunded ventures over time.

This data challenges assumptions and demands a reassessment of how we measure business success. Investment Crowdfunding is not a dumping ground for companies that couldn't raise capital elsewhere. Instead, it may be one of the best-kept secrets for business longevity.

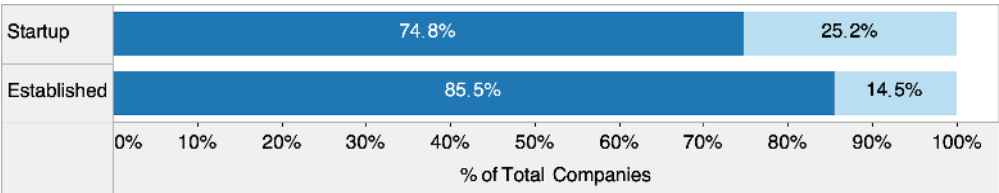
What About Companies That Failed to Raise Capital?

If RegCF-funded companies are proving to be twice as resilient as the average business, what about those that attempted but failed to secure funding through Investment Crowdfunding?

Interestingly, even unsuccessful issuers that launched offerings but did not meet their funding targets still outperformed the average business tracked by the Bureau of Labor Statistics. Among issuers that failed to raise capital, the survival rate drops to 59.7%, bringing it closer to traditional failure rates.

This insight is critical for two reasons. First, it suggests that businesses that do not secure capital are naturally more vulnerable, reinforcing the importance of adequate funding for long-term success. Second, even these unsuccessful issuers still perform slightly better than the broader business population tracked by the BLS. This suggests that companies willing to seek external funding—whether they secure it or not—may already have characteristics that make them more resilient than the average small business.

Chart 26: Percent of Companies Still in Business: Startup (less than 3 years old) vs Established



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The data challenges the misconception that only “weak” businesses turn to crowdfunding. In reality, companies that successfully raise capital through RegCF emerge as some of the strongest players in the private market.

The Data Speaks: Longevity and Revenue Correlations

Beyond survival rates, the data reveals a direct correlation between revenue, capital raised, and long-term business viability. Companies that secure larger crowdfunding rounds or generate higher revenue tend to last longer.

Businesses with revenues over \$5 million have a staggering 96.3% survival rate, while those under \$1 million have a still-respectable 77.2% survival rate. Similarly, companies that raised over \$1 million through RegCF have a 90.3% survival rate, compared to 74.8% for companies that raised under \$250,000.

This reinforces a clear takeaway:

“Higher funding targets correlate with better business resilience,” says Neiss. “When companies raise enough capital, they have the runway to execute their vision. This underscores the importance of giving RegCF issuers more flexibility to raise larger sums, rather than capping them at an arbitrary \$5 million.”



OFFERING INSIGHT REPORT

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Investment Crowdfunding vs. Traditional Startups: A Risk Perspective

Startups have long been considered high-risk ventures, yet the data suggests that RegCF-funded startups defy this assumption. Startups funded through crowdfunding boast a 74.8% survival rate, far exceeding expectations and reinforcing that crowdfunding-backed businesses have a higher chance of success than many of their traditional counterparts.

Established companies over three years fared even better, with an 85.5% survival rate. This indicates that crowdfunding is also being leveraged by more mature businesses seeking capital to scale further.

Perhaps most compellingly, the success of women's and minority-led businesses in RegCF suggests that crowdfunding is not just a funding tool but a mechanism for fostering diversity and inclusion in entrepreneurship.

- 83.8% of women-led companies remain operational, compared to 86% of male-founded companies.
- 85.1% of minority-founded businesses continue to operate, closely mirroring non-minority-founded firms at 85.6%.

"These numbers don't just prove that RegCF works," says Neiss. "They prove that when given equal access to capital, diverse founders perform just as well—if not better—than the traditional business landscape."

A Call for Policy Change: Raising the Cap to \$20 Million

Given the remarkable survival rates of RegCF-funded businesses, Neiss argues that the current \$5 million fundraising cap for Regulation Crowdfunding is unnecessarily restrictive.

"Far from being a haven for 'bad seeds,' these platforms appear to be nurturing businesses with a higher propensity for survival," Neiss explains. "It's a testament to the power of community support, due diligence, and the democratization of funding."

He believes the next logical step for policymakers is to raise the RegCF cap to \$20 million, enabling more companies to secure the capital they need to sustain long-term growth.

"If the numbers show that RegCF-backed businesses outperform traditionally funded startups, why are we arbitrarily capping their growth potential?" Neiss asks. "Raising the cap would allow more businesses to scale, create jobs, and contribute to the economy—without relying on traditional gatekeepers."



CROWDFUNDING INTELLIGENCE

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CROWDFUNDING DATA

INVESTMENTS

Investment Crowdfunding saw another year of growth in 2024, with total commitments to successful deals reaching \$545.6 million—the highest on record. This narrowly surpassed the previous peak of \$542.9 million in 2021, marking a 5% year-over-year increase from 2023's \$519.4 million. Since 2016, when the industry saw just \$18.7 million in commitments, the market has expanded at a compounded growth rate of 52.4%.

The long-term trajectory of crowdfunding investments reflects the shifting dynamics of capital markets. The early 2020s saw dramatic fluctuations, including a surge in funding during 2020 and 2021, when post-pandemic economic stimulus and changing investor behaviors fueled rapid growth. However, 2022 brought a pullback due to venture slowdown, hyperinflation, and supply chain issues, followed by steadier, more measured growth in the years since. The record-breaking total in 2024 was partly supported by issuers structuring concurrent raises across multiple capital sources, leveraging crowdfunding alongside other investment channels to maximize funding.

Despite the increase in total capital committed, the number of checks written continued to decline—a trend that has persisted since 2021. While early

crowdfunding enthusiasm was characterized by a high volume of smaller investments, today's investors appear more selective. 2024 saw the lowest number of checks written in recent years, suggesting that those still participating are committing larger amounts per investment. This shift may indicate a market maturation, where investors are taking a more strategic, high-conviction approach rather than diversifying across numerous opportunities.

Investor engagement followed a familiar seasonal pattern in 2024, with Q2 seeing the highest participation, followed closely by Q4, while Q3 had the lowest activity. However, investor sentiment did not rebound as strongly as anticipated, signaling a more cautious approach to deploying capital. Instead of a broad resurgence in participation, the data suggests that investors focus on quality over quantity, carefully evaluating opportunities before committing funds.

The trajectory of Investment Crowdfunding will depend on broader economic conditions. If inflation remains controlled, market stability persists, and regulatory support continues, the industry is well-positioned for further expansion. While the number of investors may not return to earlier highs, the trend of larger, more strategic investments could continue to define the market,

Chart 27: Funded Capital Peaks in 2024

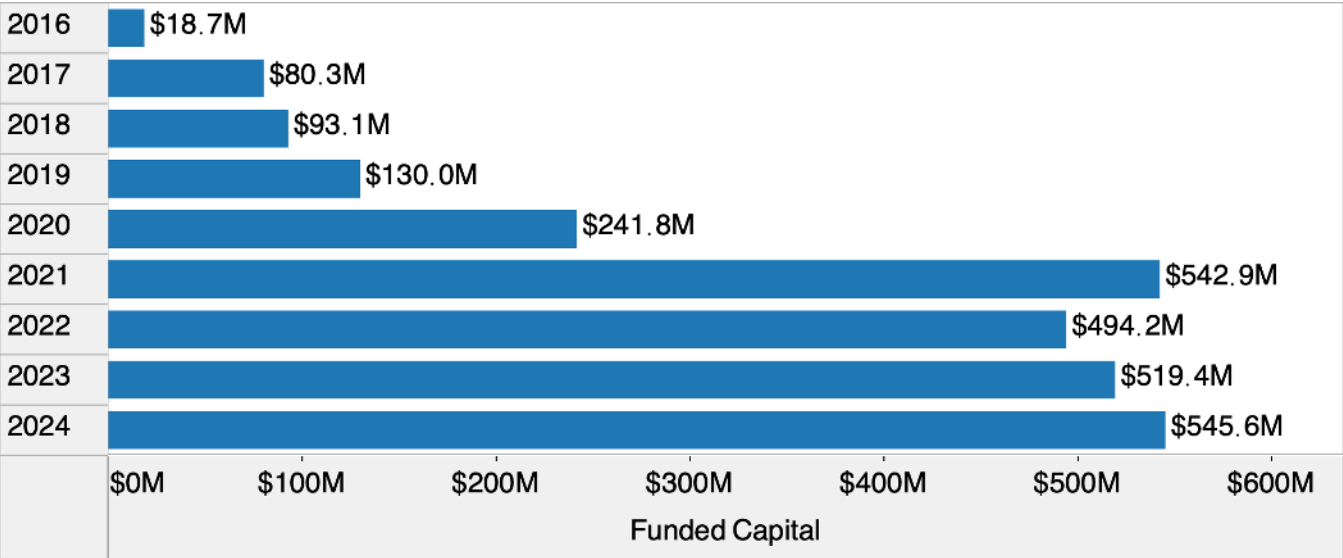
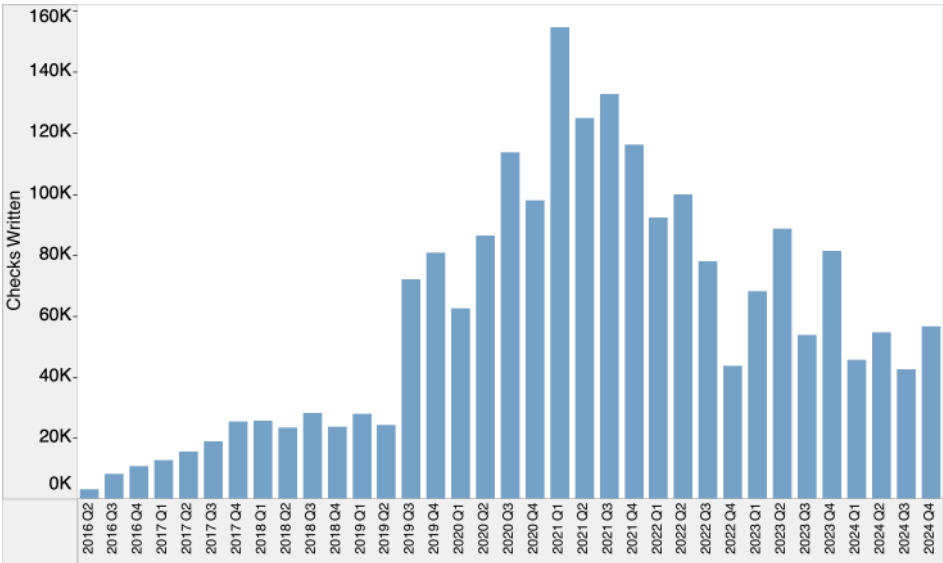


Chart 28: Checks Written Drops but Momentum is Still Strong



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reinforcing crowdfunding as a viable pathway for high-growth companies seeking capital.

CONCURRENT RAISES: HOW PARALLEL OFFERINGS TRANSFORMED INVESTMENT CROWDFUNDING IN 2024

At first glance, 2024 appeared to be another record-breaking year for investment crowdfunding. Total commitments hit \$545.6 million, barely edging out the previous peak of \$542.9 million in 2021. The numbers painted a picture of resilience and growth, but the reality was more nuanced beneath the surface.

Unlike previous surges, this new high wasn't driven by an influx of retail investors or a wave of new offerings. Instead, the rise of concurrent raises—where issuers combined Regulation CF (RegCF) with parallel 506(c) offerings for accredited investors—accounted for the industry's record year. Without the contribution of these parallel investments, crowdfunding in 2024 would have shown a contraction, reflecting a declining trend in retail investor participation.

This shift wasn't wholly unexpected. The idea of concurrent raises—where companies

simultaneously conduct a RegCF campaign while offering a 506(c) raise to accredited investors—has been around for years. However, it wasn't until 2021 that the data indicated issuers and investors started to embrace the model entirely. In the subsequent years, as venture capital markets tightened and traditional funding sources became more selective, concurrent raises became an essential strategy for startups seeking more capital than RegCF alone could provide.

Why Concurrent Raises Became Essential in 2024

The appeal of running a RegCF and a 506(c) offering simultaneously is clear. RegCF allows startups to tap into their customers, communities, and smaller investors who believe in their vision. However, it comes with limits—most notably, the \$5 million annual cap and restrictions on how much non-accredited investors can commit based on their income or net worth.

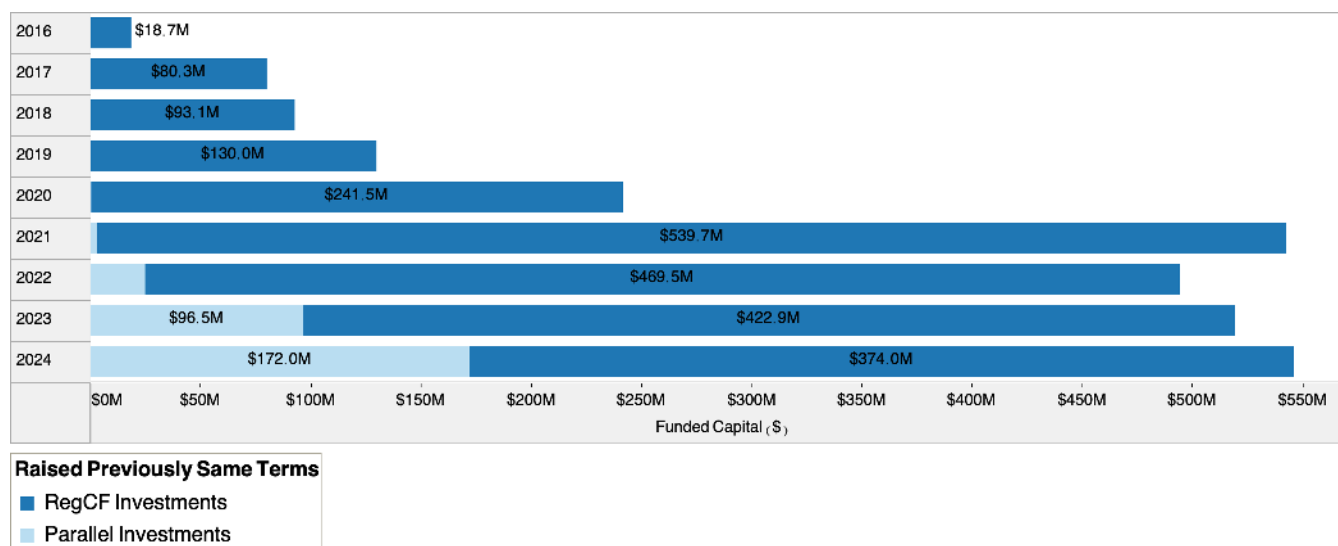
A concurrent 506(c) offering removes these constraints for accredited investors, allowing them to invest significantly more than they would under RegCF rules. It also enables issuers to raise beyond the \$5 million ceiling, dramatically expanding their funding potential. This flexibility proved critical in 2024, as companies facing an uncertain economic climate sought to maximize their fundraising without being constrained by regulatory limits.

The Data Tells the Story

Breaking down the numbers, it's evident that 2024's record investment crowdfunding total was only possible because of parallel offerings.

- Pure RegCF investment levels declined. The number of checks written continued its

Chart 29: Parallel Investments Prop up RegCF



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downward trend from 2021, indicating that retail investor participation was weakening.

- If parallel investments were excluded, 2024 would have seen a contraction in total commitments rather than a record-setting year.
- Accredited investors, who historically allocated capital through venture funds, stepped into crowdfunding deals instead. Their participation through 506(c) raises filled the gap left by declining retail involvement.

This dynamic suggests a fundamental shift in the evolution of investment crowdfunding. The market was fueled by a high volume of smaller checks from everyday investors in its early years. Now, it's increasingly being driven by fewer but larger commitments from accredited investors participating through parallel offerings.

A Changing Investor Landscape

This shift also highlights a significant trend: accredited investors who would typically invest through venture capital funds are now directly backing startups via crowdfunding platforms. Several factors contributed to this movement:

- *Venture Capital Slowdown* – With VC firms facing liquidity challenges and struggling to raise new funds, many high-net-worth

individuals opted to invest directly in companies rather than waiting for a venture fund to deploy capital.

- *More Control & Transparency* – Unlike investing in a fund, a direct investment in a RegCF/506(c) offering allows accredited investors to choose specific startups they believe in, rather than relying on fund managers.
- *Legitimization of Crowdfunding as an Asset Class* – As investment crowdfunding matures, more accredited investors view it as a viable alternative to traditional early-stage investing.

This shift suggests that investment crowdfunding is no longer just about retail investors supporting small businesses—it's becoming a legitimate alternative funding path for high-growth startups that might have otherwise raised from venture capital.

What Happens Next?

Looking ahead, the ability to structure concurrent raises effectively will likely become a defining factor in a company's crowdfunding success. If the current trend continues, investment crowdfunding will increasingly bridge retail capital and institutional-style investment.

Understanding how to balance investor incentives across RegCF and 506(c) offerings will be critical for issuers. For investors, the crowdfunding space may continue shifting toward a model that resembles early-stage private equity rather than just a retail-driven fundraising tool.

One thing is sure: 2024 would have been a very different year for investment crowdfunding without concurrent raises. Instead of celebrating another record-breaking year, we would likely be discussing a continued downturn. But thanks to accredited investors stepping in through parallel offerings, the industry maintained momentum and set a new high.

CCLEAR CROWDFINANCE 50 INDEX

The CCLEAR Crowdfinance 50 Index™, launched in March 2021 by Crowdfund Capital Advisors, has become a defining tool for understanding the securities-based crowdfunding market. By tracking the daily capital-raising activity of the top 50 U.S. private issuers, the index provides unparalleled insights into how this emerging funding mechanism reflects broader economic and geopolitical trends. Unlike other indices, the CCLEAR Crowdfinance 50 Index focuses on realized capital commitments, offering a real-time barometer of investor sentiment and market health. This focus allows policymakers, investors, and analysts to monitor not just the growth of the crowdfunding ecosystem but also its sensitivity to external forces.

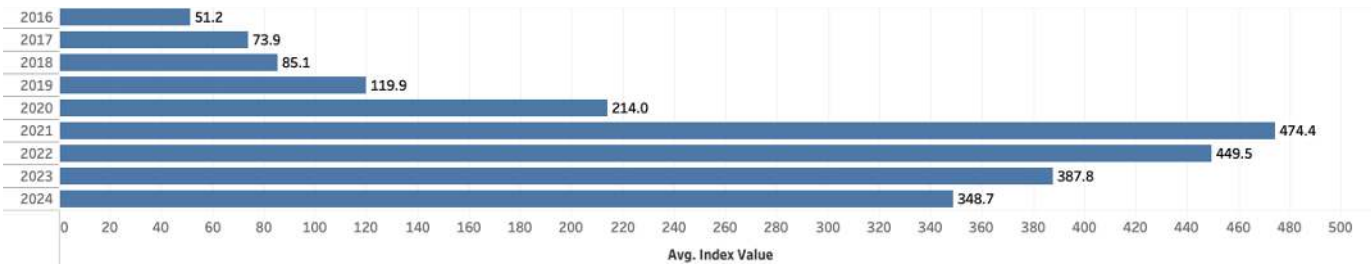
Crowdfunding offers businesses and investors an innovative alternative to traditional financing.

However, its growth was not immediate or uniform. In its early years, securities-based crowdfunding struggled with low adoption as issuers and investors hesitated to embrace the untested mechanism. Over time, the index has charted the evolution of this market from its initial uncertainty and slow growth to its current position as a resilient and vital component of startup and small business financing. The index's unique structure enables stakeholders to track capital flows by geography, industry, and time period, revealing patterns highlighting the crowdfunding market's maturation and response to global events.

What Does the Data Show?

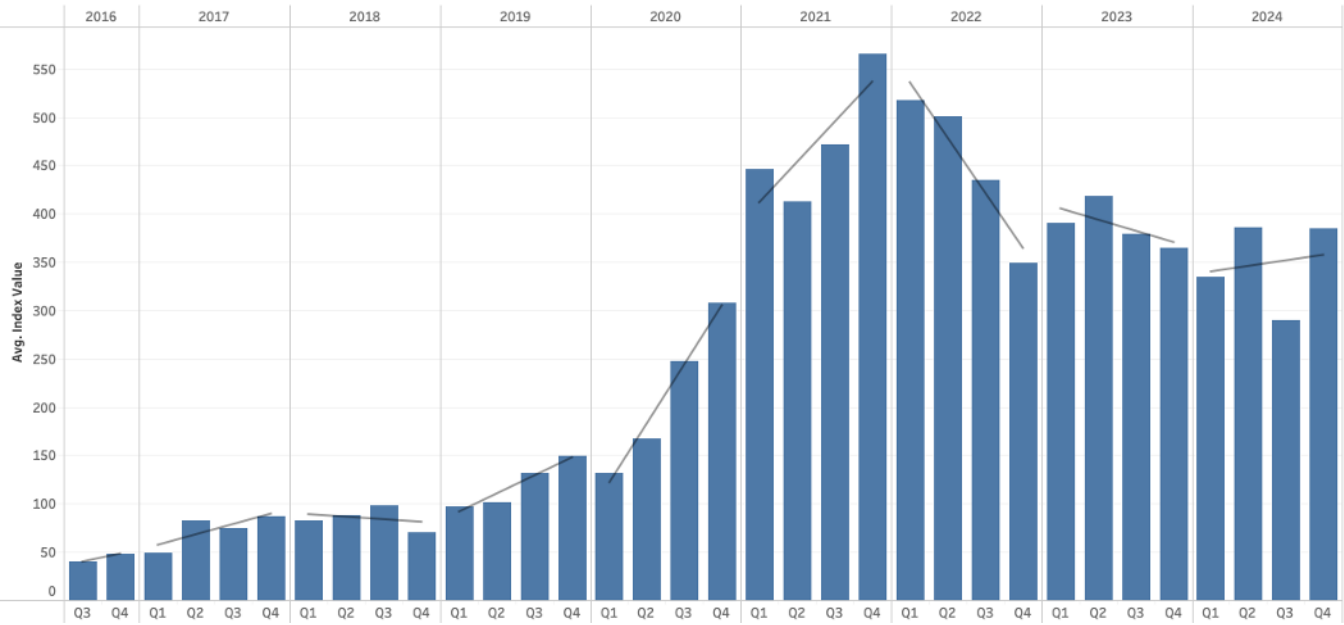
The CCLEAR Crowdfinance 50 Index offers a detailed narrative of the crowdfunding market's journey, illustrating its evolution from a nascent funding mechanism to a robust and mature ecosystem. In the early years, from 2016 to 2019, the index reflected the challenges of introducing a novel financial tool to both issuers and investors. Lack of awareness, skepticism, and slow adoption kept index values low, with an all-time low of 4.71 recorded on June 2, 2019. During this period, many investors were unfamiliar with the concept of securities-based crowdfunding, and issuers hesitated to embrace it, often relying on traditional funding avenues. However, as platforms like Republic, StartEngine, and Wefunder gained credibility and educational campaigns highlighted the potential of crowdfunding, the market began to show signs of growth. The early years highlight the challenges of introducing a novel funding mechanism to the market, with investors cautious and issuers unfamiliar with crowdfunding's potential.

Chart 30: CCLEAR Crowdfinance 50 Index - Annual Averages



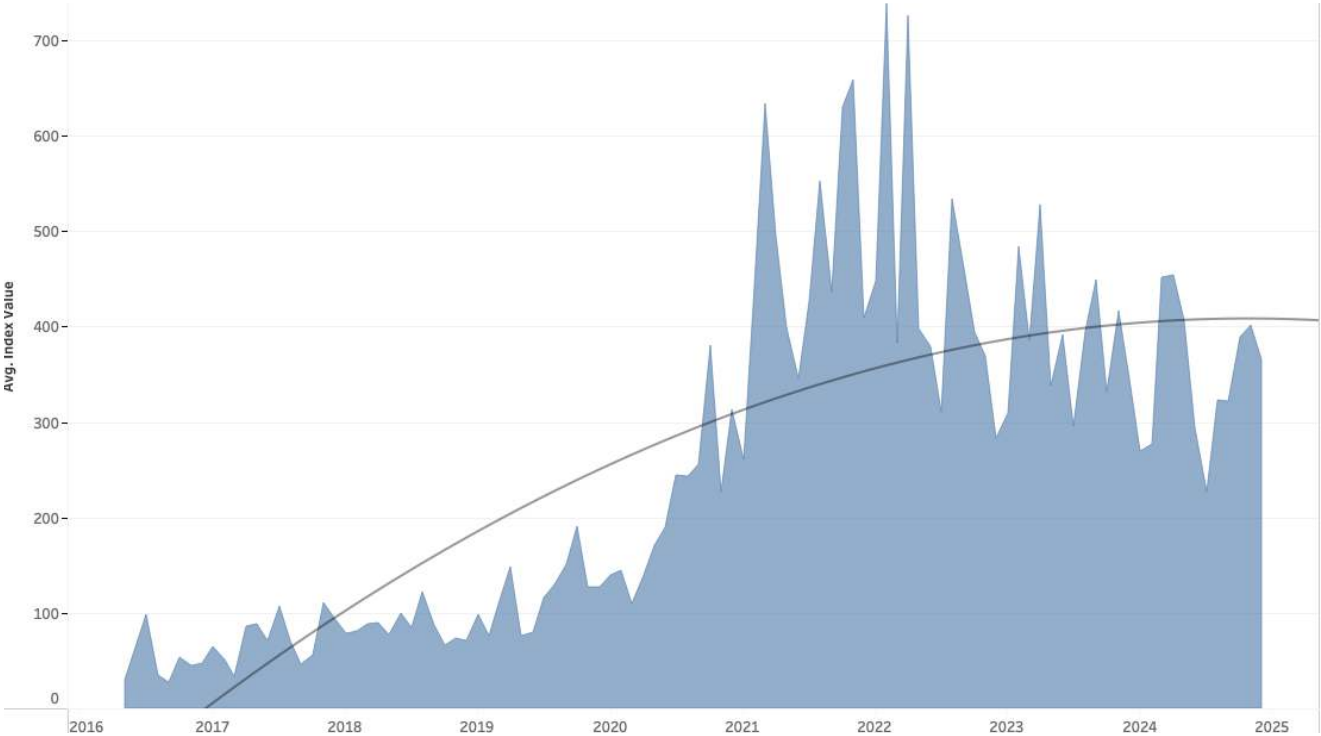
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Chart 31: CCLEAR Crowdfinance 50 Index - Quarterly Averages



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Chart 32: CCLEAR Crowdfinance 50 Index - Monthly Averages



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By 2020, the onset of the COVID-19 pandemic marked a turning point. Traditional funding sources became less accessible, prompting many businesses to explore alternative financing methods. Crowdfunding became a lifeline for startups and small businesses, while investors, increasingly comfortable with digital platforms, sought opportunities online. This shift drove substantial growth, setting the stage for a record-breaking 2021. With regulatory support bolstering activity—such as the SEC’s decision to raise the crowdfunding cap from \$1 million to \$5 million—the index reached its all-time high of 3,430.96 on November 3, 2021. This year marked the maturation of crowdfunding as a key component of the startup funding ecosystem, with significant regulatory support bolstering growth.

However, 2022 presented new challenges as global and domestic uncertainties weighed on investor sentiment. Inflation surged, the war in Ukraine disrupted supply chains, and the Federal Reserve aggressively raised interest rates to combat economic overheating. These factors led to a 19.65% decline in the index’s yearly average, dropping from 496.1 in January to 398.6 by December. Despite the pullback, the crowdfunding market demonstrated remarkable resilience compared to traditional funding sources, with active participation and steady capital inflows even amidst broader economic caution. The pullback reflected broader economic caution, but the crowdfunding market remained resilient compared to traditional funding mechanisms.

In 2023, the market experienced a strong recovery. Confidence in Federal Reserve policies, steadying inflation, and resolving supply chain disruptions contributed to renewed investor optimism. The index’s yearly average rebounded to 387.84, a significant improvement over the lows 2022. During this period, capital inflows matched and exceeded pre-2020 levels, signaling the market’s durability and relevance in the broader financial ecosystem. The recovery underscored the crowdfunding market’s adaptability and growing importance as an alternative to traditional funding sources.

By 2024, the market displayed signs of normalization. While the yearly average dipped slightly to 348.71, the index maintained stability and resilience. Peaks in March (451.78) and April (454.07) demonstrated robust investor activity, but the summer months showed a typical slowdown, with Q3 averaging 290.44. The year ended on a high note, with Q4 averaging 384.97, reflecting renewed confidence. Despite the year-over-year decline, the index’s performance remained robust, demonstrating the market’s long-term resilience.

Granular Trends: Monthly Insights

Analyzing the CCLEAR Crowdfinance 50 Index at the monthly level reveals nuanced patterns that provide deeper insights into investor sentiment. Monthly values show significant variability, with distinct peaks and troughs corresponding to seasonal shifts, macroeconomic factors, and market dynamics. For instance, March and April 2024 demonstrated strong investor activity, with index values reaching 451.78 and 454.07, respectively. This likely reflects optimism around new offerings and economic stabilization. Conversely, July 2024 showed a notable dip to 227.54, aligning with the slower summer period, when market activity traditionally declines.

A polynomial trend line has been applied to the monthly chart to capture these fluctuations better.

This trend line emphasizes recurring seasonal patterns and identifies inflection points, helping to contextualize short-term volatility within broader market trends. By analyzing these month-to-month shifts, we can better understand how investor sentiment responds to external pressures, such as geopolitical events, inflation, or changing interest rates.

Across its history, the CCLEAR Crowdfinance 50 Index has reflected the crowdfunding market’s resilience and its sensitivity to external forces. The early years highlight the challenges of establishing a new funding model. In contrast, the later years illustrate how macroeconomic and geopolitical events, such as the pandemic, inflation, and regulatory shifts, have shaped investor sentiment. From the all-time low in 2019 to the record highs of

2021 and the stabilization seen in 2024, the index serves as a valuable indicator of the crowdfunding market’s progress and its growing importance as an alternative financing solution.

DISTRIBUTION OF CAPITAL AMONG ISSUERS WITH REVENUES GREATER THAN \$1M

Investment Crowdfunding increasingly attracts issuers with substantial revenues, reflecting the market’s maturation. Since 2016, 1,125 issuers with revenues exceeding \$1 million have leveraged crowdfunding, with 269 coming in 2024 alone. This marks a significant shift from the early years (2016–2019) when only about 50 issuers per year at this revenue level entered the space.

Despite their financial strength, not all high-revenue issuers succeed in crowdfunding. Of the

1,125 issuers with \$1M+ in revenue, only 940 met their funding targets, leaving 16.5% unable to secure sufficient investor interest. This underscores an important reality: strong revenues alone do not guarantee crowdfunding success. Investors are evaluating broader criteria, including growth potential, business sustainability, and leadership quality, rather than relying solely on financial performance.

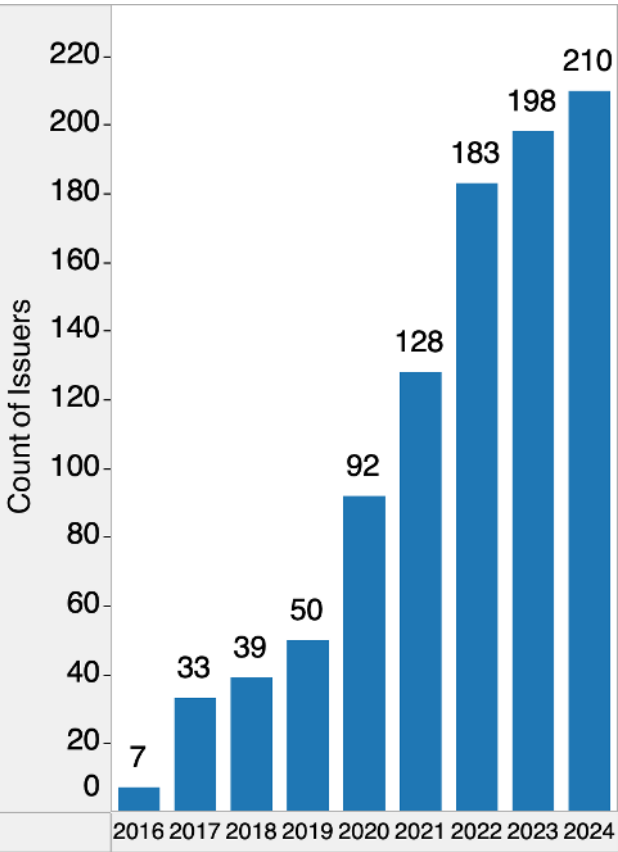
The SEC’s 2021 regulatory change, which raised the funding cap from \$1 million to \$5 million, remains a key factor in this transformation. The most dramatic increase in high-revenue issuers occurred between 2020 and 2022, aligning with the regulatory shift. While the pace of growth has slowed somewhat, the trend remains strong. In 2024, 22.85% of issuers had revenues over \$1 million, marking an even greater concentration of well-established businesses in the crowdfunding space.

These issuers raised over \$223 million in commitments in 2024, accounting for nearly half of all funds raised this year. This growing dominance suggests that crowdfunding is no longer just a platform for startups but an increasingly viable funding channel for mature, revenue-generating businesses.

Looking specifically at issuers with over \$3 million in revenue, 108 companies in 2024 met this benchmark—nearly 12% of all issuers this year. For comparison, since the inception of crowdfunding, only 5.5% of all offerings have come from companies with revenues exceeding \$3 million. This sharp increase highlights how Investment Crowdfunding is becoming more institutionalized, attracting larger and more established businesses that, in previous years, may have pursued more traditional funding routes.

The continued rise of high-revenue issuers demonstrates that Investment Crowdfunding is evolving beyond its early-stage startup roots. Investors now have access to a broader spectrum of opportunities, from high-growth startups to established, revenue-generating businesses. While strong financials are an asset, the data reinforces

Chart 33: Number of \$1M+ Revenue Issuers Grows



that success in crowdfunding still requires a compelling vision, strong execution, and investor confidence in the business's long-term potential.

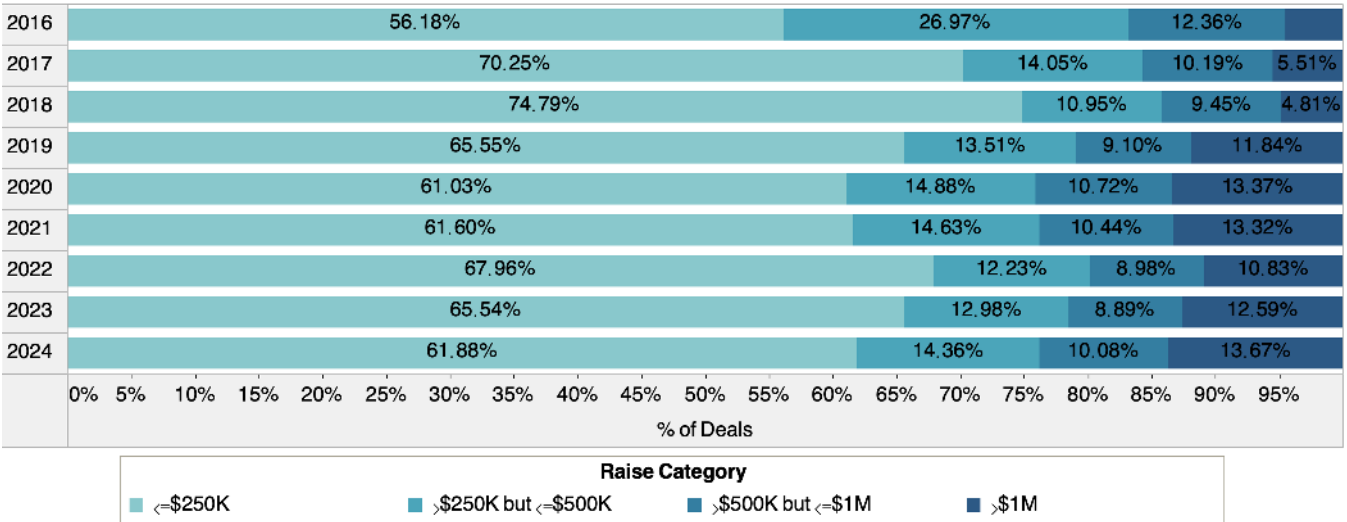
DISTRIBUTION OF CAPITAL AMONG DEALS

An important question arises as investors continue to write larger checks: Are these larger investments going into smaller funding rounds, or are they supporting larger raises of \$1M or more?

The following analysis sheds light on this evolving trend.

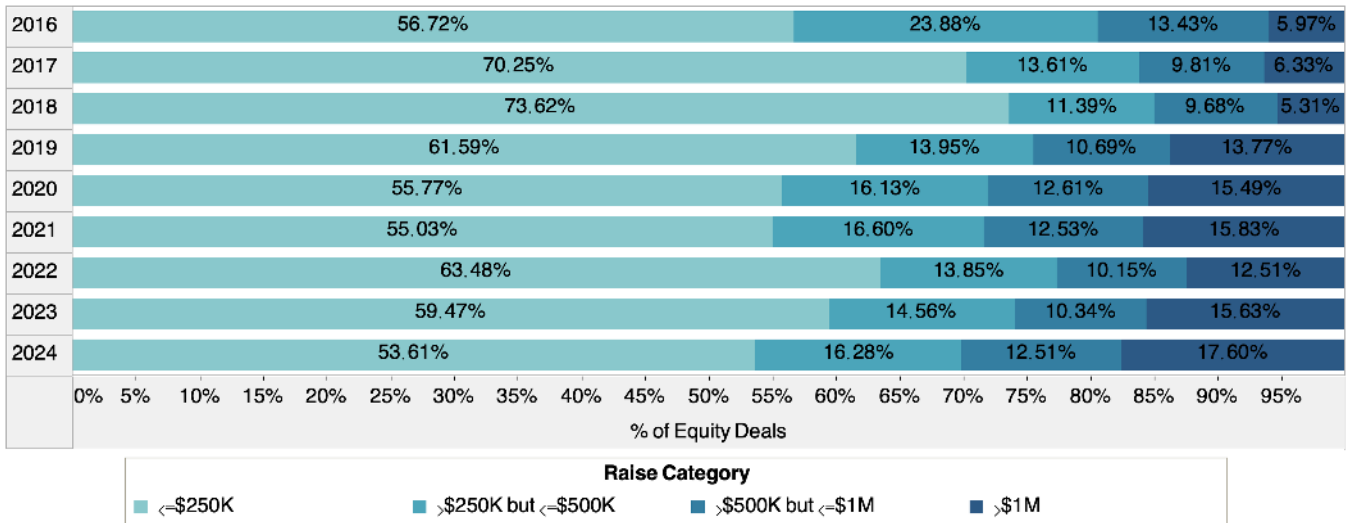
In 2024, the majority of funded offerings—61.88%—raised \$250K or less. This proportion has remained consistent, with 2020 and 2021 marking the lowest share of offerings in this category, around 61%. However, a significant increase in the number of issuers raising under \$250K was observed in 2022, though 2024 shows a return to more typical levels

Chart 34: Percent of All Offers by Size of Round



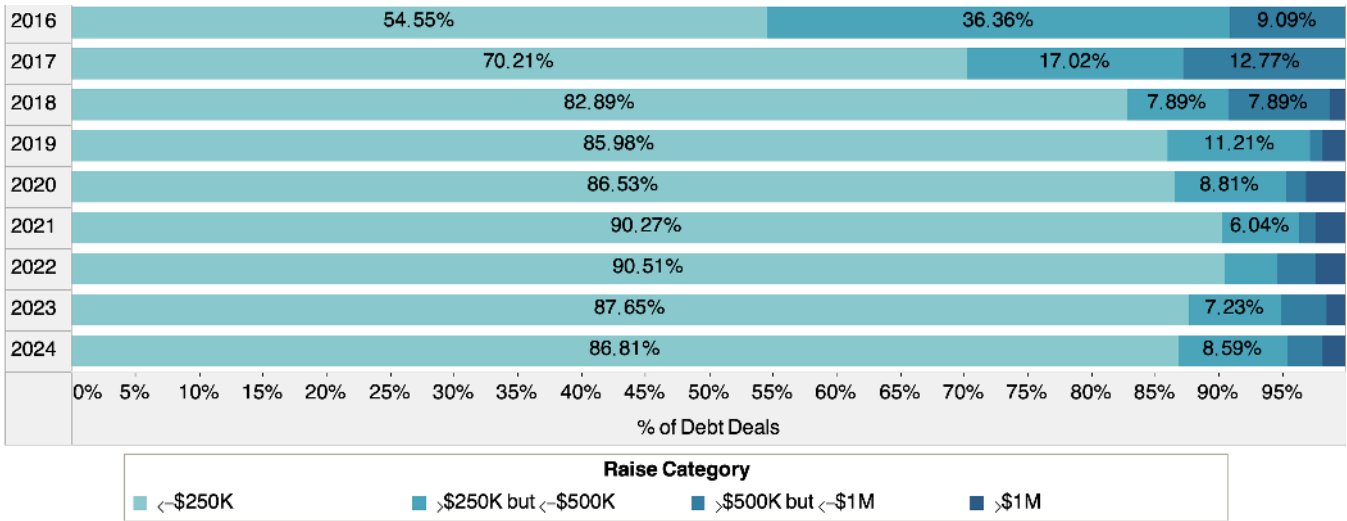
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Chart 35: Percent of Equity Offers by Size of Round



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Chart 36: Percent of Debt Offers by Size of Round



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seen in 2020 and 2021, with over 13% of issuers raising more than \$1M.

When examining equity offerings, we see a similar trend. In 2020 and 2021, equity offerings were more evenly distributed across all funding categories. In 2022, however, over 63% of equity offerings raised \$250K or less, but this pattern reversed in 2023 and continued in 2024. The proportion of equity offerings raising \$250K–\$500K, \$500K–\$1M, and \$1M+ has increased yearly. Notably, in 2024, 17.6% of equity offerings secured more than \$1M in commitments, marking a substantial recovery and indicating growing investor interest in higher-value equity raises.

The picture for debt offerings remains somewhat different. While there has been a modest increase in the share of debt offerings raising between \$250K and \$500K, the overwhelming majority—over 86% of 2024’s active debt offerings—still secured less than \$250K in commitments. Additionally, the number of debt offerings raising over \$1M has declined yearly. This suggests that while there is some movement toward mid-sized debt raises, the trend of most debt offerings remaining under \$250K is still dominant.

These insights are valuable for issuers who want to understand current investment patterns. The shift toward larger raises, especially in equity, indicates

that investors are increasingly willing to back more substantial funding rounds. Issuers looking to raise capital can use this information to better position their offerings and align with market trends.

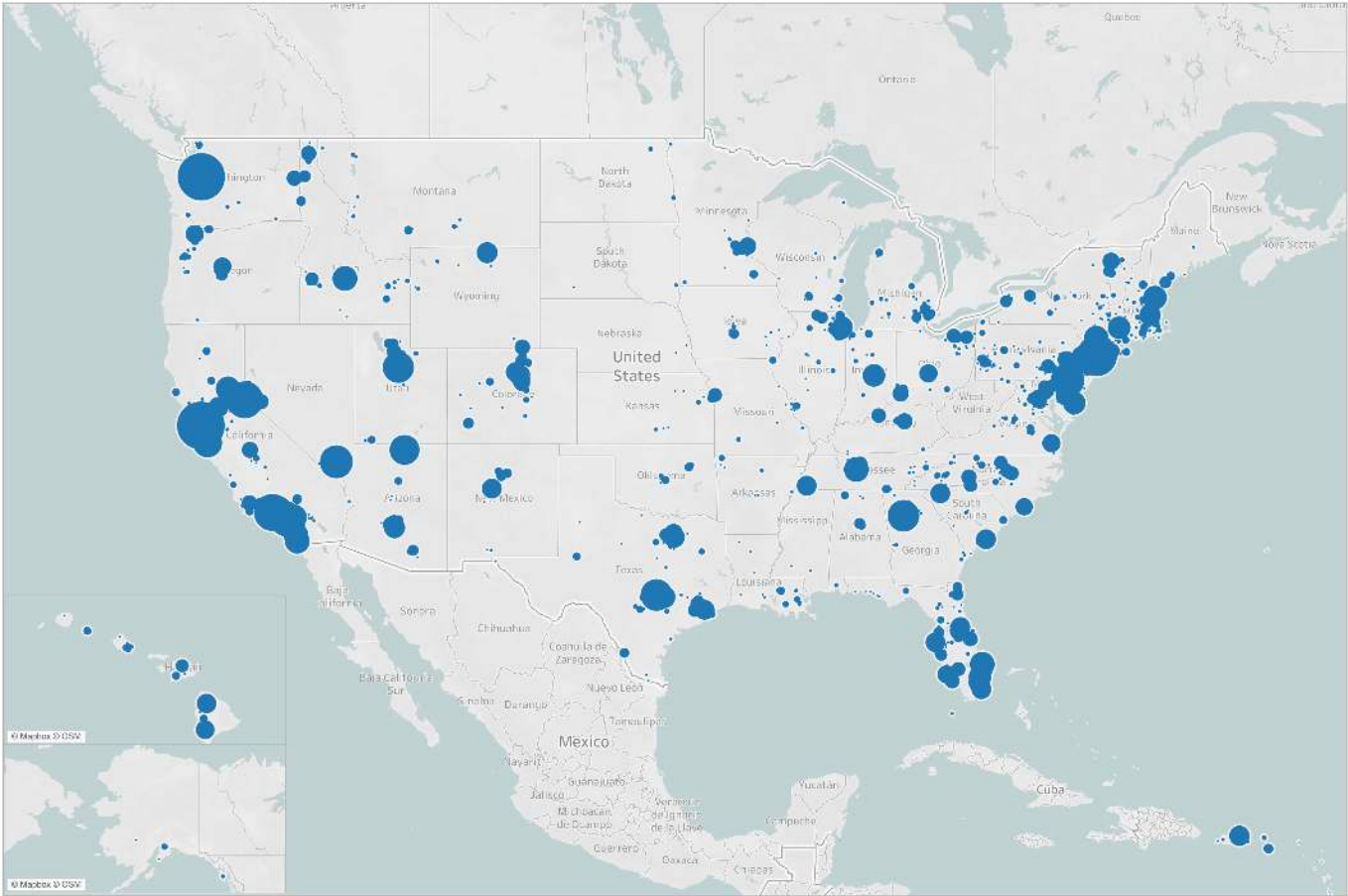
DISTRIBUTION OF CAPITAL ACROSS THE UNITED STATES

Since the inception of investment crowdfunding, capital has steadily expanded across the United States, illustrating the democratizing power of this funding model. While investments are broadly distributed nationwide, certain cities have emerged as key hubs, attracting a significant concentration of funding.

New York, San Francisco, Los Angeles, Austin, Seattle, Brooklyn, Santa Monica, San Diego, Atlanta, and Houston are at the forefront of attracting capital. These cities have secured \$885 million in funding; however, this impressive total represents only 30.9% of the capital invested nationwide. The remaining 69.1% of the investment is distributed across many other cities, illustrating how crowdfunding is leveling the playing field and providing access to capital beyond traditional financial hubs.

Diving deeper, it's clear that crowdfunding isn't just for tech startups; various industries across different regions are reaping the benefits. (This is

Image 3: Cities that Received the Most Investments



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also discussed in the Sectors section of this report.) Its widespread appeal stimulates local economies, creates jobs, and nurtures innovation in communities worldwide.

Some cities, such as Phoenix and Scottsdale, which have not traditionally been known as financial hubs, are now emerging as centers for crowdfunding, indicating a dynamic and evolving market. For a more comprehensive analysis of these growing ecosystems, the Appendix titled *America’s Best Crowdfunding Ecosystems Report* offers an in-depth examination.

The investor base for crowdfunding is as varied as it gets, with people backing everything from neighborhood businesses to AI-related startups to ventures with a social mission. This diversity helps

crowdfunding reach even more people, magnifying its impact.

The crowdfunding data contains many success stories, solidifying how well this method fosters growth and development across regions and sectors. These stories are not just feel-good anecdotes but concrete examples of crowdfunding’s power to make capital more accessible.

Despite the hurdles businesses outside the usual financial centers might face, crowdfunding offers them a way to break through. With its current trajectory, crowdfunding’s future looks bright. It is poised to keep reshaping how capital flows and supporting a diverse range of American businesses.

CAPITAL BY STATE

California continues to receive the largest share of capital in investment crowdfunding, accounting for 32% of total commitments since the industry's inception and 29.6% of all commitments in 2024. While still dominant, this marks a slight decline from previous years, signaling that other states are beginning to capture more of the funding landscape.

New York, Texas, and Florida collectively account for an additional 25.2% of total funding historically and 25% in 2024. While over 42% of investment crowdfunding capital still flows to issuers in these four states, the concentration of funding is gradually shifting, with other regions seeing increased participation.

A standout example is Washington, which secured 7.5% of all 2024 commitments, doubling its share from any previous year. This surge demonstrates that while historically dominant states continue to

attract the most capital, new players are emerging as significant contenders.

Beyond Washington, 15 states experienced over 100% year-over-year (YoY) growth in capital commitments in 2024. New Hampshire led the way, followed by Vermont, Oklahoma, New Jersey, Wisconsin, Puerto Rico, Kansas, Iowa, Maine, Alaska, Virginia, Washington, the District of Columbia, Kentucky, and Colorado.

Among them, Kentucky stands out as the only state to achieve triple-digit YoY growth for three consecutive years, reinforcing the idea that sustained momentum can help emerging states carve out a larger market share. While many of these states still receive relatively modest investment totals, Washington's rapid ascent illustrates that consistent growth can lead to meaningful market positioning over time.

Table 9: Distribution of Capital Across the USA

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Alabama	\$0.3M	\$0.7M	\$0.2M	\$0.4M	\$0.1M	\$2.0M	\$0.4M	\$0.9M	\$0.3M	\$5.2M
Alaska			\$0.6M				\$0.6M	\$0.1M	\$0.2M	\$1.5M
Arizona		\$0.7M	\$1.4M	\$2.8M	\$2.3M	\$14.9M	\$7.6M	\$17.6M	\$15.0M	\$62.3M
Arkansas		\$0.2M	\$0.4M	\$0.1M	\$0.0M	\$0.1M	\$0.6M	\$0.1M	\$0.1M	\$1.6M
California	\$7.1M	\$36.7M	\$34.2M	\$44.0M	\$85.7M	\$171.9M	\$175.1M	\$158.2M	\$157.2M	\$870.1M
Colorado	\$0.4M	\$2.1M	\$3.6M	\$3.7M	\$6.4M	\$14.3M	\$9.0M	\$7.2M	\$14.7M	\$61.5M
Connecticut	\$0.6M	\$1.4M	\$0.9M	\$1.6M	\$2.4M	\$3.5M	\$4.4M	\$7.2M	\$11.9M	\$33.8M
Delaware	\$0.8M	\$1.2M	\$0.6M	\$3.6M	\$3.1M	\$14.7M	\$13.6M	\$14.5M	\$14.9M	\$67.1M
District Of Columbia	\$0.3M	\$0.2M	\$0.5M	\$0.6M	\$0.5M	\$1.2M	\$2.2M	\$0.9M	\$2.0M	\$8.5M
Florida	\$0.2M	\$2.5M	\$2.9M	\$5.7M	\$13.2M	\$35.8M	\$37.1M	\$40.0M	\$31.6M	\$169.0M
Georgia	\$0.0M	\$0.3M	\$0.3M	\$3.0M	\$3.5M	\$12.9M	\$13.5M	\$8.9M	\$15.1M	\$57.7M
Hawaii	\$0.2M	\$0.2M	\$0.9M	\$0.8M	\$1.5M	\$8.1M	\$2.7M	\$5.3M	\$2.5M	\$22.5M

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Idaho		\$1.1M	\$1.3M	\$1.4M	\$2.7M	\$4.8M	\$11.7M	\$1.8M	\$0.4M	\$25.1M
Illinois	\$0.1M	\$1.2M	\$0.8M	\$2.1M	\$1.3M	\$11.8M	\$8.0M	\$12.2M	\$6.4M	\$43.9M
Indiana	\$0.6M	\$0.0M	\$0.0M	\$0.0M	\$0.6M	\$4.0M	\$1.0M	\$3.4M	\$2.2M	\$12.0M
Iowa				\$0.6M	\$0.1M	\$0.6M	\$1.4M	\$0.0M	\$0.1M	\$2.8M
Kansas				\$0.0M	\$0.1M	\$1.1M	\$1.1M	\$0.2M	\$0.6M	\$3.1M
Kentucky	\$0.0M		\$0.2M	\$0.4M	\$1.1M	\$0.6M	\$1.4M	\$3.7M	\$8.0M	\$15.4M
Louisiana		\$0.1M	\$0.3M	\$0.1M	\$0.6M	\$1.3M	\$1.4M	\$0.8M	\$0.4M	\$5.0M
Maine	\$0.0M	\$0.0M	\$0.6M	\$0.7M	\$0.0M	\$1.1M	\$0.5M	\$0.5M	\$1.4M	\$4.8M
Maryland	\$0.2M	\$2.0M	\$1.3M	\$0.2M	\$3.2M	\$3.1M	\$2.0M	\$6.3M	\$6.9M	\$25.1M
Massachusetts	\$2.2M	\$2.7M	\$5.7M	\$4.6M	\$12.1M	\$17.1M	\$12.4M	\$13.9M	\$7.3M	\$77.9M
Michigan	\$0.1M	\$0.8M	\$1.9M	\$2.6M	\$3.8M	\$4.3M	\$3.9M	\$4.9M	\$1.2M	\$23.5M
Minnesota	\$0.0M	\$0.2M	\$0.4M	\$0.6M	\$3.2M	\$10.1M	\$2.6M	\$5.1M	\$4.5M	\$26.9M
Mississippi			\$0.1M		\$0.1M	\$0.0M	\$0.0M			\$0.2M
Missouri		\$0.1M	\$1.0M	\$0.8M	\$0.3M	\$3.6M	-\$0.5M	\$2.2M	\$0.4M	\$7.8M
Montana				\$0.1M	\$0.5M	\$0.4M	\$0.2M	\$1.0M	\$1.1M	\$3.3M
Nebraska				\$0.1M	\$0.0M		\$0.1M		\$0.0M	\$0.2M
Nevada		\$0.6M	\$0.8M	\$1.7M	\$4.8M	\$12.7M	\$6.7M	\$10.0M	\$4.8M	\$42.2M
New Hampshire	\$0.0M	\$0.2M	\$0.0M	\$0.6M	\$1.5M	\$0.5M	\$0.8M	\$0.2M	\$9.0M	\$12.9M
New Jersey	\$0.0M	\$1.3M	\$1.3M	\$1.1M	\$5.6M	\$10.7M	\$9.8M	\$2.3M	\$14.5M	\$46.6M
New Mexico	\$0.0M	\$1.3M	\$0.2M		\$0.4M	\$2.5M	\$5.8M	\$1.0M	\$0.7M	\$11.9M
New York	\$1.0M	\$7.4M	\$11.5M	\$22.2M	\$26.9M	\$40.0M	\$65.4M	\$67.5M	\$77.6M	\$319.3M
North Carolina		\$0.5M	\$0.1M	\$1.0M	\$2.0M	\$3.4M	\$12.2M	\$8.9M	\$9.2M	\$37.1M
North Dakota					\$0.0M	\$0.4M	\$0.0M		\$0.0M	\$0.4M
Ohio	\$0.8M	\$1.1M	\$1.6M	\$1.9M	\$4.5M	\$3.4M	\$8.5M	\$3.2M	\$3.1M	\$28.0M
Oklahoma		\$1.1M	\$0.0M	\$0.0M	\$0.1M	\$0.4M	\$0.7M	\$0.1M	\$1.3M	\$3.7M
Oregon	\$0.1M	\$1.8M	\$1.7M	\$0.2M	\$3.2M	\$7.5M	\$2.2M	\$6.2M	\$5.5M	\$28.4M

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Pennsylvania		\$0.3M	\$1.8M	\$4.7M	\$4.1M	\$10.5M	\$7.8M	\$12.4M	\$10.1M	\$51.7M
Puerto Rico			\$0.3M	\$0.2M	\$1.4M	\$4.5M	-\$0.0M	\$0.4M	\$2.1M	\$8.9M
Rhode Island	\$0.1M	\$0.0M	\$1.3M	\$0.0M	\$0.1M	\$1.1M	\$0.9M	\$1.4M	-\$0.1M	\$4.8M
South Carolina		\$0.1M	\$0.3M	\$0.2M	\$1.4M	\$4.4M	\$5.6M	\$11.8M	\$4.1M	\$27.8M
South Dakota		\$0.1M						\$0.2M	\$0.0M	\$0.4M
Tennessee		\$0.1M	\$0.4M	\$1.5M	\$3.1M	\$10.0M	\$8.1M	\$9.3M	\$3.4M	\$35.8M
Texas	\$3.3M	\$8.6M	\$10.5M	\$10.7M	\$21.9M	\$51.6M	\$21.3M	\$39.1M	\$28.2M	\$195.1M
Utah	\$0.2M	\$2.1M	\$2.1M	\$5.1M	\$4.4M	\$14.8M	\$3.9M	\$12.7M	\$1.9M	\$47.2M
Vermont	\$0.0M	\$0.3M	\$0.0M		\$1.2M	\$1.6M	\$0.9M	\$0.4M	\$5.2M	\$9.6M
Virgin Islands						\$0.1M	\$0.4M		\$1.5M	\$2.0M
Virginia		\$0.6M	\$0.9M	\$0.8M	\$1.9M	\$9.7M	\$5.0M	\$2.1M	\$5.7M	\$26.7M
Washington	\$0.7M	\$0.7M	\$1.9M	\$1.2M	\$8.0M	\$19.4M	\$16.6M	\$16.9M	\$40.9M	\$106.4M
West Virginia	\$0.2M	\$0.4M								\$0.6M
Wisconsin	\$0.0M	\$0.1M	\$0.0M	\$0.2M	\$1.1M	\$1.6M	\$0.9M	\$0.2M	\$1.1M	\$5.2M
Wyoming	\$0.0M	\$0.1M	\$0.0M	\$0.0M	\$1.1M	\$1.1M	\$0.5M	\$3.2M	\$5.6M	\$11.6M
Grand Total	\$19.7M	\$83.3M	\$96.8M	\$133.9M	\$247.1M	\$555.4M	\$498.2M	\$526.3M	\$541.7M	\$2.7B

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AVERAGE/MEDIAN RAISE BY STATE

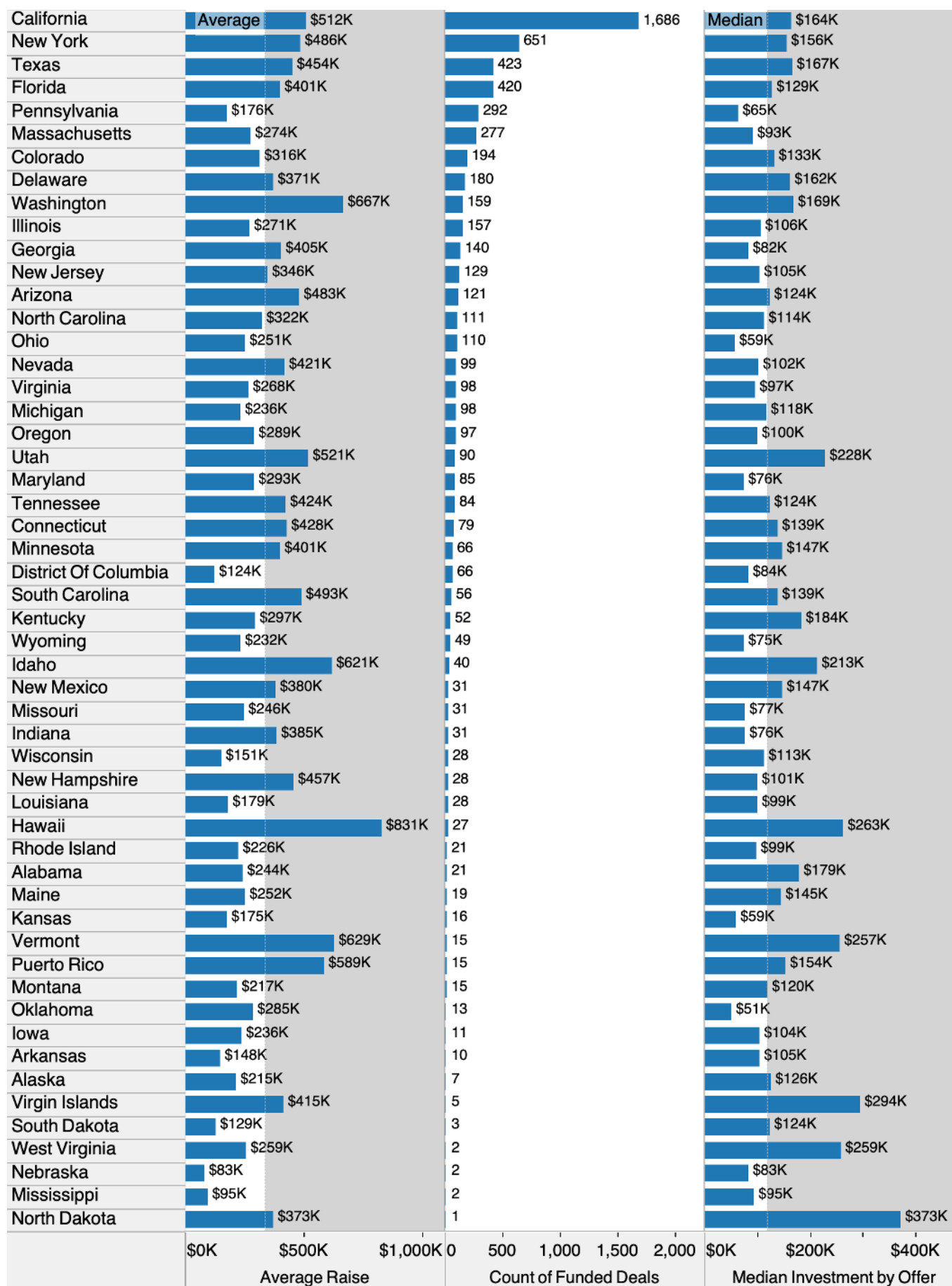
We can gain valuable insights into regional crowdfunding performance by analyzing how capital is distributed across different states. Comparing the average and median raise amounts helps identify which states consistently attract more capital. The table on the following page ranks states by the number of successful funding deals, with states seeing the most offerings at the top. The dotted line represents the overall average and median raise across all states, with states above this threshold highlighted in a darker shade.

California continues to dominate crowdfunding activity, with 1,686 successful offerings—more than 2.5 times the next highest state, New York, which has had 651 offerings. Among states with over 100 offerings, Washington has the highest average raise, at \$667K. However, no state stands out significantly in terms of median, with most clustered around \$150K.

However, several states are experiencing increased crowdfunding activity and are approaching 100 deals. One example is Utah, which has had 90 offerings and ranks near the top in average raise (\$521K) and median raise (\$228.4K).

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Chart 37: Ranking Average and Median Raises by State (by Number of Successful Deals)



States where issuers raised more than \$500K on average include Hawaii, Vermont, Washington, Idaho, Puerto Rico, Utah, and California. However, this figure is less meaningful in states with very few offerings—for example, Vermont and Puerto Rico, which each had only 15 deals, making their averages more susceptible to outliers.

Looking at median raise amounts, states exceeding \$250K include North Dakota, the Virgin Islands, Hawaii, Vermont, and West Virginia. Again, this metric carries less weight for states with only a handful of deals—for instance, North Dakota, which had just one issuer, meaning its median and average of \$372.7K are based on a single offering.

For issuers considering crowdfunding, the median raise is often a more reliable benchmark for setting expectations, as outliers can skew averages. Understanding these state-level trends can help

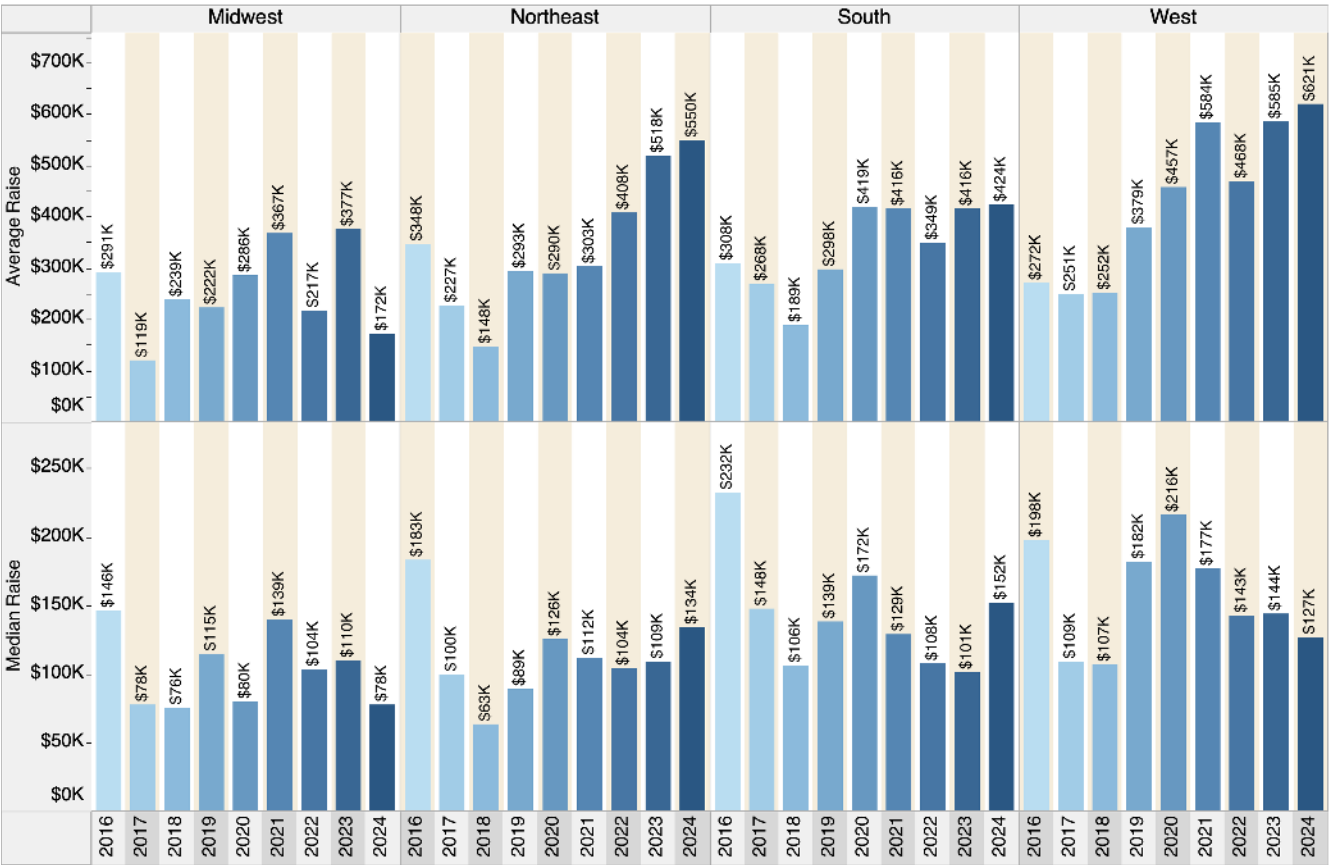
issuers align their funding goals with realistic market conditions.

AVERAGE/MEDIAN RAISE BY REGION

The West continues to lead in average funding amounts, primarily due to California’s strong presence in the crowdfunding space. However, when looking at median funding totals, issuers in the South and Northeast outperformed those in the West in 2024. This suggests that while high-dollar deals are still concentrated in the West, a broader range of companies in other regions are securing more consistent funding.

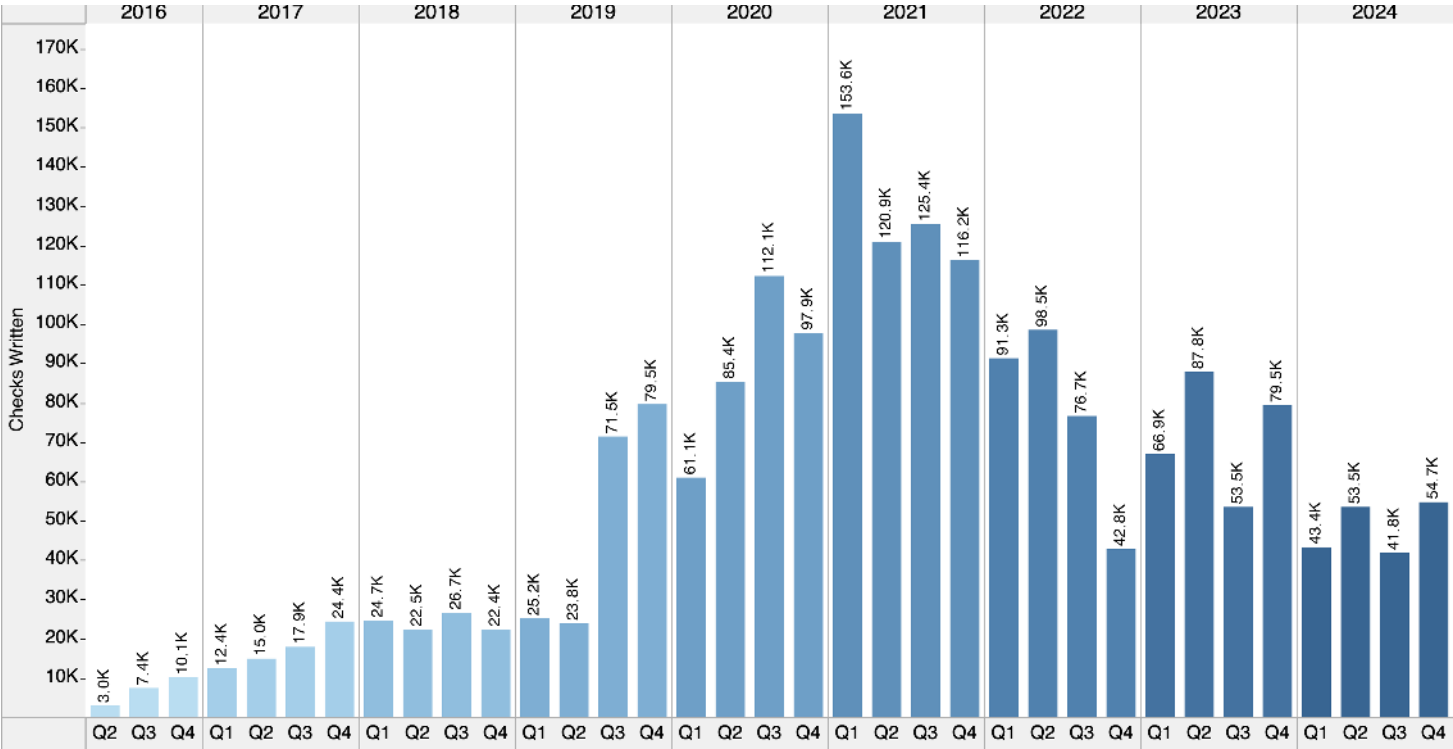
Conversely, the Midwest saw a decline in average and median funding totals from 2023 to 2024, making it the only region to experience a downturn across both measures.

Chart 38: Average/Median Raise by Region



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Chart 39: Quarterly Investors/Checks Written Peaks in Q1 2021



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A particularly interesting trend is the West's divergence between average and median funding. While average raise amounts have continued to climb in recent years, median raises have fallen, indicating that a select number of high-performing offerings are driving up the average while more issuers are struggling to reach mid-tier funding levels. This widening gap suggests increasing competition, with standout campaigns securing larger commitments while others face greater challenges in achieving their goals.

Looking further back, 2016 shows unexpectedly high averages and medians across all regions. This is likely due to fewer active offerings at the time, which made overall funding outcomes more volatile. As the market has matured, funding patterns have stabilized, but regional differences continue to evolve.

INVESTOR SENTIMENT

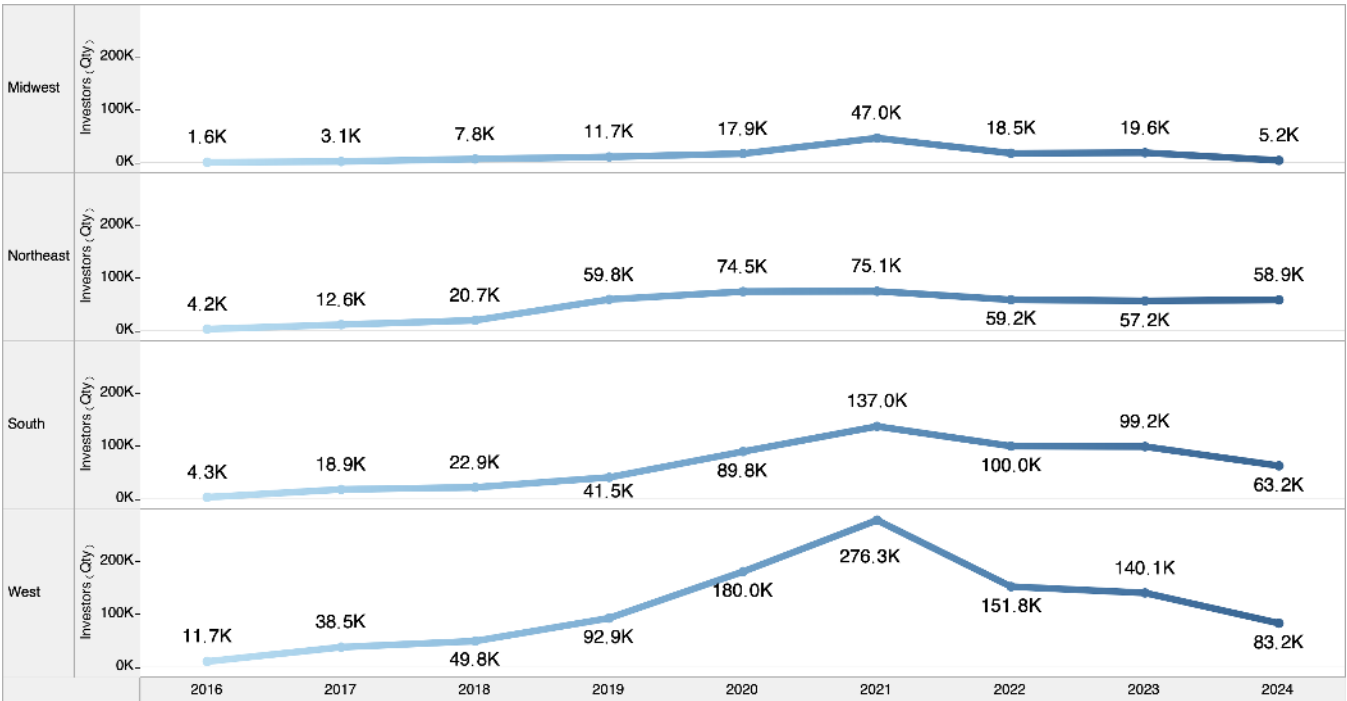
Investor sentiment is a powerful indicator of the health and trajectory of the investment

crowdfunding market. One of the most straightforward ways to measure this sentiment is by tracking the number of checks written over time. This simple yet telling metric reflects not only the volume of capital flowing into businesses but also the confidence and behavior of investors responding to broader economic conditions, regulatory shifts, and market dynamics. Periods of growth in the number of checks typically coincide with heightened investor optimism, while declines often signal caution or uncertainty. In the following analysis, we explore how investor sentiment has evolved since the inception of investment crowdfunding, examining trends on a national, regional, and state-by-state basis.

Crowdfunding’s Reach: Over 2.1 Million Investments and Counting

Since the launch of investment crowdfunding, over 2.1 million checks have been written to support successful offerings. While impressive, this figure is likely underestimated. Approximately 16.3% of funded deals in our dataset lack disclosed investor counts, as some platforms do not report

Chart 40: Regional Sentiment over Time



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the total number of investors when deals close. If all platforms had disclosed this data, we estimate the actual figure could exceed 2.2 million investments.

This undercounting doesn’t diminish the significance of the recorded numbers. On the contrary, it underscores the broad appeal of investment crowdfunding among investors, especially considering that most participants are retail investors—everyday individuals, not institutions. This is noteworthy because investment crowdfunding represents the first time retail investors have had widespread access to startup investments. The sheer volume of checks written demonstrates a strong appetite for risk and the desire to participate in the potential upside of early-stage ventures.

Moreover, these investments are not concentrated in traditional financial hubs. Crowdfunding has unlocked capital for businesses in regions where venture capital (VC) traditionally has limited reach. Given that many VC firms prefer to invest within a two-hour radius of their offices, crowdfunding

serves as a vital alternative for businesses outside major metropolitan areas.

Quarterly Trends in Investor Sentiment

The quarterly data on checks written reveals several key inflection points that correlate with macroeconomic events, regulatory changes, and shifts in investor confidence. Investor sentiment began to pick up noticeably in Q3 2019, signaling growing interest in crowdfunding. However, the arrival of the COVID-19 pandemic in Q1 2020 caused a sharp decline in activity, with March 2020 recording only 16,820 investments as global markets grappled with unprecedented uncertainty.

As capital markets stabilized and pandemic-related fears eased, investor confidence rebounded sharply. By March 2021, the number of checks written had surged to a record 71,747 investments, coinciding with the rollout of COVID-19 vaccines and the new \$5 million RegCF cap, which expanded fundraising opportunities for issuers. This period marked the peak of investor enthusiasm, with another high point in July 2021, when 69,066 checks were written, reflecting

continued optimism in the post-pandemic recovery.

However, this upward trend did not last. Investor sentiment began to waver in Q4 2021, as concerns over supply chain disruptions, the war in Ukraine, and rising inflation started to weigh on the markets. By Q1 2022, sentiment had cooled further, and although there was a brief resurgence in confidence following the Federal Reserve's rate hikes in Q2 2022, the momentum quickly faded. Investors grew increasingly cautious as economic uncertainty persisted throughout the year.

In 2023, sentiment showed signs of recovery, particularly in the year's first half. As inflation eased, supply chain issues stabilized, public markets rebounded, investor confidence improved. However, this resurgence was short-lived, with Q3 2023 experiencing a decline in activity, likely influenced by seasonal factors such as summer vacations and renewed concerns about the durability of the economic recovery. By Q4 2023, markets had primarily embraced the prospect of a soft economic landing, leading to a modest rebound in sentiment, though activity levels remained below the peaks of 2021.

The landscape in 2024 reflected a market in transition. Investors reassessed their strategies while public markets rebounded and venture capital funding remained sluggish. The number of checks written fluctuated throughout the year, highlighting a mix of optimism and caution as investors weighed their options in an evolving economic environment.

Regional Trends: Shifting Patterns in Investor Confidence

When examining investor sentiment across different regions, clear patterns emerge that reflect the diverse economic landscapes of the United States. In the years leading up to 2021, investor activity increased steadily across all regions, driven by favorable economic conditions, growing awareness of investment crowdfunding, and regulatory changes that expanded access to opportunities. This period of growth was marked by strong investor enthusiasm and optimism about

crowdfunding's potential to democratize access to capital.

However, the post-2021 environment told a different story. Starting in 2022, all regions experienced a decline in the number of checks written, signaling a broad-based contraction in investor sentiment. However, the decline was not uniform, with some areas faring better than others.

The West experienced the most significant drop in investor activity. Once a powerhouse region fueled by the tech sector and strong venture ecosystems in California, the West saw a sharp decline in individual investments. This trend likely reflects the broader challenges facing the tech industry, coupled with the pullback in venture capital funding that traditionally supported startups in the region.

In contrast, the Northeast demonstrated relative resilience. While investor activity declined, the drop was less pronounced than other regions. States like New York maintained steady investment levels, buoyed by a diversified economy and a robust financial services sector that helped cushion the impact of broader market volatility.

The South and Midwest presented a mixed picture. Both regions experienced declines in investor sentiment, but there were notable pockets of growth, particularly in emerging crowdfunding hubs outside the traditional strongholds. This suggests that while macroeconomic headwinds affected all regions, local factors—such as strong entrepreneurial ecosystems and supportive policy environments—played a role in mitigating the downturn.

State-Level Insights: Growth, Declines, and Emerging Hotspots

A closer look at investor sentiment at the state level reveals even more nuanced dynamics. As expected, California, New York, Texas, and Florida continued to dominate in terms of the total number of checks written. However, these states

also highlighted some more surprising trends in 2024.

California, in particular, experienced its third consecutive year of decline, with 36,800 fewer checks written in 2024 than in 2023. This sustained drop reflects a combination of factors, including the tech sector's slowdown, shifts in venture capital activity, and broader economic uncertainty. The decline in California is notable because it suggests that even the most established crowdfunding markets are not immune to changing investor sentiment.

On the other hand, several states emerged as unexpected growth leaders. Alabama, Vermont, Kansas, Virginia, Iowa, Wyoming, Puerto Rico, and New Jersey all experienced over 100% year-over-year growth in the number of checks written. Alabama stood out with the highest percentage increase, while Vermont recorded the largest absolute gain in new investments. Washington also showed significant growth, continuing its upward trajectory as an emerging hub for crowdfunding activity.

Interestingly, Arkansas and Rhode Island saw no investor activity in 2024, raising questions about the barriers to participation in these states. This lack of activity suggests an opportunity for local angel investor groups to engage more actively with the crowdfunding ecosystem. By educating themselves about how investment crowdfunding works and collaborating with local entrepreneurs,

these groups could play a pivotal role in revitalizing investor activity. Co-investing alongside community investors would diversify their portfolios and help build stronger local entrepreneurial ecosystems.

Despite these regional disparities, one trend remains clear: investors nationwide continue to support local entrepreneurs, regardless of geography. While some states and regions have faced headwinds, the fundamental appeal of investment crowdfunding—democratizing access to capital and empowering communities—remains as strong as ever.

A Market Evolving with Investor Confidence

Investor sentiment in investment crowdfunding has evolved significantly since the industry's inception. The data reveals a market that is dynamic and responsive to both macroeconomic conditions and local factors. While the number of checks written has fluctuated, the broader trend indicates a maturing ecosystem where investors are becoming more selective, strategic, and sophisticated in their approach.

As public markets rebound and venture capital continues to face challenges, investment crowdfunding stands poised to capture an even larger share of investor interest. The resilience of specific regions and the emergence of new crowdfunding hotspots highlight the industry's potential to continue growing and adapting, driven by a diverse and engaged investor base.

Table 10: Checks Written by State Over Time

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Alabama	308	1,117	151	610	188	2,208	566	399	2,419	7,966
Alaska			1,038				300	161	135	1,634
Arizona		629	2,160	2,572	2,014	11,144	4,137	4,306	4,280	31,242
Arkansas		0	393	93	11	74	534	42	0	1,147
California	9,848	28,071	31,905	68,509	133,989	166,894	102,250	85,039	48,208	674,713
Colorado	375	2,540	5,636	8,395	9,300	11,610	6,748	4,602	5,114	54,320

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Connecticut	651	1,952	1,045	3,154	1,169	3,887	1,942	4,579	4,278	22,657
Delaware	328	898	981	967	5,927	17,065	10,291	7,971	8,959	53,387
District of Columbia	487	217	389	282	314	639	884	386	542	4,140
Florida	145	2,795	3,652	6,850	20,597	34,270	30,334	36,135	14,236	149,014
Georgia	44	584	556	5,642	11,904	10,357	13,840	7,951	3,503	54,381
Hawaii	165	217	1,027	1,359	1,591	32,043	1,502	3,366	1,286	42,556
Idaho		1,356	1,270	2,548	3,960	5,690	3,833	1,141	127	19,925
Illinois	183	1,596	1,977	4,504	2,038	15,292	6,173	7,904	4,609	44,276
Indiana	420	0	23	61	582	4,845	536	861	113	7,441
Iowa				90	41	217	1,147	18	47	1,560
Kansas				0	94	537	482	140	499	1,752
Kentucky	31		409	806	1,718	619	584	1,838	158	6,163
Louisiana		39	209	130	352	609	711	489	83	2,622
Maine	7	0	259	441	9	1,337	447	700	814	4,014
Maryland	0	3,510	1,574	404	4,910	4,974	3,019	2,317	3,829	24,537
Massachusetts	1,664	1,984	3,663	2,121	10,529	12,327	8,009	3,507	5,475	49,279
Michigan	91	203	2,326	709	4,761	5,879	2,965	6,313	3,678	19,569
Minnesota	18	287	326	729	1,038	7,909	1,441	729	884	13,361
Mississippi			112		162	4	0			278
Missouri		92	1,043	2,156	456	3,012	175	1,406	259	8,599
Montana				308	778	281	249	542	496	2,654
Nebraska				69	38		0		1	108
Nevada		747	1,116	2,590	5,401	7,449	3,834	3,005	1,565	25,707
New Hampshire	29	327	5	602	1,210	886	1,045	289	541	4,934
New Jersey	110	1,142	1,437	1,646	3,086	5,554	6,115	1,936	4,151	25,177
New Mexico	16	622	350		718	2,839	5,685	1,076	13	11,319
New York	1,587	6,828	12,675	43,310	51,538	36,831	31,607	31,713	31,008	247,097

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
North Carolina		475	70	1,236	2,697	3,085	4,578	3,332	2,961	18,434
North Dakota					1	142	68		4	215
Ohio	912	644	2,132	3,124	8,001	3,800	4,191	1,350	1,598	25,752
Oklahoma		0	0	21	38	297	362	63	0	781
Oregon	159	1,632	976	513	3,108	4,444	1,474	1,554	1,605	15,465
Pennsylvania		237	1,210	8,492	4,626	11,202	5,591	5,880	6,570	43,808
Puerto Rico			7	213	2,932	335	-80	341	776	4,524
Rhode Island	148	75	314	37	182	622	456	3,322	757	4,399
South Carolina		260	548	195	1,291	3,293	1,879	5,261	893	13,620
South Dakota		251						278	58	587
Tennessee		103	1,529	4,033	5,472	15,774	6,708	6,086	3,103	42,808
Texas	2,593	6,520	10,760	18,332	27,933	33,441	19,831	18,185	14,703	152,298
Utah	372	1,747	2,004	3,897	8,457	19,476	2,278	15,272	1,890	55,393
Vermont	0	31	43		615	1,375	491	783	3,198	6,536
Virgin Islands, U.S.						249	238		697	1,184
Virginia		952	1,518	1,686	3,358	9,258	3,590	987	2,669	24,018
Washington	703	742	1,856	955	10,605	10,272	8,902	6,642	8,979	49,656
West Virginia	328	891								1,219
Wisconsin	0	0	14	74	872	834	1,099	136	178	3,207
Wyoming	14	100	8	72	74	905	533	970	2,367	5,043
Grand Total	21,736	72,413	100,696	204,537	360,685	526,086	313,574	291,303	195,446	2,086,476

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CASE STUDY: CROWDFUNDING'S AGE DYNAMIC: A LENS INTO INVESTMENT BEHAVIOR ACROSS GENERATIONS

Investment Crowdfunding has continued evolving as a transformative force in democratizing access to early-stage investments, opening opportunities for retail and accredited investors to participate in the growth of pre-IPO startups and small businesses nationwide. Since its inception in 2016, the industry has steadily expanded, reshaping traditional investment paradigms and offering a broader range of Americans the chance to engage directly in the entrepreneurial ecosystem.

While much of the focus in investment crowdfunding has been on capital flow, company diversity, and its impact on economic growth, understanding the age dynamics of investors provides critical insight into how different generations approach risk, capital allocation, and online investing.



To delve into this, we conducted an in-depth analysis in collaboration with three of the largest online investment platforms—Wefunder, StartEngine, and Republic—which collectively represent 78% of the industry volume. These platforms provided detailed data on investor demographics segmented by age groups: 18–29, 30–39, 40–49, 50–59, 60–69, and 70+, along with the percentage of capital deployed by each group.

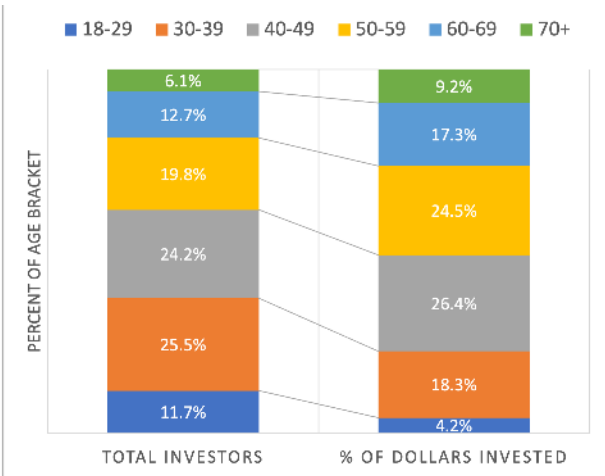
When this data is layered with our proprietary CCLEAR dataset, which tracks daily investment commitments and investor activity, several compelling patterns emerge, offering a deeper understanding of generational investment behavior within the crowdfunding landscape.

Key Observations

1. Investor Engagement: Dominance of the 30–39 Age Group

The data reveals that investors aged 30–39 represent the largest segment, closely followed by the 40–49 age group. Together, these two cohorts account for nearly 50% of all investors in the crowdfunding space. This aligns with life-stage factors—individuals in this age range are often in the growth phase of their careers, with increasing disposable income, a higher tolerance for risk, and an active interest in diversifying their investment portfolios. Many in this demographic may also have personal or professional connections to entrepreneurial ventures, further fueling their engagement.

Chart 41: Investments By Age Bracket



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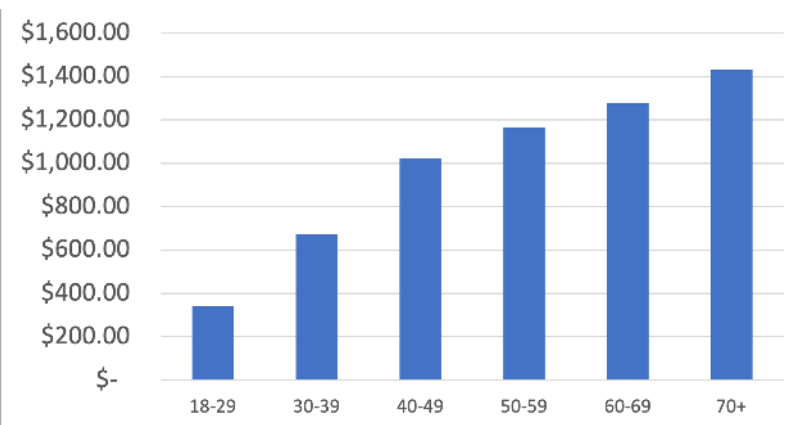
2. Capital Deployment: The Prime Years (40–59) Drive the Majority of Funding

While the 30–39 age group dominates in participation, the 40–59 age bracket contributes over 50% of the total capital deployed. Investors in this range are typically in their peak earning years, with greater financial stability and the capacity to allocate larger sums toward alternative investments like crowdfunding. Interestingly, although capital contributions remain strong, the number of investors declines in the older segments, particularly among those aged 50–59 and 60–69, reflecting shifts in risk tolerance as individuals approach retirement.

3. Average Investment Increases with Age

Across all three platforms, there's a clear trend: the average investment per individual increases with age, peaking among investors aged 70 and above. This suggests that older investors, while fewer in number, tend to write larger checks—likely due to accumulated wealth and greater investment experience. However, their participation rates are lower, possibly due to more conservative financial strategies in retirement or less familiarity with digital investment platforms.

Chart 42: Average Check Increases by Age



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4. Young Investors: High Interest, Lower Capital Commitment

The 18–29 age group is active in the ecosystem but contributes less capital on average than older demographics. This is likely due to limited disposable income, early career financial constraints, student loan obligations, and lower overall net worth. However, their participation reflects a growing interest in alternative investments, suggesting they may become more significant contributors as this group matures financially.

5. Platform Dynamics: Variations in Investor Behavior

- Wefunder reports the highest average investment per investor across all age groups, likely due to a strong presence of investors in the 40–49 bracket, who typically deploy more capital.
- Republic shows the highest participation among younger investors (30–39 and under 30), corresponding with lower average check sizes. This demographic skew suggests that Republic's platform and offerings may appeal more to millennial and Gen Z investors.
- StartEngine is between the two. Its balanced distribution of investors across the 30–59 age range contributes to a more stable average check size.

Insights and Implications

This age dynamic clearly shows logical investor behavior that aligns with life-stage financial realities. Younger investors tend to be more active but invest smaller amounts due to limited financial resources. As individuals progress in their careers, their investment capacity increases, even though the total number of

active investors decreases with age—likely due to shifting priorities toward retirement planning and more conservative asset allocation strategies.

Despite these variations, one notable takeaway is that the average investment across all platforms remains relatively modest, at just \$938 per check. This suggests that even if an individual investment results in a loss, the financial impact on an investor's broader portfolio is likely minimal, reducing overall risk exposure.

This data also offers important policy insights, particularly regarding the current \$5 million cap on Regulation Crowdfunding (RegCF) offerings. The trends suggest that raising the cap to \$20 million would not significantly alter investor behavior, check sizes, or risk appetite. Instead, it would unlock greater capital formation potential for startups and small businesses, particularly those in underserved markets with limited access to traditional venture capital. Such a change would further align with the overarching goal of crowdfunding: democratizing access to capital while fostering economic growth and resilience.

Opportunities for the Future

This analysis highlights an opportunity for crowdfunding platforms to better engage younger investors, who represent the ecosystem's future. By focusing on financial education, investor literacy, and early engagement strategies, platforms can cultivate long-term relationships with this demographic, potentially increasing lifetime investment value as these individuals progress in their careers.

At the same time, there's room to re-engage older investors by tailoring offerings that align with their risk profiles—such as revenue-sharing notes, debt offerings, or diversified investment vehicles that offer more stability.

Sherwood Neiss, Principal at Crowdfund Capital Advisors, noted, “The data gives us a clear view of how different age groups engage with crowdfunding. Seeing strong participation from individuals in their 30s and 40s is encouraging, and it's clear that investment behavior reflects life-stage dynamics. People's financial stability and risk appetite align closely with where they are in their careers and life journeys.”

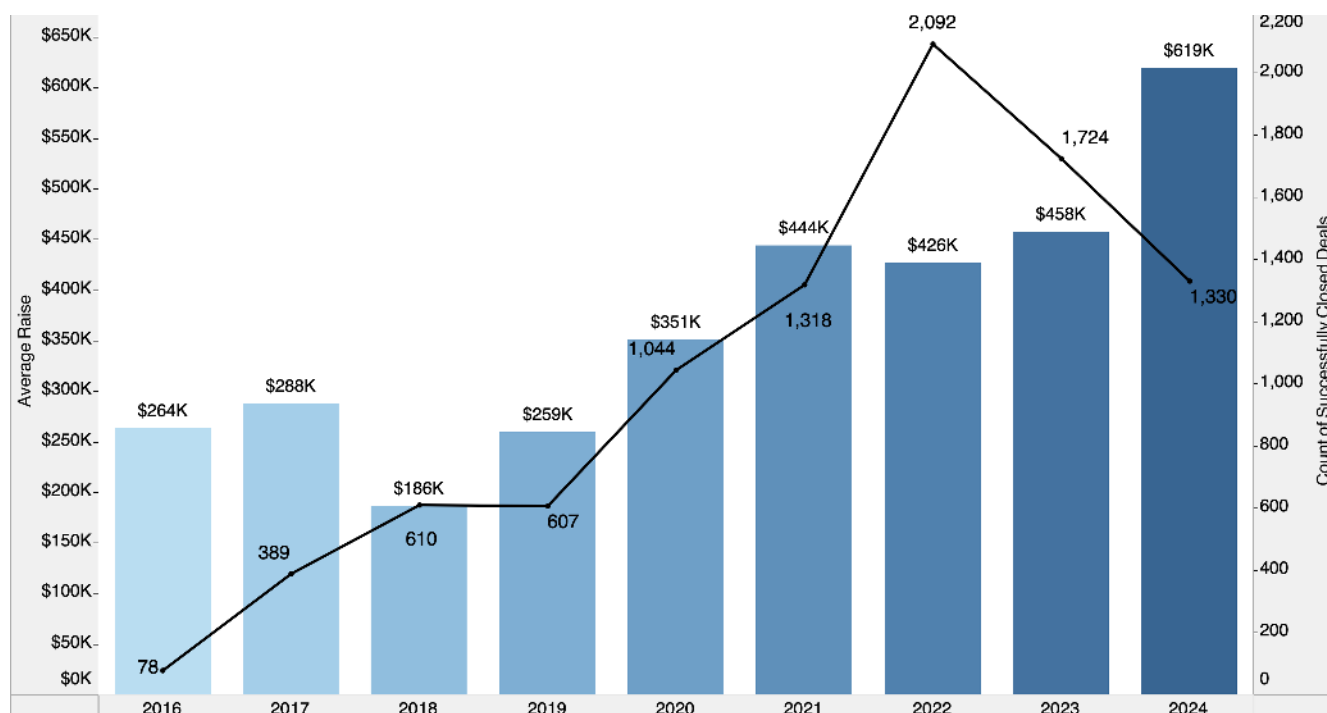
As investment crowdfunding continues to mature, understanding the age dynamics of investor behavior will be key to unlocking its full potential—not just as a funding mechanism for businesses, but as a powerful tool for broadening financial inclusion and economic opportunity across generations.

THE EVOLUTION OF AVERAGE RAISES

Since its inception, Investment Crowdfunding has established itself as a transformative funding option for small and medium-sized enterprises (SMEs) across the United States. Over the years, the average amount raised through this exemption has steadily increased, reflecting the growing maturity of the industry and its appeal to entrepreneurs and investors. As of 2024, the cumulative average amount raised is \$428,000, representing a 10.6% increase over the previous year's average. This growth signals a positive trend, underscoring the role of Investment

Crowdfunding as a reliable capital formation tool for businesses at various stages of development.

One of the most significant impacts of this growth is how it addresses the notorious “Valley of Death” in early-stage financing. This funding gap, typically between \$25,000 and \$250,000, has long been a challenge for entrepreneurs who exhaust personal resources like savings, credit cards, and lines of credit but struggle to attract interest from traditional investors such as angel investors or venture capital firms. Since 2019, the average raise has consistently exceeded \$250,000, providing a much-needed lifeline to businesses navigating this critical phase. Investment Crowdfunding has effectively bridged this gap, offering entrepreneurs

Chart 43: Average Raise by Successful Offering

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nationwide a viable alternative to traditional funding sources.

The year 2024 marked a particularly noteworthy chapter in the evolution of average raises. The average amount raised per offering surged to \$616,000, an impressive 29.4% increase from the 2023 average of \$458,000. This significant jump highlights the industry's continued growth and reflects an environment where companies can increasingly secure substantial funding through crowdfunding platforms. However, this growth in average raise amounts occurred alongside a 23% decline in the total number of successful offerings, a drop from the 1,721 successful offerings recorded in 2023.

This decline in the number of successful offerings is not entirely surprising. It aligns with broader market trends observed throughout 2024, where issuer sentiment weakened in response to fluctuating economic conditions and evolving investor behavior. Despite the reduction in deal volume, the successful offerings tended to raise more capital. This dynamic suggests a shift toward

quality over quantity, where more established, growth-stage companies are leveraging crowdfunding to secure more considerable sums. Therefore, the increase in average raises is not solely a reflection of investor enthusiasm but also an indication of the growing sophistication of issuers and the maturation of the crowdfunding ecosystem.

A significant contributing factor to the sharp rise in average raises in 2024 was the growing prevalence of parallel 506(c) offerings, often referred to as concurrent raises. This structure allows companies to raise capital from retail investors under Regulation Crowdfunding (RegCF) and accredited investors through a simultaneous 506(c) offering. The higher investment amounts typically associated with accredited investors participating via the 506(c) side have had a substantial impact on elevating average raise figures. As more issuers adopt this dual-structure approach, the industry has seen an increase in total capital raised and a clear shift toward larger individual commitments, further driving the upward trend in average raise amounts.

Looking at the industry's trajectory over time, it's clear that average raises have grown consistently, with only two notable exceptions. In 2018 and 2022, the average raise experienced slight declines, corresponding with periods of economic uncertainty and shifts in investor sentiment. However, these were temporary setbacks in an otherwise robust growth pattern. The long-term trend remains upward, evidenced by the industry's compound annual growth rate (CAGR) of 11.2%. This impressive growth rate reflects the sustained momentum of Investment Crowdfunding, with issuers consistently raising more capital year after year.

Several factors contribute to this long-term growth. The Securities and Exchange Commission's decision to increase the maximum amount an issuer can raise to \$5 million has been a game-changer, attracting more established businesses that can command higher investment levels. Additionally, the industry's maturation has brought in a new wave of experienced entrepreneurs who understand how to structure compelling offerings that resonate with investors. While we cannot definitively quantify a growing base of repeat investors, empirical observations suggest that re-engagement is likely influenced by the marketing strategies employed by crowdfunding platforms. Once an individual invests, they are typically integrated into targeted email campaigns and promotional outreach efforts highlighting new opportunities aligned with their interests. This ecosystem of continuous engagement may contribute to sustained investor activity, although hard data to confirm this trend is currently limited.

A closer look at the state-by-state performance reveals further insights into the growth of average raises. Hawaii holds the distinction of having the highest average raise, based on 27 successful offerings. However, it's essential to consider the impact of sample size when interpreting these figures. Due to limited data, states with fewer than ten successful offerings—such as North Dakota, Mississippi, Nebraska, West Virginia, South Dakota, the Virgin Islands, and Alaska—may not provide an

accurate benchmark for future issuers. Interestingly, Iowa and Arkansas, which previously had fewer than ten offerings, have now surpassed that threshold, reflecting the expanding reach of crowdfunding.

Among states with more established crowdfunding ecosystems, California, New York, Texas, Florida, Pennsylvania, Massachusetts, Colorado, Delaware, Washington, Illinois, Georgia, New Jersey, Arizona, North Carolina, Ohio, and Virginia boast over 100 successful offerings. Notably, North Carolina, Ohio, and Virginia have joined this group in 2024, underscoring the geographic diversification of the industry. Washington stands out with the highest average raise of \$679,000, surpassing California. This figure is 58.6% higher than the national average, suggesting that entrepreneurs in Washington may benefit from particularly favorable conditions, whether due to strong local investor networks, a thriving entrepreneurial ecosystem, or the types of industries prevalent in the region.

Interestingly, 14 states reported average increases that exceeded the industry-wide average. These include Hawaii, Washington, Idaho, Vermont, Puerto Rico, California, New York, Utah, Arizona, South Carolina, Texas, Tennessee, New Hampshire, and Connecticut. This diversity highlights a critical takeaway: you don't need to be based in traditional startup hubs like California, New York, or Massachusetts to raise substantial capital through crowdfunding. Entrepreneurs nationwide, from established tech corridors to emerging markets, successfully leverage crowdfunding to meet their capital needs.

In conclusion, the consistent growth in average raises reflects the resilience and adaptability of the Investment Crowdfunding industry. The sharp increase observed in 2024 can be attributed to more sophisticated issuers, favorable regulatory conditions, and the expanding role of parallel 506(c) offerings, which have introduced higher investment amounts into the ecosystem. While anecdotal evidence suggests that platform-driven marketing efforts bolster investor re-engagement, the data clearly demonstrates that Investment



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Crowdfunding is evolving into a mature, sustainable model for capital formation. As regulatory frameworks continue to evolve and more sophisticated issuers enter the space, the

future of Investment Crowdfunding looks bright, with average raises poised to climb even higher in the years ahead.

Table 11: Average Raise by State

State	Avg Raise	State	Avg Raise	State	Avg Raise	State	Avg Raise
Alabama	\$334K	Indiana	\$378K	Nevada	\$421K	South	\$129K
Alaska	\$215K	Iowa	\$236K	New Hampshire	\$458K	Tennessee	\$465K
Arizona	\$497K	Kansas	\$177K	New Jersey	\$344K	Texas	\$491K
Arkansas	\$148K	Kentucky	\$293K	New Mexico	\$404K	Utah	\$511K
California	\$526K	Louisiana	\$186K	New York	\$518K	Vermont	\$629K
Colorado	\$325K	Maine	\$342K	North Carolina	\$332K	Virgin	\$415K
Connecticut	\$428K	Maryland	\$293K	North Dakota	\$373K	Virginia	\$318K
Washington, DC	\$124K	Massachusetts	\$317K	Ohio	\$254K	Washington	\$679K
Delaware	\$403K	Michigan	\$253K	Oklahoma	\$285K	West Virginia	\$259K
Florida	\$420K	Minnesota	\$406K	Oregon	\$289K	Wisconsin	\$151K
Georgia	\$410K	Mississippi	\$95K	Pennsylvania	\$184K	Wyoming	\$222K
Hawaii	\$861K	Missouri	\$246K	Puerto Rico	\$589K		
Idaho	\$635K	Montana	\$217K	Rhode Island	\$226K		
Illinois	\$272K	Nebraska	\$83K	South Carolina	\$493K		

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RANKING STATES BY INVESTMENTS (\$), OFFERINGS, INVESTORS (QTY)

The latest data offers a comprehensive view of how investment crowdfunding continues to evolve across the United States. By ranking states based on the total investments, successful offerings, and number of investors, we gain critical insights into the geographic distribution of capital, deal flow, and investor engagement. Here are the key findings from this year's data, reflecting notable shifts and consistent trends across the crowdfunding landscape.

California’s Dominance Remains Unchallenged:

California continues to lead in all three categories—investments (\$895.1 million), successful offerings (1,701), and investors (693,626). This leadership position is not surprising given the state’s robust entrepreneurial ecosystem, dense population, and strong culture of innovation. Despite the presence of traditional venture capital hubs like Silicon Valley, entrepreneurs are increasingly turning to crowdfunding, underscoring its

appeal even in regions rich with conventional funding sources.

- **The Top 15 States Account for the Majority of Investments:**

The top 15 states collectively contribute to 80% of total investments, with California alone accounting for 32.9%. Following California are New York (\$341.2 million), Texas (\$209.7 million), and Florida (\$177 million)—all among the most populous states, which correlates with larger pools of both issuers and investors. Washington also stands out with over \$108 million in investments, reflecting its growing status as a crowdfunding powerhouse.

- **Deals Are Becoming More Evenly Distributed:**

Interestingly, while capital remains concentrated in a handful of states, 80% of all successful offerings now come from the top 15 states, one more than the previous year. This subtle shift suggests that deals are becoming more evenly distributed across the country rather than heavily concentrated in traditional financial hubs. States like North Carolina, Ohio, and Virginia have joined the group with over 100 successful offerings, highlighting the expanding geographic footprint of crowdfunding activity.

- **Investor Participation Concentrated but Growing Nationwide:**

Regarding investor participation, 80% of all investors are concentrated in the top 14 states, with California alone accounting for one-third of all investors nationwide. This demonstrates California's deep pool of engaged retail investors. Interestingly, despite ranking sixth in investments and offerings, Massachusetts holds the 10th position in investor count. This suggests that Massachusetts investors deploy larger check sizes on average compared to other states, pointing to a more capital-intensive investor base.

- **Emerging States Show Significant Growth:**

While the usual leaders dominate, several emerging states show impressive investments and investor participation growth. Iowa and Arkansas, which had fewer than ten offerings

last year, have surpassed that threshold, reflecting increased crowdfunding activity in traditionally underrepresented markets. Kentucky, Vermont, and Puerto Rico continue to climb the ranks, showcasing how crowdfunding democratizes access to capital across diverse regions.

- **Investor Education Opportunities:**

The data highlights significant investor and issuer education opportunities in states with growing activity but lower overall participation. By promoting awareness of investment crowdfunding's risks, opportunities, and best practices, stakeholders in these states can unlock additional capital and foster stronger local ecosystems. Angel groups and local business networks could play a pivotal role in this effort, helping to bridge the gap between traditional investment models and the rapidly evolving crowdfunding landscape.

- **California as the "Startup State":**

Despite having a mature venture capital ecosystem, California's crowdfunding success continues to grow. This trend reflects the broadening appeal of crowdfunding, especially among entrepreneurs who may not fit the traditional venture capital mold—including women, minorities, and small business owners. As venture capital firms work to improve diversity through targeted funds and board initiatives, crowdfunding remains an inclusive platform, providing capital access to founders who traditional investors have historically overlooked.

What's New This Year?

- **Washington's Rise:** Washington's investment volume surpassed \$108 million, cementing its place among the top-performing states. Its growing dominance in average raises and deal size suggests a maturing ecosystem fueled by a mix of tech-savvy investors and a strong entrepreneurial culture.
- **Investor Hotspots in Unexpected States:** States like Delaware, Utah, and Georgia have notable investor engagement relative to their population

size, indicating strong local investor communities that are highly active in crowdfunding.

- **Shift in Deal Concentration:** Adding North Carolina, Ohio, and Virginia to the list of states with over 100 successful offerings points to an ongoing shift in which crowdfunding is becoming an integral part of the funding landscape, even in regions not traditionally known for startup activity.

The latest data reinforces the narrative that Investment Crowdfunding is no longer confined to coastal hubs or major metropolitan areas. While

California, New York, Texas, and Florida remain dominant, the growth in states like Washington, North Carolina, and Kentucky signals broadening access to capital and investment opportunities. This geographic diversification is a testament to crowdfunding's power to democratize finance, creating new opportunities for entrepreneurs and investors, regardless of location.

As the ecosystem evolves, education and outreach will be critical in states with emerging activity. By fostering greater awareness among potential investors and issuers, the industry can sustain its growth trajectory and expand its impact across the United States.

Table 12: Ranking States by Investments, Offerings, and Investors

	Investments (\$)	Successful Offerings	Investors (Qty)
California	\$865.6M	1,701	668,461
New York	\$317.3M	659	242,606
Texas	\$193.8M	427	149,958
Florida	\$169.0M	422	147,677
Massachusetts	\$106.3M	159	49,409
Washington	\$88.5M	283	46,981
Delaware	\$67.4M	184	51,832
Colorado	\$61.7M	196	53,981
Utah	\$59.2M	123	27,483
Pennsylvania	\$56.8M	140	53,359
Arizona	\$53.2M	296	44,067
Georgia	\$47.0M	92	55,114
Nevada	\$44.7M	131	24,636
Illinois	\$42.6M	158	43,336
Tennessee	\$41.7M	99	24,970
New Jersey	\$35.7M	85	42,298
North Carolina	\$35.8M	112	17,742
Virginia	\$33.8M	79	22,588

	Investments (\$)	Successful Offerings	Investors (Qty)
Ohio	\$26.4M	101	23,320
Idaho	\$28.3M	98	15,227
South Carolina	\$27.9M	111	25,382
Oregon	\$27.5M	56	13,448
Michigan	\$26.7M	67	13,139
Minnesota	\$26.0M	41	20,691
Connecticut	\$24.9M	85	23,861
Hawaii	\$23.1M	98	19,296
Maryland	\$22.4M	27	42,389
New Mexico	\$15.5M	53	6,084
Indiana	\$12.8M	28	4,702
Missouri	\$11.8M	31	11,124
Kentucky	\$12.0M	31	7,237
Puerto Rico	\$11.5M	52	4,834
Alabama	\$9.4M	15	6,514
Wyoming	\$8.8M	15	4,399
District of Columbia	\$8.2M	66	3,943
Rhode Island	\$7.6M	31	8,329
Maine	\$5.1M	21	7,789
Louisiana	\$4.8M	19	3,963
Vermont	\$5.4M	29	2,462
New Hampshire	\$5.0M	22	4,410
Wisconsin	\$4.2M	28	2,542
Iowa	\$3.7M	13	770
Kansas	\$3.3M	15	2,642
Oklahoma	\$2.8M	16	1,347
Montana	\$2.6M	11	1,460
Arkansas	\$2.1M	5	1,214

	Investments (\$)	Successful Offerings	Investors (Qty)
Alaska	\$1.5M	7	1,499
West Virginia	\$1.5M	10	1,120
Virgin Islands, U.S.	\$0.5M	2	1,085
North Dakota	\$0.4M	3	574
South Dakota	\$0.4M	1	142
Mississippi	\$0.2M	2	268
Nebraska	\$0.2M	2	64

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SUCCESSFUL RAISES INCREASING OVER TIME

Since its launch, Investment Crowdfunding has demonstrated strong and consistent growth, with 6,524 successful raises recorded. A raise is considered successful when it surpasses its minimum funding target, which ensures that the committed capital is released from escrow to the issuer. This success is notable, given that the overall success rate now stands at 69.6%, a remarkably favorable outcome compared to other alternative forms of capital access. For example, only about 2% of companies that apply for venture capital funding receive it, highlighting the

accessibility and effectiveness of crowdfunding as a capital formation tool.

While this success rate is impressive, it's important to recognize that nearly one-third of offerings still fail to meet their minimum funding goals, resulting in committed capital being returned to investors. This structure is by design: Under crowdfunding regulations, investor commitments are held in escrow until the offering's minimum target is met. The funds are safely returned if the target isn't achieved, reinforcing investor confidence.

Interestingly, the relatively high success rate may point to an efficient marketplace, where investors carefully evaluate offerings and selectively invest in credible and promising businesses. This self-

Table 13: Average Success Rate Drops in 2023 but Remains High

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Funded	49.5%	61.7%	59.6%	65.8%	70.4%	75.0%	77.0%	72.7%	64.3%	69.6%
Not Funded	50.5%	38.3%	40.4%	34.2%	29.6%	25.0%	23.0%	27.3%	35.7%	30.4%

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Table 14: Count of Successful vs Failed Offerings

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Funded	93	317	452	470	815	1,173	1,222	1,066	916	6,524
Not Funded	95	197	306	244	342	392	366	400	509	2,851
Grand Total	188	514	758	714	1,157	1,565	1,588	1,466	1,425	9,375

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regulating dynamic suggests that the crowdfunding ecosystem fosters informed decision-making from investors and issuers.

Trends in Success Rates Over Time

Although the overall success rate has increased steadily, 2024 experienced a notable dip compared to recent years. The success rate in 2024 fell to 64.3%, down from 72.7% in 2023 and the peak of 77% in 2022. This decline marks the first significant drop in the success rate since 2018, suggesting that external factors, such as shifts in investor sentiment or broader economic conditions, may have influenced deal performance.

The decline could be attributed to several factors:

- **Economic Uncertainty:** Fluctuations in the broader economic environment may have made investors more cautious, leading to more selective investment behavior.
- **Issuer Quality:** There may be a broader range of issuer quality, with some companies entering the market without fully developed business plans or compelling investor propositions.
- **Increased Competition:** As the number of offerings grows, investors have more choices, which can dilute capital across a broader range of opportunities.

Despite this recent dip, the long-term trend remains positive. The industry has demonstrated resilience, with success rates consistently outperforming traditional funding channels.

The Role of Minimum Funding Targets

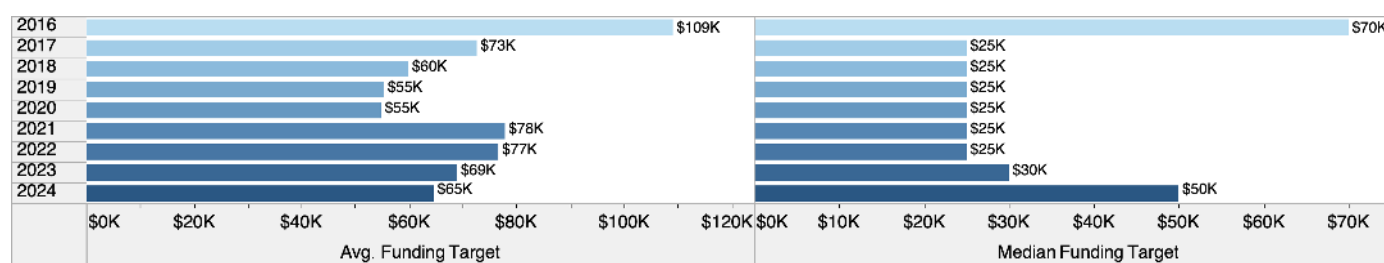
A key factor influencing success rates is the minimum funding target, the threshold an offering must surpass to be deemed successful. The issuer determines this figure entirely and represents the minimum amount of capital they claim is necessary to achieve the goals outlined in their campaign.

In 2024, the average minimum funding target across all offerings was \$64,534, down slightly from \$69,002 in 2023 but still significantly higher than the lows observed in 2019 and 2020. When the median minimum funding target was \$50,000, this may indicate a shift toward more substantial capital requirements set by issuers or scrutiny by investors.

However, addressing an underlying issue is critical: many of these minimum funding targets, particularly for equity offerings, are artificially low. While setting a lower target increases the likelihood of reaching it—and thus reporting a “successful” raise—it raises important questions about whether these amounts are sufficient to meet the issuer’s stated business objectives. In some cases, it’s difficult to reconcile how an equity offering with a minimum target of \$25,000 or even \$50,000 could meaningfully advance a company’s growth, achieve product milestones, or support scaling efforts.

This practice is often influenced by platform strategies, where issuers are encouraged to set low targets to improve perceived success rates and attract investor confidence. Additionally, issuers running parallel offerings (e.g., a RegCF raise alongside a 506(c) offering) may intentionally

Chart 44: Average/Median Targets for all Deals



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set low targets for the RegCF component to secure funds even if that portion underperforms relative to their broader capital-raising goals.

While this strategy can be effective from a marketing perspective, it challenges the industry's credibility. It risks creating a disconnect between reported success rates and the actual capital sufficiency needed for business growth. This is an area where improvement is needed, and platforms, issuers, and regulators should engage in discussions about setting more realistic funding targets that better align with operational goals and investor expectations.

However, it's important to note that this concern does not apply as strongly to debt offerings. Debt issuers, often representing smaller businesses with modest capital needs, tend to set more realistic funding targets that reflect their working capital requirements or short-term financing needs. The average minimum funding target for debt offerings in 2024 was \$42,495, with a median of \$27,500, which aligns with the typical use cases for debt capital in small business operations.

Debt vs. Equity: A Comparison of Funding Targets

When breaking down minimum funding targets by security type, clear patterns emerge:

● **Debt Offerings: Aligned and Realistic**

In 2024, the average minimum funding target for debt offerings was \$42,495, with a median of \$27,500. These figures are closely aligned with the average actual raise of \$60,000 and median \$27,500. This alignment suggests that debt issuers set realistic and achievable funding targets that reflect their immediate, defined

capital needs, such as working capital, inventory purchases, or short-term projects.

Smaller, cash-flow-positive businesses often issue debt offerings that require modest amounts to support operational needs. As a result, these companies have a more grounded approach to target-setting, leading to funding targets that accurately mirror the amounts they ultimately raise.

● **Equity Offerings: A Disconnect Between Targets and Actual Raises**

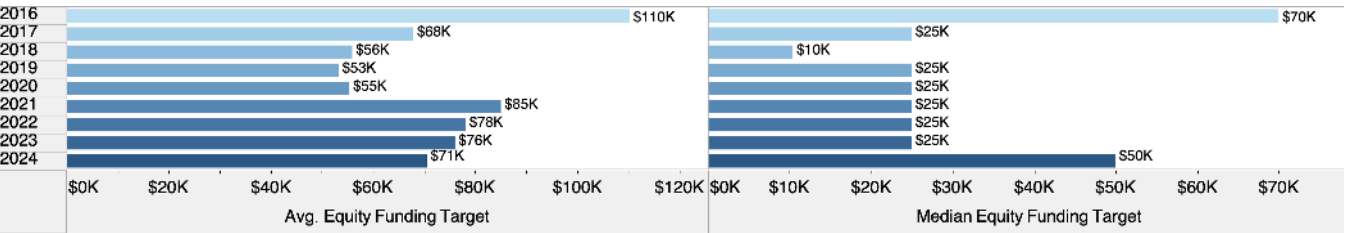
In contrast, equity offerings present a different story. The average minimum funding target for equity offerings in 2024 was \$70,522, with a median of \$50,000. However, the average actual raise was significantly higher at \$402,000, with a median raise of \$109,000. This substantial gap between the minimum funding targets and the actual amounts raised suggests that issuers may be setting artificially low targets to improve their chances of success while intending to raise much larger sums.

While setting lower minimum targets can be a strategic decision—ensuring that issuers can at least secure some capital if they don't hit their full goals—it raises critical concerns about the integrity of these targets. For many growth-stage companies, raising only \$50,000 would likely be insufficient to meaningfully advance product development, support scaling efforts, or achieve key business milestones.

This disconnect poses several challenges:

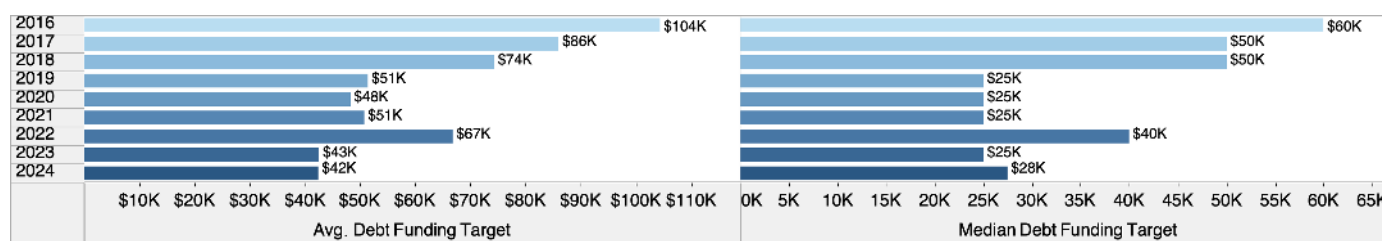
- 1. **Investor Transparency: Investors** may assume that the minimum funding target represents the amount necessary for the issuer to achieve

Chart 45: Average/Median Targets for Equity only Deals



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Chart 46: Average/Median Targets for Debt only Deals



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specific objectives, which may not always be accurate.

2. **Perception of Success:** High success rates driven by low targets could create a misleading narrative about the effectiveness of crowdfunding campaigns.
3. **Capital Sufficiency:** Companies that close rounds after meeting low minimum targets may still face capital shortfalls, which could affect business sustainability and investor returns.

Why the Discrepancy Matters

The misalignment between minimum targets and actual capital needs is an area where the industry can improve. While platforms may encourage low targets to boost perceived success rates, this practice raises important questions:

- Are issuers setting targets that reflect their actual funding needs?
- Can businesses realistically achieve their growth goals with such low minimum funding amounts?

These concerns are particularly relevant for equity offerings, where growth-oriented companies often require substantial capital to execute their strategies. Conversely, debt offerings tend to be more conservative and pragmatic, with funding targets that closely reflect operational realities.

What to Watch Moving Forward

As the industry matures, we expect continued discussions around:

- **Best Practices for Target Setting:** Platforms and issuers should collaborate to ensure funding targets align with business needs.

- **Regulatory Considerations:** Potential policy changes may encourage greater transparency in determining minimum funding targets.
- **Investor Education:** Educating investors to look beyond “successful” campaigns and scrutinize whether funding targets are sufficient for an issuer’s stated goals.

While 2024’s dip in success rates may raise questions, the broader trend tells a compelling story: Investment Crowdfunding remains a resilient, effective, and evolving tool for capital formation, with strong fundamentals that position it for continued growth. Greater transparency in setting funding targets will be critical to sustaining this growth and enhancing investor confidence.

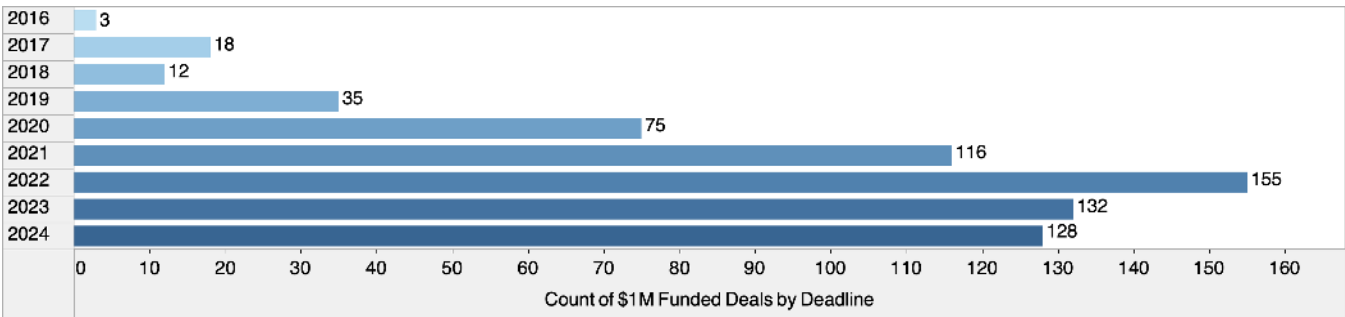
While low funding targets may lead to high success rates, increasing the minimum target might lower the average success rate.

MILLION DOLLAR+ DEALS

Since the inception of Investment Crowdfunding, 674 offerings have successfully raised over \$1 million, collectively attracting more than 1,060,000 investors. Approximately 10.3% of all successful raises have crossed the million-dollar threshold, underscoring the platform’s capacity to support significant capital formation beyond early-stage, small-scale funding.

These offerings have collectively raised over \$1.5 billion, representing 55.2% of all investment crowdfunding capital. Equally noteworthy, nearly one in every two investment checks (49.8%) has been directed toward million-dollar deals. This concentration of capital within a relatively small segment of offerings reveals key trends about

Chart 47: Number of Million Dollar Deals



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investor behavior, deal dynamics, and the evolving maturity of the crowdfunding ecosystem.

Key Insights from Million-Dollar Deals

The trend of million-dollar-plus offerings highlights how a relatively small proportion of deals command a disproportionately large share of investor capital. While the number of these deals has declined slightly over the past few years—from 155 in 2022 to 132 in 2023, and 128 in 2024—the average amount raised per deal has increased substantially. In 2024, the average raise for million-dollar offerings reached \$3.2 million, from \$2.6 million in 2023 to \$2.4 million in 2022. This suggests that although fewer deals are reaching the million-dollar mark, those that do attract larger investments and demonstrate greater capital efficiency.

Investor behavior within these high-value deals also reflects a shifting dynamic. The average number of investors per million-dollar deal has steadily declined, from 2,150 in 2021 to 1,017 in 2024. Simultaneously, the average investment per investor surged to \$3,160 in 2024, up from \$1,748 in 2023. While this might initially suggest a maturing investor base concentrating capital into fewer deals, a deeper look reveals that this trend is most likely driven by the increasing prevalence of parallel 506(c) offerings. These parallel offerings, which cater exclusively to accredited investors, often involve larger check sizes, significantly influencing the average investment figures in these million-dollar campaigns. Thus, rather than reflecting solely individual investor behavior, this shift highlights the blended nature of capital

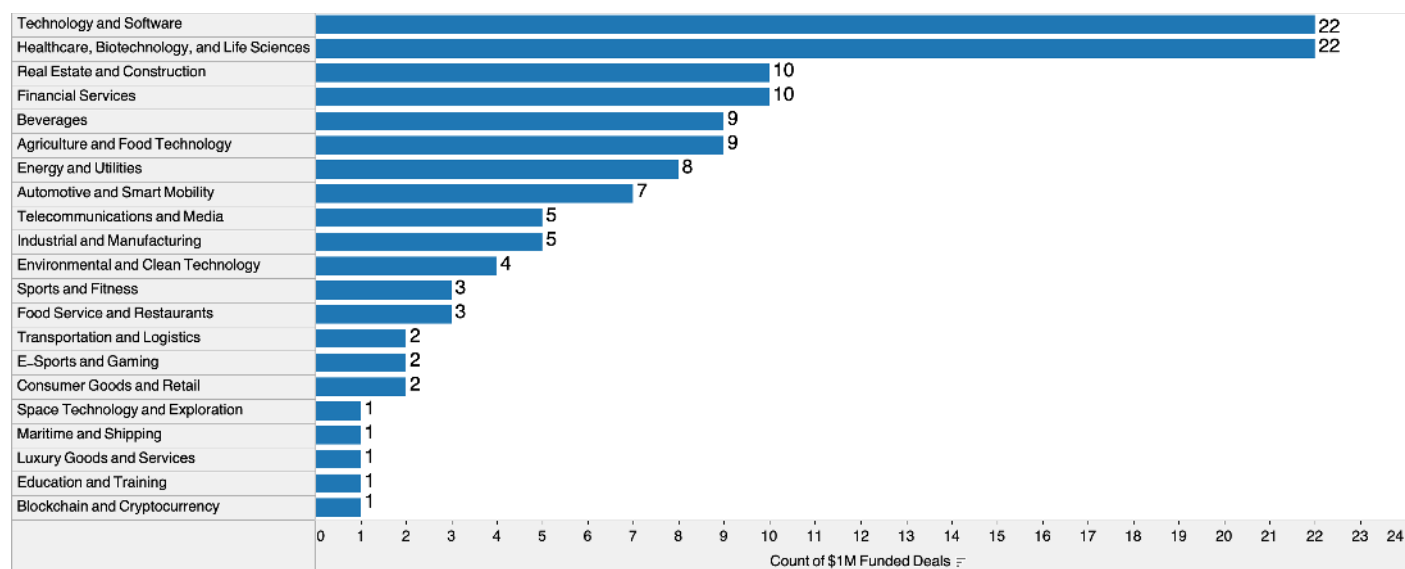
formation in deals that attract retail and accredited investors.

Industry and Platform Trends

When examining which platforms facilitated these million-dollar raises, a clear pattern emerges. Wefunder continues to dominate, hosting 59 of the million-dollar deals in 2024. StartEngine followed with 25 deals, while Dealmaker made notable strides with 21 offerings, marking a 100% increase in the number of million-dollar deals on its platform compared to 2023. This growth suggests that Dealmaker is gaining traction among issuers seeking to raise substantial capital, because it operates as a broker and can solicit investors.

Wefunder’s leadership in this space is not entirely surprising. The platform’s strategy often includes parallel offerings, particularly combining RegCF campaigns with 506(c) raises. As mentioned, this approach allows companies to attract retail and accredited investors, often under the same terms, which can significantly boost the total capital raised in a given round. As a result, Wefunder’s high volume of million-dollar deals may reflect not just platform reach, but also the effectiveness of this dual-raise strategy in aggregating larger investment sums.

Geographically, these high-value deals are not confined to traditional financial hubs. In 2024, million-dollar raises occurred in 92 cities across 30 states, highlighting the national reach of crowdfunding. While California remains the dominant state, accounting for 64% of million-dollar issuers, the data reveals an encouraging trend of capital flowing into diverse regions.

Chart 48: Million Dollar Deals by Industry

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Companies from cities like Tempe, Arizona; Woodbury, Minnesota; Windsor, Connecticut; Reston, Virginia; Redmond, Oregon; Raleigh, North Carolina; Park City, Utah; Louisville, Kentucky; and Kamuela, Hawaii secured significant funding, demonstrating that crowdfunding success is not limited by geography. This underscores one of the core strengths of Investment Crowdfunding: its ability to democratize access to capital, allowing companies in both urban and rural areas to thrive.

Sector Insights: Shifting Investment Preferences

The sector breakdown of million-dollar deals provides valuable insights into where investor confidence is strongest. In 2024, Healthcare emerged as a standout sector, with the number of million-dollar offerings rising from 15 in 2023 to 22 in 2024. This growth reflects heightened investor interest in health-related technologies and services, likely driven by the ongoing global focus on healthcare innovation, biotech advancements, and digital health solutions.

Alongside healthcare, the technology and software sector maintained its strong position, accounting for 22 million-dollar deals in 2024. This continued dominance aligns with broader trends in private capital markets, where tech companies often attract outsized investor attention due to their

scalability, growth potential, and disruptive capabilities.

Other notable sectors include:

- Real Estate and Financial Services, which combined for 10 million-dollar offerings. These sectors continue to appeal to investors seeking more stable, asset-backed opportunities or innovative consumer services.
- Energy and Utilities, which accounted for eight deals, driven by the increasing focus on renewable energy, clean tech, and sustainability initiatives.
- Automotive and Smart Mobility, with seven offerings, highlighting investor interest in electric vehicles, autonomous technologies, and transportation innovations.

What's particularly interesting is that many of these offerings are in industries that traditionally attract venture capital investment. Yet, these companies have chosen to raise funds online for various reasons. Some may have preferred the community-building advantages of crowdfunding, others may have found it a more efficient or flexible option than traditional VC funding, while others may have been seeking a bridge round online. In many cases, these issuers likely appreciated the ability to maintain greater control over their businesses

without the typical strings attached to venture capital.

What These Trends Mean for the Industry

The rise and resilience of million-dollar crowdfunding deals reveal several important dynamics shaping the industry:

- 1. *Crowdfunding Is Scaling Up*
The steady increase in average deal size, alongside the emergence of companies raising more than \$5 million, underscores that Investment Crowdfunding is no longer just a tool for early-stage startups. It's evolving into a legitimate funding channel for growth-stage companies looking to secure substantial capital without relying solely on traditional venture capital.
- 2. *Parallel Offerings shape Investor Behavior*
The trend of larger investments per investor in million-dollar deals is heavily influenced by the role of parallel 506(c) offerings, which bring accredited investors into the fold with significantly larger check sizes. This underscores how the evolving structure of crowdfunding campaigns—combining retail and accredited investor participation—is reshaping capital flows within the industry.
- 3. *Geographic and Sector Diversification*
The fact that million-dollar deals thrive in cities beyond Silicon Valley and New York and across

diverse industries demonstrates that crowdfunding democratizes who can invest and where capital flows. This trend supports regional economic development and ensures that innovative companies can access the funding they need to grow regardless of location.

- 4. *Regulatory Changes Are Driving Growth*
The SEC's decision to raise the RegCF cap to \$5 million has profoundly impacted capital formation. Companies that might have previously outgrown crowdfunding are now finding it a viable option even as they scale, leading to larger, more complex raises and greater investor participation. This alone should be why Congress and the SEC should raise the RegCF cap to \$20 million.

While the number of million-dollar deals declined slightly in 2024, the growth in average raise sizes, larger individual investments, and sector diversification suggests that the industry is maturing and expanding its reach. Crowdfunding has proven itself as an alternative funding mechanism and a powerful force in modern capital markets, capable of supporting businesses from a wide range of sectors and locations.

As the industry continues to evolve, we can expect to see more million-dollar deals, not just in volume but in impact, driving innovation, job creation, and economic growth across the country.

Table 15: 2024 Million Dollar Cohort

Issuer	City	State	Platform	Total Raised
Scrap Connection	Muscle Shoals	Alabama	Wefunder	\$1.1M
GACW Incorporated	Chandler	Arizona	Dealmaker	\$1.8M
GravyStack	Phoenix	Arizona	Wefunder	\$4.8M
Mother Road Brewing	Flagstaff	Arizona	StartEngine	\$1.0M
Subto Fund	Tempe	Arizona	Mundial Financial Group	\$4.2M

Issuer	City	State	Platform	Total Raised
ZenniHome	Page	Arizona	Wefunder	\$14.1M
Aptera	San Diego	California	Jumpstart Micro	\$3.5M
Atom Limbs	San Francisco	California	Wefunder	\$3.1M
Aura	San Francisco	California	Dealmaker	\$3.2M
Bud Love	San Diego	California	Wefunder	\$1.8M
Cadence OTC	Oakland	California	Wefunder	\$1.8M
Clockwork	San Francisco	California	Wefunder	\$7.4M
Death & Co	Los Angeles	California	Dealmaker	\$1.2M
EarthGrid	Richmond	California	Net Capital Funding	\$1.2M
Elevate Money	Newport Beach	California	Wefunder	\$2.3M
Eli	Los Angeles	California	Dealmaker	\$1.2M
Fathom	South Lake Tahoe	California	Wefunder	\$17.3M
FreebirdRides	Rancho Santa Fe	California	Wefunder	\$2.9M
Frost Giant	Irvine	California	StartEngine	\$1.2M
FYTA	Laguna Niguel	California	Wefunder	\$4.4M
Geoship	Nevada City	California	Wefunder	\$7.3M
Get Rootless	San Francisco	California	Dealmaker	\$3.0M
Graze	Santa Monica	California	Dealmaker	\$1.2M
Mela	Aliso Viejo	California	Wefunder	\$3.4M
MeWe	Calabasas	California	Wefunder	\$13.7M
Oakland Ballers	Oakland	California	Dealmaker	\$1.8M
OK Stone Engineering	Carlsbad	California	Equifundcfp	\$2.5M
Pacha	Vista	California	Wefunder	\$1.3M
Pressman	West Hollywood	California	Republic	\$1.8M
PSYONIC	San Diego	California	StartEngine	\$1.0M
Rad Intelligence	Santa Monica	California	Dealmaker	\$9.3M
Simplify Genomics	Solana Beach	California	Wefunder	\$5.0M

Issuer	City	State	Platform	Total Raised
Sircles	Sarcamento	California	Wefunder	\$2.4M
Steeped Coffee	Scotts Valley	California	Republic	\$1.7M
SwingVision	Saratoga	California	Wefunder	\$1.4M
The SMART Tire Company	Upland	California	Wefunder	\$1.2M
TREVI	Rohnert Park	California	Dealmaker	\$1.6M
Valo	Alameda	California	Wefunder	\$2.2M
Woods Beer & Wine	San Francisco	California	Wefunder	\$1.3M
YouSolar	Emeryville	California	StartEngine	\$1.2M
Ad Fontes Media	Westminster	Colorado	Wefunder	\$3.8M
AJNA	Littleton	Colorado	Wefunder	\$4.2M
Project Buffalo	Fort Collins	Colorado	Wefunder	\$1.2M
Infinity Fuel Cell & Hydrogen	Windsor	Connecticut	Dealmaker	\$4.2M
Liquid Piston	Bloomfield	Connecticut	Dealmaker	\$4.8M
Ampere Technologies	Dover	Delaware	Republic	\$2.9M
ViiT Health Inc	New Castle	Delaware	Wefunder	\$2.4M
4BIDDENKNOWLEDGE, INC.	Weston	Florida	TruCrowd	\$1.7M
ACME AtronOmatic	Orlando	Florida	StartEngine	\$5.0M
Bee Mortgage	Jacksonville	Florida	Wefunder	\$1.8M
BuyAlerts	Miami	Florida	Dealmaker	\$1.8M
Cytonics	Jupiter	Florida	StartEngine	\$3.7M
Doroni Aerospace, Inc.	Coral Springs	Florida	StartEngine	\$1.9M
Kliken	Tampa	Florida	Wefunder	\$3.5M
Loosid App	Sunny Isles	Florida	Wefunder	\$1.2M
Oracle Health	Safety Harbor	Florida	StartEngine	\$3.5M
Oracle Health	Safety Harbor	Florida	Wefunder	\$5.5M
Groundfloor	Atlanta	Georgia	Republic	\$1.2M
Knock	Atlanta	Georgia	Wefunder	\$10.7M

Issuer	City	State	Platform	Total Raised
Kuleana Spirits	Kamuela	Hawaii	StartEngine	\$1.9M
Curlmix	Chicago	Illinois	Wefunder	\$1.5M
Ludex	Chicago	Illinois	Wefunder	\$1.0M
MODE MOBILE	Chicago	Illinois	Dealmaker	\$5.1M
Rockn Vodkas	Belvidere	Illinois	StartEngine	\$1.0M
NKD Distilling	Louisville	Kentucky	Wefunder	\$1.4M
Neighborhood Sun	Silver Spring	Maryland	Wefunder	\$2.3M
Carbon Counts	Cambridge	Massachusetts	Wefunder	\$5.7M
Humanity	Boston	Massachusetts	Wefunder	\$2.7M
Kingscrowd	Boston	Massachusetts	Wefunder	\$1.5M
Melanin Haircare	Framingham	Massachusetts	Wefunder	\$1.2M
Goodegg Growth Fund II	San Francisco	Minnesota	Silicon Praire Online	\$2.9M
Sight	Woodbury	Minnesota	VidAngel Studios	\$1.2M
Peak Ski Company	Bozeman	Montana	Republic	\$1.2M
3 Keys Communities, LLC	Las Vegas	Nevada	Crowdfund My Deal	\$2.2M
Scream Truck	Springfield	New Jersey	Wefunder	\$3.6M
Beehiiv	New York	New York	Wefunder	\$1.0M
Blushington	New York	New York	Wefunder	\$3.5M
Epi One	Brooklyn	New York	StartEngine	\$3.0M
Equity Multiple	New York	New York	Wefunder	\$6.7M
Flower Turbines	Lawrence	New York	StartEngine	\$1.7M
Kara Water	New York	New York	StartEngine	\$1.2M
Koios Medical	New York	New York	Wefunder	\$9.3M
Lavva	Brooklyn,	New York	Wefunder	\$1.5M
Levels Health	New York	New York	Wefunder	\$8.7M
Magfast	Cornwall On Hudson	New York	Net Capital Funding	\$1.3M
Olympian Motors	New York	New York	Wefunder	\$3.8M

Issuer	City	State	Platform	Total Raised
Personal AI	New York	New York	Republic	\$1.8M
R3 Printing	New York	New York	StartEngine	\$3.4M
TA Fintech Inc.	New York	New York	Dalmore Group	\$5.3M
The Drivers Cooperative, Inc.	Long Island City	New York	Wefunder	\$1.7M
THE FIRING SQUAD	New York	New York	Wefunder	\$1.8M
Clothing 2.0	Conover	North Carolina	Wefunder	\$2.4M
FG Communities	Mooresville	North Carolina	Equifundcfp	\$3.9M
Mystic Farm & Distillery	Durham	North Carolina	StartEngine	\$1.2M
Offline	Raleigh	North Carolina	Wefunder	\$2.0M
Advancing Eco Agriculture	Middlefield	Ohio	Wefunder	\$2.5M
TriAgencies	Redmond	Oregon	StartEngine	\$5.0M
National Energy Improvement Fund	Allentown	Pennsylvania	Raise Green	\$2.6M
Painterland Sisters	Lititz	Pennsylvania	Wefunder	\$1.2M
Energyx	Dorado	Puerto Rico	Dealmaker	\$2.0M
Alto	Dallas	Texas	StartEngine	\$2.9M
AvaWatz Company	Addison	Texas	Wefunder	\$1.4M
Choose Your Horizon	Austin	Texas	StartEngine	\$1.2M
It's Skinny	Austin	Texas	Dealmaker	\$1.2M
LIFT Aircraft Inc.	Austin	Texas	Dealmaker	\$7.8M
Nada	Dallas	Texas	Wefunder	\$2.0M
Otherweb	Round Rock	Texas	Dealmaker	\$3.0M
Pinwheel	Austin	Texas	Wefunder	\$1.8M
Place Technology, Inc.	Austin	Texas	Wefunder	\$1.6M
PlayersTV	Dallas	Texas	Jumpstart Micro	\$3.2M
Zalat Pizza	Dallas	Texas	StartEngine	\$2.0M
Citizen Portal	Alpine	Utah	StartEngine	\$1.4M

Issuer	City	State	Platform	Total Raised
Pale Blue Earth	Park City	Utah	Wefunder	\$1.3M
Syntensor	Burlington	Vermont	Republic	\$4.2M
Mutiny Island Vodka	Christiansted	Virgin Islands, U.S.	StartEngine	\$1.1M
Coign	McLean	Virginia	Republic	\$2.3M
Garden for Wildlife	Reston	Virginia	Dealmaker	\$5.3M
LC Hospitality	South Riding	Virginia	Vesterr	\$1.2M
AquiPor	Spokane	Washington	StartEngine	\$1.1M
Arrived	Seattle	Washington	Wefunder	\$32.5M
Artly	Seattle	Washington	StartEngine	\$3.5M
Jetoptera	Edmonds	Washington	Wefunder	\$2.1M
Pipeline2Space	Seattle	Washington	Dealmaker	\$2.4M
ClearValue Tax	Sheridan	Wyoming	Gigastar Market	\$1.1M

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In a market
clouded by
opacity,
we bring clarity.

Investment crowdfunding is one of the fastest-growing segments of the private capital markets—yet it remains widely misunderstood. We change that. At Crowdfund Capital Advisors, we analyze every offering, check, and dollar committed, turning data into actionable insights. Whether you're researching, raising capital, investing, or shaping policy, our research gives you the perspective to move forward with confidence.

Perspective

Data-driven insights. Smarter decisions.

VALUATIONS

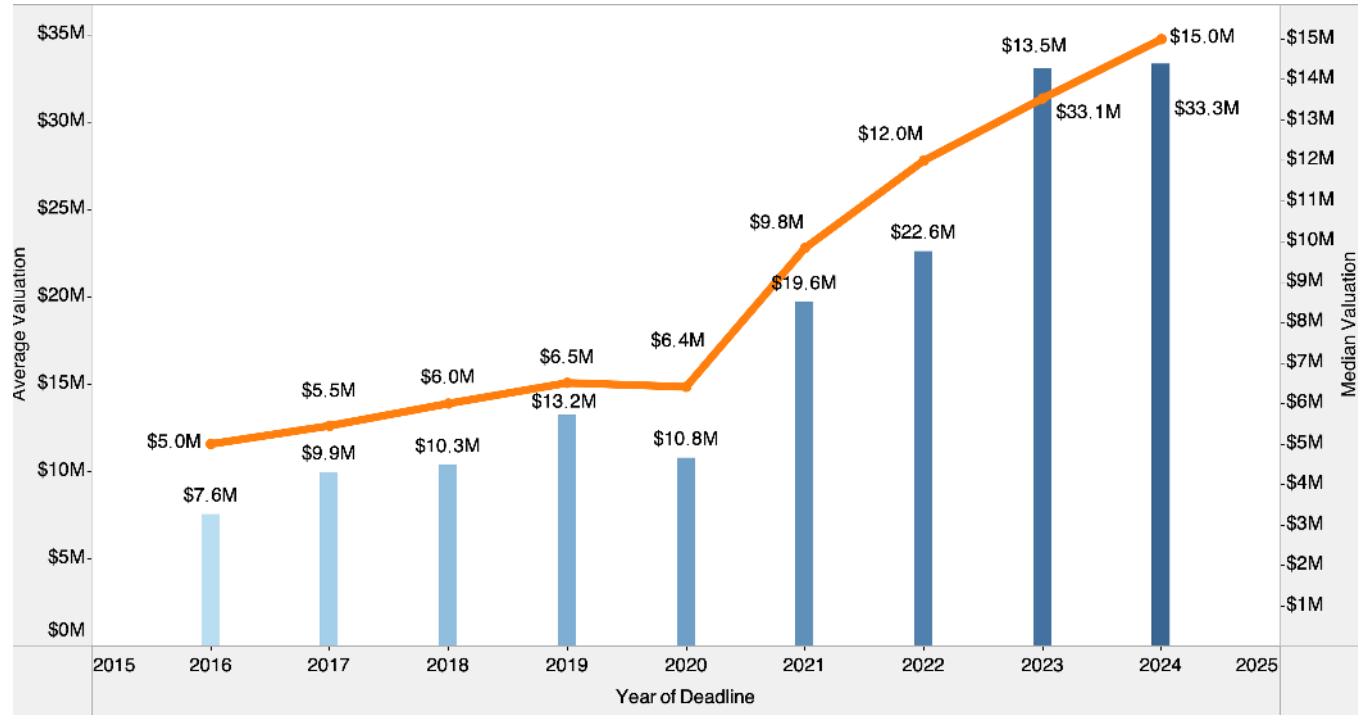
The pre-seed and early-stage funding landscape in 2024 showcased a striking divergence. Traditional VC dealmaking continued its downturn in deals while crowdfunding deals remained resilient, defying broader market trends. As detailed earlier in this report and the [PitchBook-NVCA Venture Monitor report](#), the venture capital market saw deal activity dwindle across the board, influenced by various global and economic shifts. Lingerin political uncertainty, rising interest rates, and supply chain challenges prompted a market transformation, necessitating new solutions.

However, despite an overall year-over-year decline in investment crowdfunding deals, quarter-over-quarter analysis reveals a notable contrast: two quarters in 2024 saw issuer growth, marking a stark difference from the persistent slowdown in the VC sector. This quarterly uptick is likely attributable to seasonal trends rather than a structural shift. Still, it underscores the resilience of crowdfunding as a capital source, especially as

venture investors pull back and issuers seek alternative financing options.

The data comparison between PitchBook's seed and early-stage deal counts and Investment Crowdfunding activities tells a compelling story. Although both PitchBook and Investment Crowdfunding saw a decrease in deals in 2024, PitchBook experienced a 14% decline, compared to just a 2.8% drop in Investment Crowdfunding. Moreover, while VC deal flow declined quarter over quarter throughout 2024, Investment Crowdfunding showed positive momentum in Q2 and Q4, highlighting its counter-cyclical nature. This trend underscores the increasing role of crowdfunding as a viable alternative for startups and early-stage companies seeking capital, even as traditional venture capital faces continued headwinds. As a result, Investment Crowdfunding is becoming an increasingly important pillar for innovation and entrepreneurial growth, characterized by strong investor interest and a shift toward more democratized funding mechanisms.

Chart 49: Average (Blue) /Median (Orange) Valuations



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Valuation Trends

Deals in Investment Crowdfunding have decreased slightly, but valuations have increased. The following chart depicts how **average valuations (Blue)** have increased since 2020 and are **more than three times higher than in that year**. The average valuation for all successful Investment Crowdfunding offerings leading up to 2021 was \$11 million. However, with the increase starting in 2021, the average valuation for all successful offerings since the industry launch rose to \$ 22.1 million, a 101% increase. Although deal flow has decreased, the broader Venture Capital ecosystem has also experienced a similar rise in Seed-stage valuations, mainly driven by interest in generative artificial intelligence startups. The only areas where there were corrections were in later-stage deals.

The **significant growth in Investment Crowdfunding valuations is mainly due to a change in issuer profiles**. In the past, most issuers were pre-revenue startups. However, **most are now**

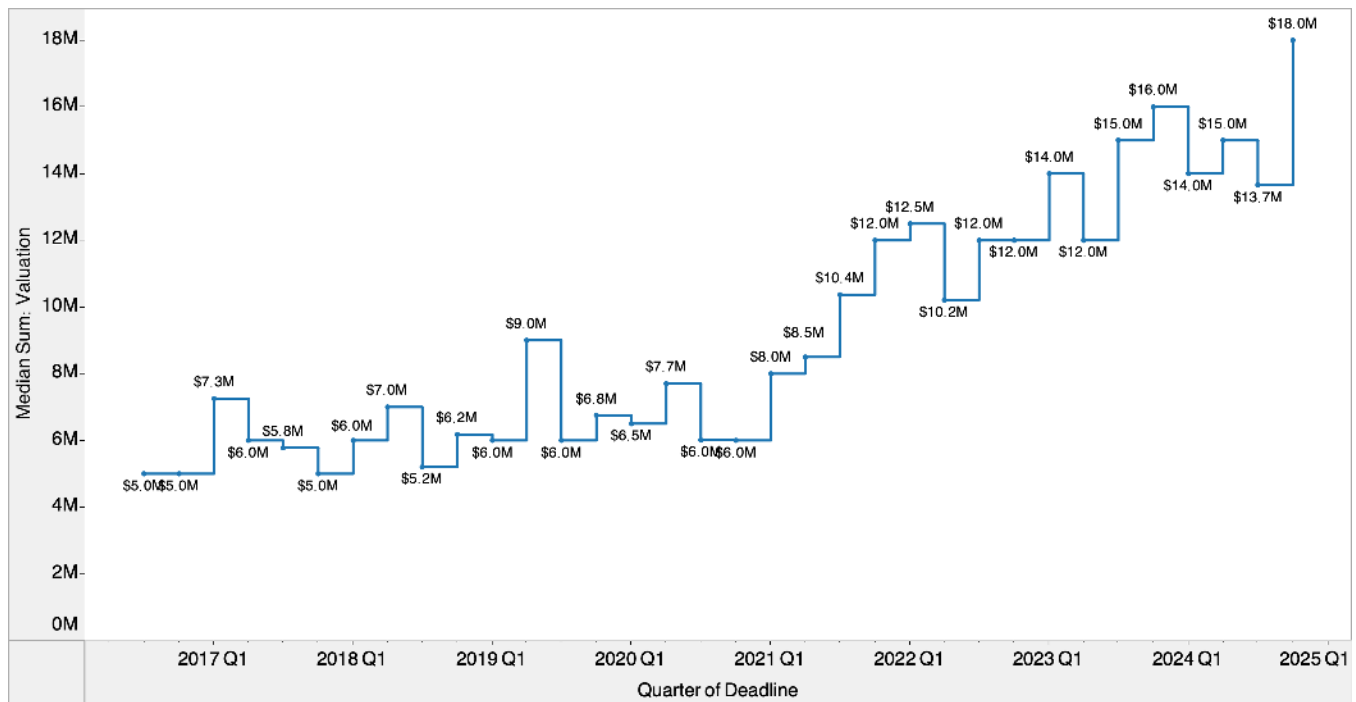
established post-revenue companies, which can charge a higher premium.

To get a more accurate valuation, it's essential to consider the median valuation instead of just the average. This is because outliers can skew valuations significantly. For instance, when the industry started in 2016, the highest valuation for any company was \$80 million. However, in 2021, the industry had its first company with a \$1B+ valuation raise funds. In 2023, one issuer, Boxabl, had a \$3.3 billion valuation. If Boxabl had been removed from the calculation, the average valuation for 2023 would have been \$29.8 million, a 13.6% decrease.

Median Valuations by Quarter

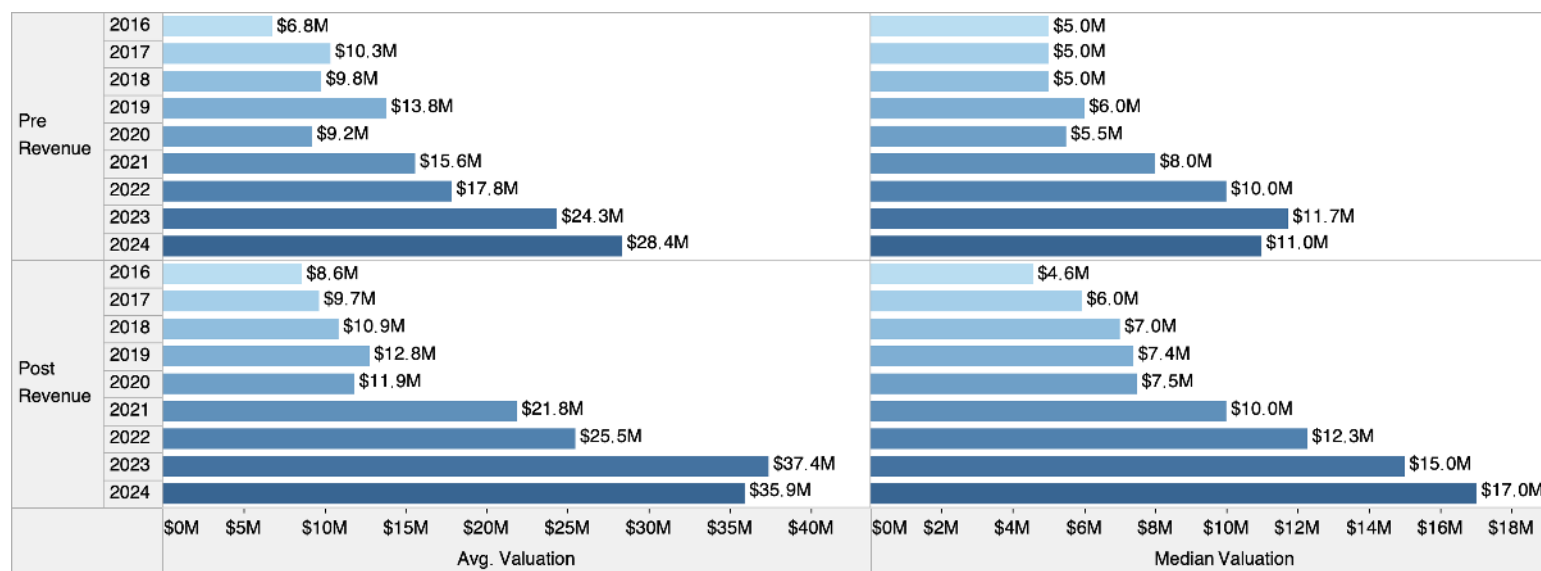
The following chart displays the **median valuations by quarter, indicating an upward trend that began in 2021**. Although most of these issuers are young and small, the data reveals that average valuations run higher in online offerings than typical seed valuations. This could be because, in typical seed offerings, valuations are negotiated between issuers and investors, typically VCs, who write

Chart 50: Median Valuations by Quarter of Closing Date



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Chart 51: Average/Median Valuation by Pre vs Post Revenue Issuers



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larger checks and have greater negotiating power. However, in online offerings, the issuer determines the terms. As the data indicates, negotiations and larger checks may decrease valuations, while online offerings may lead to higher valuations.

Pre-Revenue vs Post-Revenue Valuation

To gain a better understanding of valuations, let's delve deeper. The valuations appear different when we break down the data according to pre-revenue and post-revenue issuers. The valuations for post-revenue issuers are generally higher than those for their pre-revenue counterparts. This is because post-revenue issuers have proven business models with customers and cash flow, which means they have a higher chance of survival, lower risk, and, therefore, higher valuations.

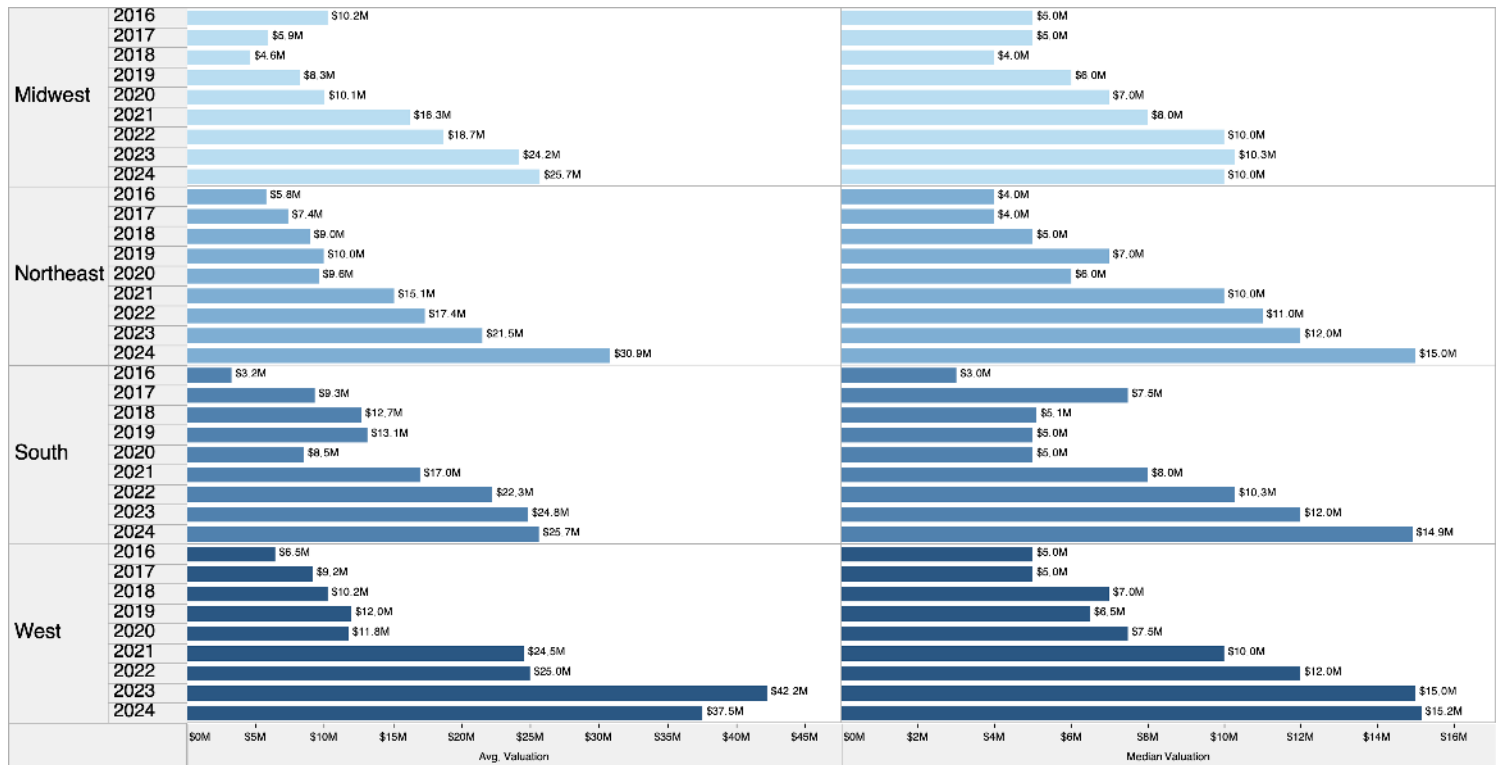
The median valuations for pre-revenue issuers remained relatively steady until 2021, after which they increased dramatically. There was finally a reset in median valuation for pre-revenue issuers in 2024. On the other hand, post-revenue issuers' median valuations have been steadily rising since the industry launched, and the same is true for their average valuations. Since 2021, the average valuations for both groups have skyrocketed, with

post-revenue issuers experiencing a 100% jump and pre-revenue issuers experiencing a jump of 102%. The average valuation for pre-revenue issuers between 2016 and 2024 was \$17.5 million, while for post-revenue issuers it was \$24.9 million. And the median valuation for pre-revenue issuers between 2016 and 2024 was \$8.4 million, and \$10.1 million for post-revenue issuers.

Regional Valuations

When we analyze average valuations by region, we see that the West is the highest, followed by the South, Northeast, and Midwest. Further diving into the data, we notice that average valuations increased significantly in 2020/2021 across all regions (due to easy access to capital) and continued to rise after that. The Northeast experienced the highest increase at 105.2%. Followed by the West at 104.3%. The South at 100.6% and the Midwest at 87.2%. Median valuations had the highest growth rate in the South, at 105.1% between 2020 and 2023, followed by 92.3% in the West, 78% in the Northeast, and 67.9% in the Midwest. Median valuations remained stable in the Midwest between 2022 and 2024 and increased in the other regions.

Chart 52: Average Valuation by Region by Year



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Median and average valuations provide valuable insights into the valuations investors will pay over time in different regions. They can serve as a helpful reference point for online investment issuers in these regions and investors conducting due diligence on deals.

Industry Sector Valuations

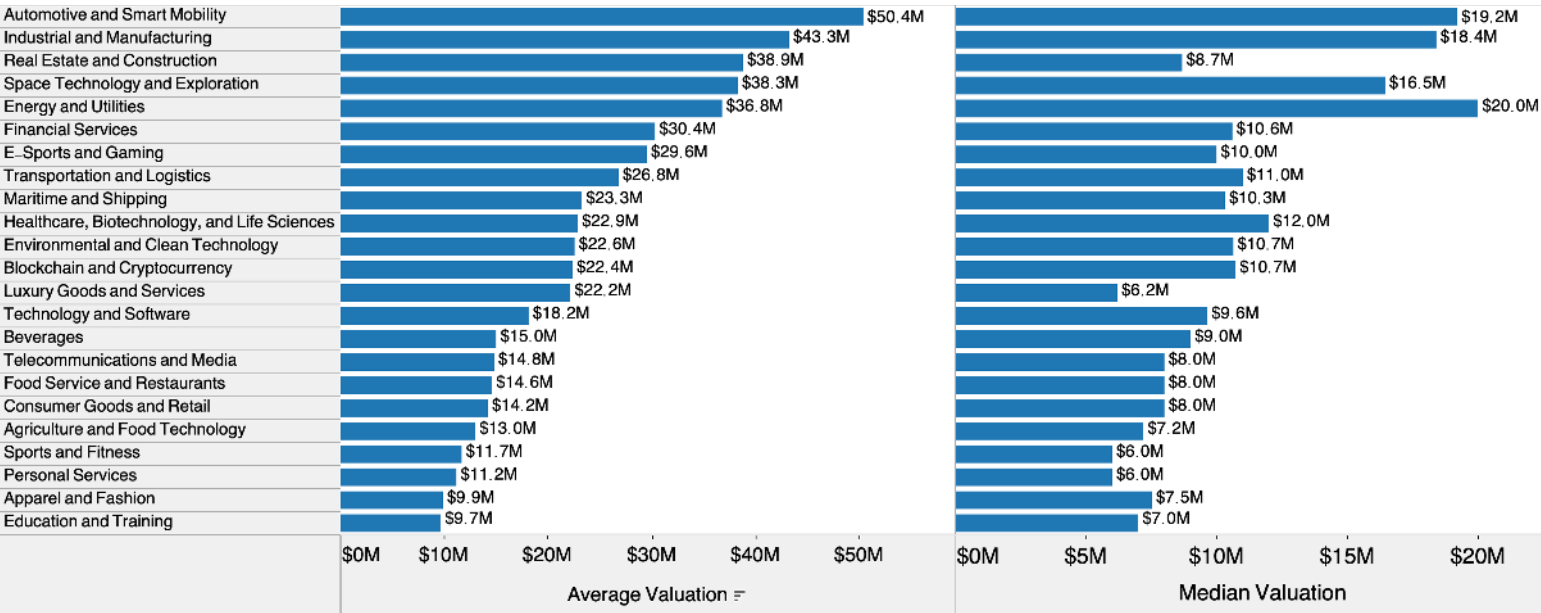
Industry sector valuations reveal a crucial dimension in understanding investment crowdfunding trends. While investors ultimately commit to individual businesses, sector-wide valuation trends provide meaningful benchmarks for issuers seeking capital and investors evaluating opportunities. The data demonstrates a wide range of valuations across different industries, emphasizing the importance of distinguishing between median and average figures to avoid distortions caused by outliers.

A closer examination of valuation trends highlights a clear pattern: industries with strong exit

potential, high acquisition interest, and significant competitive barriers to entry tend to command the highest valuations. Automotive and Smart Mobility, Industrial and Manufacturing, Energy and Utilities, and Space Technology and Exploration all stand out with some of the highest valuations in the dataset. These sectors are characterized by specialized technology, regulatory complexity, and long development cycles, making them highly attractive to strategic buyers and institutional investors. Their valuations reflect the cost of building these businesses and their ability to generate substantial future revenue, create proprietary technologies, and establish dominant market positions.

In contrast, technology and software-based companies sit in the middle of the valuation spectrum. While they benefit from high scalability and relatively lower fixed costs, their valuations do not always reach the same levels as capital-intensive sectors. The software industry, in

Chart 53: Average/Median Valuation by Industry



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particular, is known for rapid iteration and relatively low barriers to entry, leading to a highly competitive landscape where valuations are influenced by growth rates, recurring revenue models, and differentiation. While many technology startups have the potential to scale quickly, their valuation premiums are often tempered by market saturation and the need for sustained user acquisition to justify long-term profitability. Outliers in this space have been recent AI-related issuers that are piggybacking alongside the public market players and investor interest.

On the lower end of the valuation spectrum, lifestyle businesses—such as personal services, sports and fitness, and luxury goods—tend to have the most conservative valuations. These businesses generally operate in highly fragmented markets where competitive advantages are difficult to sustain. Many rely on strong branding and customer loyalty rather than groundbreaking innovation, limiting their potential for exponential growth. Additionally, investors often perceive these industries as having more constrained exit opportunities, with fewer strategic buyers willing to acquire businesses at high multiples than technology or industrial sectors.

A key insight from this data is the significant disparity between median and average valuations in specific industries. Blockchain, cryptocurrency, and Financial Services exhibit higher average valuations, yet their median valuations are notably lower. This suggests that a few standout deals—likely involving companies with strong traction, regulatory advantages, or institutional backing—have skewed the overall valuation averages. In such cases, median valuations provide a more reliable indicator of typical investment opportunities, while the occasional outliers reflect the disproportionate interest in category leaders within these sectors.

The evolving landscape of investment crowdfunding valuations underscores the importance of considering industry dynamics, competitive positioning, and potential exit opportunities when interpreting data. While the overall trend has been one of increasing valuations, the drivers of this growth vary widely across sectors and stages of company development. Industries with clear paths to acquisition, strong intellectual property, and high-margin revenue models will continue to demand the highest valuations. At the same time, those

operating in more fragmented or consumer-driven markets may see more conservative pricing.

As Investment Crowdfunding matures, sector-based valuation trends will continue to shape the market. Investors and issuers must carefully assess their opportunities, balancing potential returns with sector-specific risks. Understanding these valuation trends provides a strategic advantage, helping investors make informed decisions and issuers position themselves effectively in an increasingly competitive fundraising landscape.

UNREALIZED RETURN ON INVESTMENT

Investment Crowdfunding offerings can provide excellent value to investors. We track the progress of equity deals by comparing valuations between financing rounds for issuers. So far, 941 issuers have completed follow-on financing rounds, with 2,339 rounds completed. Out of these, 670 issuers have completed two rounds, 163 have completed three rounds, 68 have completed four rounds, 22 have completed five rounds, and 18 have completed more than five rounds.

The companies that have performed multiple funding rounds have shown significant valuation growth over a short period. For instance, companies that performed one follow-on round saw their average valuation increase by 44.5% from \$17.4 million in the first round to \$25.2 million in the second. This increase took place over an average of 17 months. Similarly, companies that performed two follow-on rounds saw their valuations increase by 125.5% from an average of \$10.1 million in their first round to \$22.8 million in their third. This increase took place over 30 months. Companies that completed four rounds saw an 81.6% unrealized return from an average of \$17.5 million in their first round to \$32.5 million in their fourth. This took place over 44 months. Finally, companies that completed five rounds saw an impressive 173% return from \$5.2 million to \$14.2 million in 38 months. Below is a list of companies that have completed six or more (equity) online funding rounds.

If an individual investor had invested \$1,000 in each of these companies during their initial funding round for \$13,000, their investment would now be worth \$69,319 based on the latest funding round. Similarly, if they had invested \$10,000 in each company, their investment would now be worth \$693,193!

Over 34,000 investors have participated in LegionM's fundraising, 6,800 in Rad Intelligence, and 4,800 in Fisher Wallace. These investors could be the next ones to exit, and if this happens, the media will likely cover it widely because of their significant earnings potential.



CCLEAR

CROWDFUNDING DATA

6 ways to improve your Investment Crowdfunding Offering

MARKETING AND COMMUNICATION STRATEGIES

INVESTOR FEEDBACK AND ADJUSTMENTS

VALUATION STRATEGY

INCENTIVES

TRANSPARENCY AND FREQUENT UPDATES

EARLY TRACTION AND SOCIAL PROOF

Table 16: Unrealized Return on Investment

Company Name	What they do	Rounds	Initial Valuation	Most Recent Valuation	% Growth
20/20 Genesystems	20/20 GeneSystems aims to reduce cancer mortality through early detection with AI-enhanced blood tests that evaluate risk factors and biomarkers for prompt, surgical intervention of early-stage cancers.	7	\$23M	\$69.9M	204%
Cytonics	Cytonics is pioneering regenerative medicine with cutting-edge biologic therapies for osteoarthritis, currently conducting human clinical trials to validate a Phase 1 study of their treatment based on Alpha-2-Macroglobulin (A2M), a protein with potential therapeutic effects.	7	\$32.4M	\$66.5M	105%
DSTLD	DSTLD, a digitally-native fashion brand, offers premium denim and luxury essentials at one-third the traditional retail price, emphasizing a minimalist color palette and sustainable, ethical production inspired by Los Angeles' creative community.	10	\$15M	\$52.8M	252%
Fisher Wallace	Fisher Wallace Laboratories develops and markets wearable brain stimulation devices designed to treat mental health conditions such as depression, anxiety, and insomnia. Their latest device, OAK, is scheduled for release in 2025 and has demonstrated rapid effectiveness in clinical trials.	10	\$15M	\$108.2M	151.3%
Legion M	Legion M collaborates with a range of creators, from indie filmmakers to major studios, to produce films, TV shows, and VR experiences, and is the first company ever designed to be fan-owned, allowing fans to be involved behind the scenes and share in the company's success.	7	\$6M	\$58.7	878.3%
LppFusion	LPPFusion is developing Focus Fusion generators that aim to provide safe, clean, and affordable energy by utilizing hydrogen-boron fuel, which produces no radioactive waste.	7	\$49M	\$84.4M	72.2%
Above Space	Above Space Development Corporation is an early-stage aerospace company focused on developing space platform hardware by leveraging Commercial Off-the-Shelf products and the extensive experience of its team.	6	\$22.5M	\$219.5M	875.6%
Rad Intelligence	RAD Intel has developed an advanced artificial intelligence platform designed to help brands identify new audiences and enhance content return on investment (ROI).	6	\$5M	\$79M	1,480%



Book Review

Available at
amazon



Investomers: How Crowdfunding is Revolutionizing Investment and Entrepreneurship

Investomers is a must-read for entrepreneurs, policymakers, and investors interested in the intersection of finance and community-driven growth. It offers an insightful blend of history, data-driven trends, and real-world applications that highlight the power of investment crowdfunding. Whether you're a business owner looking to raise capital or an investor eager to support early-stage companies, this book provides a well-rounded, engaging, and informative read.



Marc Wallace

Company Name	What they do	Rounds	Initial Valuation	Most Recent Valuation	% Growth
Shark Wheel	Shark Wheel has reimagined the conventional wheel with a new design by inventor David Patrick, who saw untapped potential in a shape that offers inherent advantages, challenging the transport industry's resistance to change.	6	\$15.1M	\$42.9M	184%
Virtuix	Virtuix offers omni-directional treadmills for immersive gaming, with over 3 million plays and \$16M in revenue from Omni Pro and Arena; now launching Omni One for home use,	7	\$35M	\$180M	414%
VirZOOM	VZfit, the third-gen product by our company, transforms any stationary bike into a virtual reality fitness experience, proven to enhance gym retention rates and profits, now partnering with Life Fitness to distribute globally with 50 units already sold pre-launch.	6	\$7.4M	\$45.8M	520%
Woofy	HelloWoofy.com offers a smart marketing dashboard powered by artificial intelligence, simplifying content management, curation, and optimization for SMEs with an integrated platform to manage social media, campaigns, and stay on top of trends efficiently and cost-effectively.	6	\$5M	\$11.3M	125%

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CCLEAR, A Data Division of CCA

Investment Crowdfunding Data for Artificial Intelligence & Machine Learning

**Q6: Create a correlation chart
between the disclosure
requirements and the
documented cases of fraud**

data@theccagroup.com

ECONOMIC VALUE CREATION IN INVESTMENT CROWDFUNDING

The strong valuation growth observed in companies that have completed multiple financing rounds highlights the potential for investors to see unrealized returns over time. However, beyond individual investment outcomes, the cumulative impact of valuation increases across the entire ecosystem, representing a major force in economic value creation. As companies continue to raise capital at higher valuations, the wealth generated flows through founders, employees, and investors, ultimately contributing to broader economic growth.

Tracking valuation growth across successful issuers, we find that 606 companies collectively generated \$14.7 billion in additional value between their first and most recent crowdfunding rounds. However, this figure only accounts for issuers that have completed follow-on funding rounds—meaning there are likely many more companies in the dataset that have increased in value but have yet to conduct another financing round. As a result, this estimate of \$14.7 billion in economic value creation is likely conservative and does not fully capture the potential appreciation within the Investment Crowdfunding ecosystem.

While not every company experiences a linear path to higher valuations—68 issuers have recorded a collective \$569 million decline—the overwhelming majority of companies have increased in value, demonstrating how Investment Crowdfunding serves as an engine of long-term wealth creation.

One of the most striking examples of this value creation is Boxabl, which initially raised funds at a valuation of \$43 million and has since grown to a staggering \$3.4 billion valuation. The company alone accounts for \$3.3 billion of the aggregate growth, showcasing the potential for early crowdfunding backers to witness extraordinary returns on their investments. While not every issuer will experience this level of growth, many successful companies are seeing meaningful valuation increases, positioning early investors for potentially lucrative exits.

The Impact of Value Creation on Wealth and the Economy

The implications of this valuation growth extend beyond financial metrics. When companies appreciate in value and eventually achieve liquidity events—whether through acquisitions, IPOs, or secondary markets—the resulting capital distribution has wide-reaching benefits. Returns to investors translate into real financial gains that fuel broader economic activity, affecting multiple stakeholders in the ecosystem.

The wealth generated through increased company valuations represents intergenerational financial security for founders and their families. It allows them to reinvest in new ventures, create jobs, and contribute to economic development. Similarly, employees with equity stakes stand to benefit significantly, reinforcing the role of startups as a pathway to upward mobility.

For crowdfunding investors, liquidity events provide a return on investment (ROI) that can be life-changing. The money returned can be used for a range of financial goals, including:

- Funding education (college tuition, private schooling, skills training)
- Retirement savings (enhancing financial stability for individuals and families)
- Reinvestment in new ventures (creating a cycle of funding that fuels further economic growth)
- Discretionary spending (which further stimulates local economies)

When investors reinvest their gains into new crowdfunding deals, the cycle of economic growth reinforces itself, ensuring that new startups continue to receive funding, scale their businesses, and create new jobs. This virtuous cycle of reinvestment strengthens the startup ecosystem and accelerates wealth generation for a broader population.

A Virtuous Cycle of Economic Expansion

The wealth generated through investment crowdfunding is not confined to a small group of investors. Instead, it flows back into the economy,

fueling new business formation, job creation, and overall economic growth. Whether through direct reinvestment, consumer spending, or capital infusion into new ventures, the return of investment crowdfunding dollars into the financial system has compounding effects that benefit a wide range of individuals and industries.

This process reflects the fundamental principle of economic value creation, where capital deployed into high-potential startups results in exponential wealth generation over time. As more investment crowdfunding issuers scale, exit, and distribute

returns, the economic benefits will continue to ripple outward, demonstrating the profound impact of democratized capital formation on long-term financial prosperity.

Investment crowdfunding is proving itself as a mechanism for raising funds and an engine of wealth creation that benefits founders, employees, investors, and the broader economy. As the ecosystem matures and more issuers move toward exits, the full potential of this economic cycle will become even more apparent, reinforcing its growing importance in the financial landscape.

CASE STUDY: IF YOU INVESTED IN ALL \$1M OFFERINGS

Since the inception of Investment Crowdfunding in 2016, nearly 8,000 companies have sought capital through this dynamic funding mechanism. These businesses span a wide spectrum—from pre-IPO startups aiming to disrupt industries to local small businesses seeking debt capital for expansion. Most, however, fall somewhere in between: companies with innovative ideas, strong leadership teams, and growth potential, but often operating outside the traditional reach of venture capital. For these businesses, crowdfunding provides not just capital but a platform to prove traction, and for investors, it offers exposure to companies with significant room for valuation growth.

To explore the potential returns from this market, we analyzed the following: **What if an investor had put \$1,000 into every Investment Crowdfunding offering that raised over \$1 million?** This case study provides insights into the growth trajectory of crowdfunded companies and the potential rewards—and risks—of a broad investment strategy.

Building the Hypothetical Portfolio

For this analysis, we focused on companies that met two criteria:

1. They raised at least \$1 million through crowdfunding.
2. They completed a follow-on funding round, which provided updated valuations necessary to calculate paper returns.



Including only companies with follow-on rounds was essential because these rounds disclose new valuations, allowing us to track how an investment would have grown. Companies without follow-on rounds were excluded since we couldn't determine how their valuations changed, leaving a gap in assessing returns. While this approach provides clarity, it also introduces a limitation—we're only analyzing 230 companies out of what would likely be many more \$1M+ offerings. This means the analysis offers a signal rather than a comprehensive picture of the entire market.

We calculated returns based on the change in valuation from the \$1M round to the company's most recent funding round. For example, if a company had a \$10 million valuation during its \$1M round and later raised

at a \$25 million valuation, the investment would show a 2.5x (250%) paper return, assuming no dilution or stock splits. A \$1,000 investment in that scenario would now be worth \$2,500.

The Results

Investing \$1,000 in each of the 230 companies would have totaled \$230,000. At the time of these investments, the companies had a combined valuation of \$6.8 billion. Based on their most recent valuations, their collective economic value grew to \$18.2 billion—a 167.7% return. The hypothetical portfolio is now worth approximately \$615,000.

On average, investors would have seen a 286.8% paper return, while the median return across all companies was 75.6%. The time between the initial \$1M round and the follow-on round averaged 27.2 months, equating to an impressive 49% compound annual growth rate (CAGR).

While the portfolio's overall growth is significant, returns were not evenly distributed. Twenty-nine companies delivered returns over 500%, while 12 experienced down rounds, reducing their valuations and collectively erasing \$94 million in economic value. Yet, even with these losses factored in, the portfolio's performance remained strong, illustrating the power of diversification in private market investing.

A handful of companies produced outsized returns, highlighting the potential for exceptional growth in the crowdfunding space.

Boxabl is a standout example. The company manufactures prefabricated homes, known as Casitas, that can be assembled in under an hour and easily transported. Boxabl's first crowdfunding round in 2020 valued the company at \$42 million. Since then, it has completed several rounds, most recently with a valuation of \$3.3 billion. A \$1,000 investment in Boxabl's initial offering would now be worth approximately \$78,571.

Another remarkable case is Atlis Motor Vehicles, which develops electric pickup trucks and rapid-charging stations. In 2016, Atlis raised funds through StartEngine at \$0.29 per share, with early investors receiving a bonus that increased their share count. After a 2-for-1 stock split and several additional funding rounds, Atlis went public on the Nasdaq in 2022. Its stock price peaked at \$244 on the first trading day, meaning that an early \$1,000 investment could have been worth over \$1.8 million at its peak. While the stock has since declined, this case underscores the extraordinary potential for early investors when companies successfully reach public markets.

While the results are impressive, this analysis has several limitations that investors should consider.

First, the dataset only includes companies that completed a follow-on round. This excludes many \$1M+ companies that may have performed well (or poorly) but haven't raised additional capital. As such, the analysis may underestimate potential upside from companies that continue to grow privately or overlook downside risks from businesses that failed after their initial raise.

Second, focusing on companies with follow-on rounds introduces survivorship bias. Companies that no longer exist or failed to secure additional funding aren't represented, potentially inflating the average return. However, including 12 companies that experienced down rounds helps offset this effect, providing a more balanced view.

Third, these are paper returns based on valuations from private funding rounds, not realized gains. Actual investment outcomes depend on liquidity events, such as IPOs, acquisitions, or secondary market sales. Some companies may never reach an exit, leaving investors with illiquid shares despite high valuations on paper.

Finally, the analysis doesn't fully account for dilution, liquidation preferences, or other terms that can impact actual returns. In reality, complex capital structures often erode equity value over time, especially in later funding rounds.

Despite these limitations, the analysis offers valuable insights. It demonstrates that diversification across many crowdfunded companies can yield substantial returns, even if some investments fail. The fact that 53% of issuers reported year-over-year revenue growth reinforces the idea that these aren't speculative bets—they're real businesses gaining traction in the market.

Moreover, the average holding period of just over two years challenges the perception that private investments require decades of patience. With companies like Atlis and Boxabl reaching significant valuations (or public markets) within a few years, crowdfunding may offer faster potential growth trajectories than many traditional private equity investments.

Perhaps most importantly, this case study highlights that Investment Crowdfunding is a legitimate asset class, capable of delivering venture-like returns to everyday investors. While no single strategy guarantees success, a broad-based approach to investing in high-performing crowdfunding offerings can be a powerful tool for wealth creation.

The key takeaway isn't just the impressive numbers—it's the signal this analysis provides. Crowdfunding can identify and support companies that grow rapidly, attract follow-on funding, and even reach public markets. As the industry matures, with more exits, IPOs, and secondary markets, the gap between paper returns and realized gains will narrow, making Investment Crowdfunding an increasingly vital part of the modern investment landscape.

PUBLIC OFFERINGS BY REGCF ISSUERS: OUTLIERS AND FUTURE TRENDS

Despite a challenging year for exits, RegCF issuers filing S-1s and 424B4s highlight a maturing pipeline of public-ready companies. Our analysis found that 52 companies have filed S-1s, totaling 85 filings. However, 33 of these S-1s predate 2016, meaning those issuers were already public before leveraging RegCF—an unexpected but significant trend. This suggests that even public companies are turning to RegCF for capital, expanding its relevance beyond early-stage fundraising.

Of the remaining 52 S-1 filers, only 15 also filed 424B4 prospectuses, indicating completed offerings. However, in 2024, just four companies filed 424B4s, reinforcing the expectation that actual exits via public markets remain a long-term process rather than an immediate trend. Notably, while 15 companies completed 424B4 filings, only nine were successful in their RegCF offering,

showing that not all public companies can effectively raise capital through RegCF. This highlights a key challenge: while RegCF can be a tool for public companies, success is not guaranteed and depends on factors such as investor appeal, market conditions, and the company's ability to engage the crowd.

The presence of RegCF issuers in the public filing process underscores an evolving pathway from crowdfunding to public markets. While the immediate impact is limited, these filings mark the early stages of what could become a broader trend. Over time, we expect more crowdfunding-born companies to follow these pioneers, proving that RegCF can serve as a legitimate stepping stone to public capital markets.

These companies represent both the exceptions and the early indicators—a glimpse into the future of crowdfunding-fueled public offerings, even as traditional venture-backed exits remain stalled.

Table 17: Sample of Initial Investment Crowdfunding Exits

Company	About	Platforms Used	Symbol
Atlis Motor Vehicles, Inc	The electric pickup truck with no compromises; XT pickup truck, charging station, and infrastructure manufacturer	StartEngine; Rialto Markets	AMV
BullFrog AI Holdings, Inc.		FundersUSA	BFRG
CNS Pharmaceuticals, Inc.	Breakthrough technologies for central nervous system cancers	Republic	CNSP
Clip Interactive, LLC	The bridge between radio and digital engagement	Wefunder	AUUD
Digital Brands Group Inc.	Premium Denim + Luxury Closet Essentials; Revolutionizing the holding company model. Portfolio of high-growth 'digital first' apparel brands.	StartEngine; Wefunder	DBGI
Edible Garden Inc	Changing agriculture with technology, sustainability & real sales	Republic	EDBL
Innovative Eyewear, Inc	Prescription Smartglasses with Voice-controlled Social Media App; Smartglasses with prescription lenses	StartEngine	LUCY
Janover Ventures LLC	Leveraging tech & digital to build the future of commercial real estate finance; Multifamily, commercial real estate, and business financing has been a black box, carefully guarded by Wall Street.; Simplifying real estate & business loans	Republic; Dalmore Group; StartEngine	JNVR
Trust Stamp Inc.	Trust Stamp delivers AI-powered identity and trust solutions that accelerate secure societal and financial inclusion.	Dalmore Group	IDAI
Volcon, Inc.	Building the World,Â’s FIRST All-Electric Outdoors-Vehicle Manufacturer	Wefunder	VLCN

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ECONOMIC IMPACT

When discussing the economic effects of Investment Crowdfunding, we're not just referring to the capital raised by companies—we're focusing on the economic output generated by these businesses as they deploy that capital within their local economies. Economic output, often called economic impact or contribution, encompasses the total value of goods and services produced by businesses and the ripple effects these activities have on employment, income, and local economic growth.

In the context of Investment Crowdfunding, the capital raised acts as a catalyst, enabling businesses to expand operations, hire employees, purchase goods and services, and contribute to tax revenues. This results in a multiplier effect, where each dollar invested in a company circulates through the economy, generating additional economic activity well beyond the initial raise. This report section explores how crowdfunding-driven businesses translate capital into actual monetary value, creating a measurable impact locally and nationally.

Measuring Economic Output Through Crowdfunded Businesses

Investment Crowdfunding issuers are required to file ongoing financial disclosures, which provide a valuable dataset for analyzing the economic output of successful businesses. By examining these disclosures, we can estimate how much capital these companies inject into the economy through expenditures on goods, services, salaries, and other operational activities.

While more than 4,702 issuers have raised funds successfully since the inception of Investment Crowdfunding, only these issuers are included in our economic output calculations because they are required to file annual reports with the SEC. This requirement applies specifically to companies with a successful offering before December 31, 2023, as they were obligated to file an annual report in 2024.

However, companies that successfully raised funds in 2024 are not required to file their first annual report until 2025, which means they are excluded from our current analysis. This approach ensures consistency and accuracy in the data, reflecting only those issuers that have met their regulatory reporting obligations up to the end of 2023.

Issuers that no longer wish to file annual reports can terminate their reporting obligations by submitting a Form C-TR to the SEC. Non-compliant issuers—those that neither file an annual report nor a Form C-TR—are considered out of compliance. Here's the current breakdown:

- 2,302 issuers have filed at least one annual report.
- 743 issuers have formally terminated their reporting obligations via a Form C-TR.
- 1,674 issuers are currently out of compliance, representing a 64.4% compliance rate.

While this compliance gap introduces some uncertainty into the data, the information available provides strong signals about crowdfunding's broader economic effects. The impact would be even more pronounced if all issuers were fully compliant.

Revenue Growth as a Driver of Economic Output

One of the most direct measures of economic output is revenue growth, which reflects the value of goods and services a company produces. For issuers that comply with annual reporting requirements, the data shows that:

- On average, revenues increased by 30.4% in the year following a successful crowdfunding campaign.
- Among pre-revenue businesses at the time of their raise, 39.6% began generating revenue within a year.
- 53% of issuers reported a year-over-year (YOY) revenue increase, with an average growth of \$733,000 and a median growth of \$125,000.

- 25.6% of issuers reported flat or subsequent pre-revenue status.
- 21.2% of issuers experienced a decline in YOY revenue, with an average drop of \$648,000 and a median drop of \$110,000.
- The average annual revenue increase for all issuers filing an annual report was \$251,000, while the median revenue increase was \$1,800.

Analyzing the Trends: Growth, Stability, and Risk

The data reveals a dynamic and evolving ecosystem of crowdfunded businesses, with the majority demonstrating positive revenue growth post-raise:

1. *The Power of Growth: 53% of Issuers Reporting YOY Gains*

The fact that more than half (53%) of issuers reported year-over-year revenue growth is a strong indicator of the effectiveness of crowdfunding as a catalyst for business expansion. The average revenue growth of \$733,000 suggests that these businesses are not just surviving—they're scaling, entering new markets, expanding their customer base, and increasing their economic footprint. The median growth of \$125,000 also reflects meaningful progress for smaller businesses, many of which may have modest revenue goals but significant local impact.

2. *Pre-Revenue to Revenue-Generating: A Key Milestone*

The transition from pre-revenue to revenue-generating status is one of the most critical milestones for any business. The fact that 39.6% of pre-revenue companies began generating revenue within a year of their crowdfunding success highlights how this form of capital can accelerate business development, helping companies move from concept to commercial viability.

3. *Flat Revenues: A Sign of Stability or Stagnation?*

For 25.6% of issuers, revenues remained flat year-over-year. While this could indicate business stagnation, it may also signal missed

growth opportunities or challenges in scaling operations.

4. *Revenue Declines: A Cautionary Signal*

The 21.2% of issuers reporting revenue declines highlight the inherent risks of entrepreneurship. With an average drop of \$648,000 and a median decrease of \$110,000, these figures suggest that while crowdfunding can provide an initial boost, ongoing success is not guaranteed. Factors such as market shifts, operational inefficiencies, or external economic pressures could contribute to these declines, emphasizing the need for strong post-raise business strategies and support.

Business Expenditures and the Multiplier Effect

Beyond revenue, we can assess economic output by analyzing company expenditures. Using data from SEC filings, we can estimate how much crowdfunded businesses spend on:

- Employee salaries and benefits
- Cost of goods sold (COGS)
- Marketing and advertising
- Rent, utilities, and insurance
- Professional services (legal, accounting, consulting)
- Operational expenses (travel, events, software, etc.)

These expenditures represent direct economic contributions, but the impact doesn't stop there. Each dollar a business spends generates additional economic activity as it flows through the supply chain and into local communities. This is known as the economic multiplier effect.

According to economic development research, and as Amy Cortese highlighted in Locavesting, each dollar invested in a local business can circulate within the local economy up to six times. This multiplier effect amplifies the impact of the initial investment, supporting not only the company itself but also its suppliers, service providers, employees, and even local governments through tax revenue.

The Growth of Economic Output Over Time

When Investment Crowdfunding began in 2016, the total economic output generated by successful issuers—measured through business expenditures—was approximately \$43.5 million. This figure has grown exponentially as the industry has matured. In 2024 alone, the economic output of businesses that raised funds through crowdfunding reached an estimated \$2.6 billion.

The total economic output since the launch of Investment Crowdfunding is estimated at \$26.6 billion. This figure reflects the economic activity generated by crowdfunded businesses, including job creation, supplier payments, and contributions to local economies across the country.

Projecting Future Economic Impact

The economic output of Investment Crowdfunding is not static. As businesses grow, the capital they circulate within the economy compounds over time. When we project forward—considering both existing issuers and the steady influx of new companies leveraging crowdfunding—the total economic output is expected to exceed \$400 billion over the next decade.

This projection assumes ongoing growth in the number of crowdfunding campaigns and the operational scale of businesses after the raise. Importantly, it doesn't account for potential regulatory changes, technological innovations, or market shifts that could further accelerate crowdfunding's economic impact.

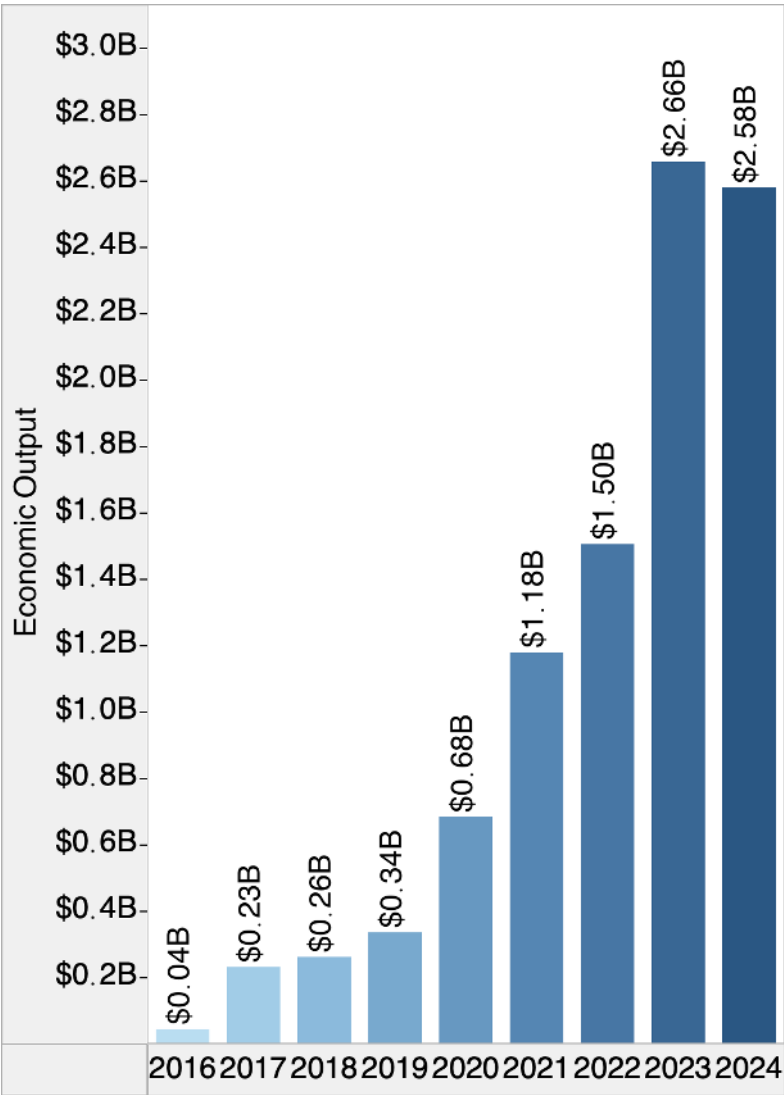
However, this growth is contingent on continued access to capital. If regulatory barriers were introduced or if crowdfunding platforms faced restrictions, the ripple effects could be severe. The removal of crowdfunding as a funding source could jeopardize billions of dollars in future economic output, particularly in regions and sectors that rely heavily on this form of capital formation.

Why Economic Output Matters

Understanding the economic output of Investment Crowdfunding is crucial because it shifts the conversation beyond just capital raised. While the dollars raised are important, the value created by deploying those dollars drives economic growth. Crowdfunded businesses contribute to the economy in several key ways:

- 1. *Job Creation:* Hiring employees, which reduces unemployment and increases household income.

Chart 54: Total Economic Output by Successful Issuers/Year



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2. *Local Investment*: Supporting local vendors, suppliers, and service providers.
3. *Tax Revenue*: Corporate, payroll, and sales taxes contribute to state and federal tax bases.
4. *Innovation and Growth*: Developing new products, services, and technologies that stimulate further economic activity.

Final Thoughts: Investment Crowdfunding as an Engine of Economic Output

Investment Crowdfunding is not just a tool for raising capital—it's a powerful driver of economic output. The businesses that succeed in raising

funds don't just benefit themselves; they create ripples of economic activity that extend across communities, industries, and the broader economy.

From the \$43.5 million in economic output in 2016 to \$2.6 billion in 2024, and with projections surpassing \$400 billion over the next decade, the data is clear: Investment Crowdfunding is a vital contributor to economic growth in the United States. As the industry continues to evolve, its role in supporting jobs, driving innovation, and strengthening local economies will only become more significant.

INDUSTRY ALERT: POOR ISSUER ANNUAL REPORTING COMPLIANCE

Crowdfund Capital Advisors (CCA) launched the "Annual Report Compliance Check" in 2022 to support greater transparency and accountability within the industry. This publicly accessible tool allows anyone—investors, regulators, researchers, and industry stakeholders—to search for successful crowdfunding issuers and verify whether they have met their annual reporting obligations.

By visiting [Annual Report Compliance Check](#), users can:

- Search for successful issuers by name.
- View the year their offering closed.
- See which years they have filed annual reports.

All issuers with offerings that closed in 2023 or earlier should have filed at least one annual report. Those who have not fulfilled this obligation are out of compliance and risk potential enforcement actions from the SEC.

The Consequences of Non-Compliance

Non-compliance with annual reporting requirements can have serious consequences, including:

- **Ineligibility for Future Crowdfunding Campaigns**: Issuers that fail to file may be barred from raising additional capital through crowdfunding platforms.

Regulation Crowdfunding Annual Report COMPLIANCE Check

Annual Report Compliance Check

To begin: Click the dropdown arrow under "Select Company" and either type in the company's name or select the company from the dropdown.

Note: The list ONLY includes issuers that have filed an annual report on the SEC's EDGAR Filing system. Any issuer that held a Regulation Crowdfunding Campaign before December 31, 2020, which offered and sold securities should have filed an annual report.

Once selected: The "Year of Deadline" represents the year the crowdfunding campaign closed. Many issuers have multiple deadlines as they have held multiple campaigns. The "Period Date" shows the annual report date based on the company's fiscal year. The date in blue shows the year the annual report was filed for the corresponding year.

Why file a C-AR? Annual reports are a regulatory requirement. A failure to file a timely C-AR could prevent an issuer from: (i) crowdfunding again, (ii) using other registration exemptions (like Reg D), and (iii) keeping their promises to their investors. If you need assistance with this page or filing Form C-AR, we can help. Email: FormC-AR@theccagroup.com.
Last Updated: November 2022

Select Company

(Multiple values)

CIK	Company Name Sec	Year of Deadline	Period Date							
			2014	2016	2017	2018	2019	2020	2021	2022
0000352956	Fafco, Inc.	2017			2018					
0001139685	20/20 Gen..	2017			2018	2019	2020			
0001284608	Life Recov..	2018				2019				
0001317687	LiteScape ..	2018				2019				
0001334028	Naia, Inc.	2018				2019	2020	2021		

- **Restrictions on Other Exemptions:** Non-compliant issuers may lose access to other registration exemptions, such as Regulation D, which may limit their ability to raise capital from accredited investors.
- **Breach of Trust with Investors:** Failing to provide timely updates damages investor confidence, potentially affecting not just the issuer’s reputation but the credibility of the broader crowdfunding ecosystem.

We urge both the SEC and industry stakeholders to take proactive steps to address this issue. Through better education, streamlined processes, and stronger enforcement mechanisms, we can ensure that Investment Crowdfunding continues to thrive as a transparent, credible, and impactful capital-raising ecosystem.

A POWERFUL JOBS ENGINE

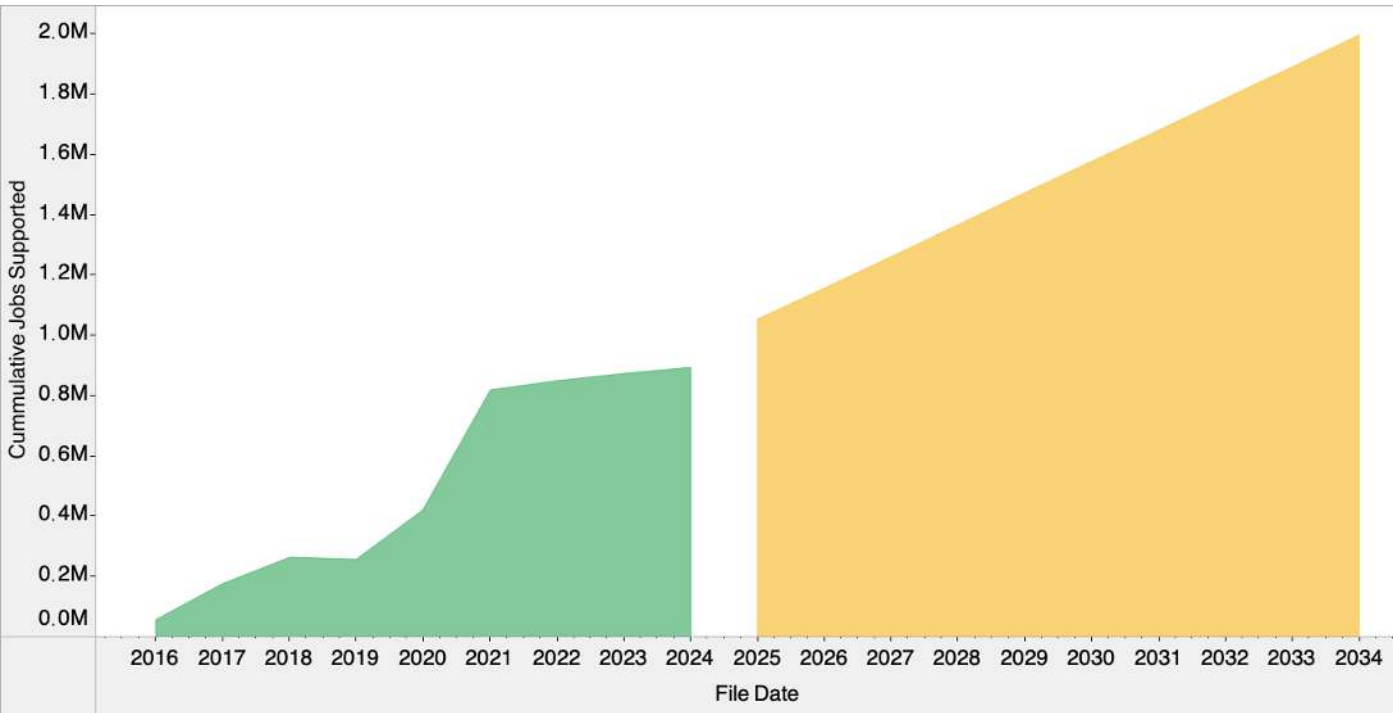
Since the launch of Investment Crowdfunding, issuers have reported 55,177 employees in filings with the Securities and Exchange Commission (SEC). This data, gathered from Form C (initial disclosures), Form C-A (amendments), and Form C-AR (annual reports), provides insight into the direct employment impact of successful crowdfunding raises. However, these numbers likely underestimate the true scale of job creation due to incomplete reporting.

A total of 3,374 issuers that successfully raised capital reported having zero employees, which is

almost certainly inaccurate. Based on the stated use of proceeds in their fundraising campaigns, many of these businesses are likely directing capital toward hiring, meaning the actual employment impact is far greater than reported. This highlights a critical need for improved transparency and standardization in reporting employment figures, as accurate data is essential for understanding crowdfunding’s full economic impact.

Beyond direct employment, crowdfunding supports a broader labor ecosystem. Many companies rely not just on full-time employees, but also on founders who don’t pay themselves,

Chart 62: Job Creation and Forecast



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independent contractors, part-time and seasonal workers, and indirect employment in supply chains and service providers. A study conducted by Paychex found that for every direct hire, a company supports an additional seven indirect jobs. Using this model, we estimate that since the inception of Investment Crowdfunding, issuers have helped support more than 441,000 direct and indirect jobs—a number that is still likely conservative.

The Cities Leading in Job Creation

In 2024, 21 cities surpassed the 1,000-job milestone in crowdfunding-related employment. The top five cities for job creation were:

- New York, NY – 7,832 jobs
- Los Angeles, CA – 7,776 jobs
- San Francisco, CA – 2,952 jobs
- Oakland, CA – 2,688 jobs
- Westlake Village, CA – 2,616 jobs

These figures reinforce the role of investment crowdfunding in fueling job creation in major economic hubs and smaller but highly entrepreneurial cities.

The Future of Crowdfunding-Driven Job Growth

A significant policy shift in 2021 increased the crowdfunding cap from \$1 million to \$5 million per raise, allowing larger, faster-scaling firms to leverage investment crowdfunding. This change could attract more mature businesses with existing employees, accelerating job creation for new hires and expanding the existing workforce.

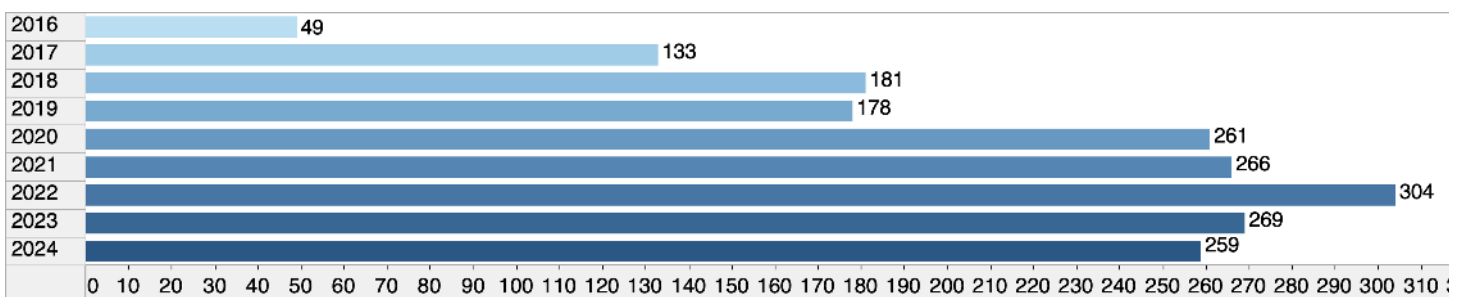
Based on current growth models, crowdfunding issuers will support at least 2 million jobs within the next ten years. However, if more high-growth companies begin using crowdfunding as a core capital-raising strategy, we expect this figure to reach 10 million jobs over the same period.

With limited avenues for Federal and State governments to directly influence private-sector job creation, promoting investment crowdfunding presents a rare, high-impact policy opportunity. By expanding access to capital for startups and small businesses, crowdfunding has the potential to be a transformative driver of economic growth and employment, directly supporting millions of American jobs in the coming decade.

SECTOR ANALYSIS

Investment Crowdfunding has proven to be a versatile financing mechanism, supporting a diverse range of industries from Main Street brick-and-mortar businesses to cutting-edge sectors like biotechnology and electric vehicles. The data reveals that industry type is not a limiting factor; rather, the key to success lies in the issuer's ability to engage a committed group of investors. Unlike Investment Crowdfunding, where having an engaged group of investors often leads to success regardless of industry, venture capital funding is much harder to secure. This is why only 2% of companies that approach VCs receive financing, compared to a 69% success rate for companies using Investment Crowdfunding. The difference likely stems from factors such as average check size (larger for VCs, smaller for RegCF investors)

Chart 55: Unique NAICS Codes Funded each Year



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Chart 56: Top Sectors by Investments, Deals, and Checks Written



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and the proximity of investors to entrepreneurs (closer connections in RegCF, more distant in VC).

Our dataset captures NAICS (North American Industry Classification System) codes for each issuer, offering granular insight into the breadth of industries utilizing Investment Crowdfunding. The NAICS code is a hierarchical six-digit number categorizing businesses across the U.S., Canada, and Mexico:

- First Two Digits: Broad economic sectors (e.g., manufacturing, healthcare).
- Third Digit: Subsectors within these sectors.
- Fourth Digit: Industry groups.
- Fifth Digit: Specific industries within the groups.
- Sixth Digit: National industries, allowing for country-specific distinctions.

Since the inception of Investment Crowdfunding, 628 unique NAICS codes have been recorded, with 595 securing funding. This means companies from 33 industry codes were unable to attract

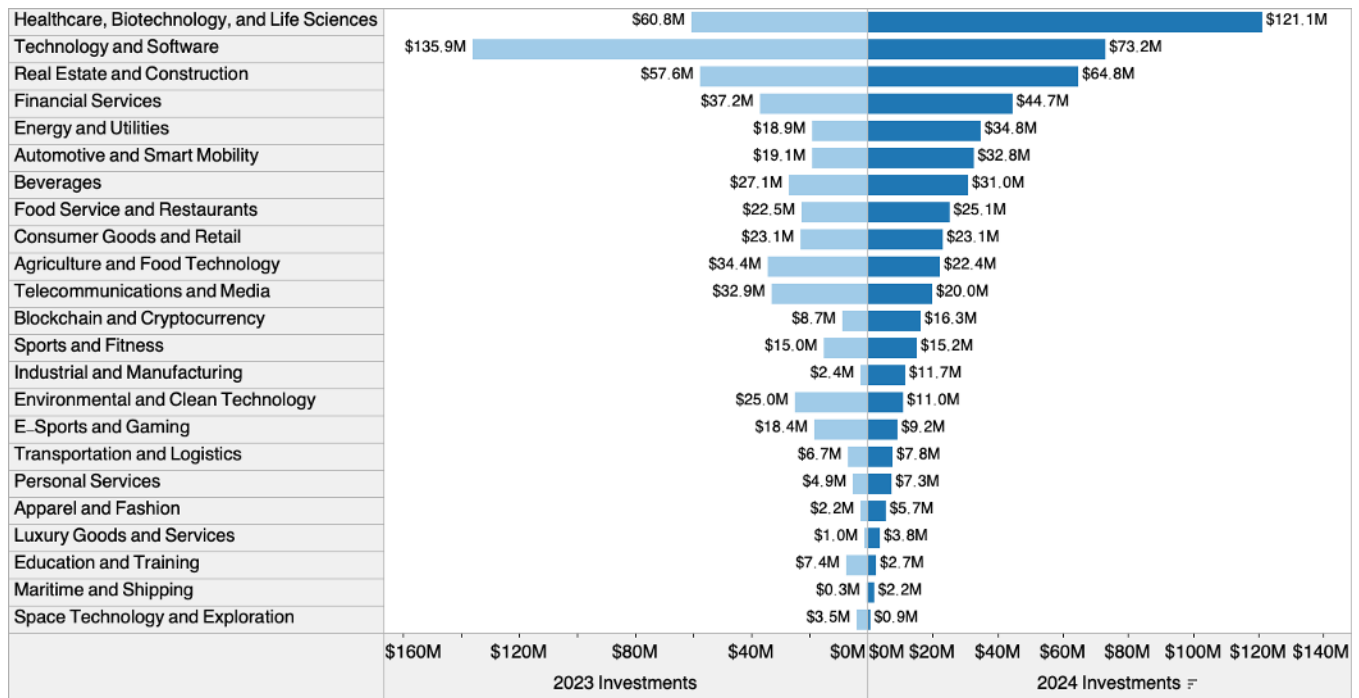
investment. In 2016, only 49 unique industry codes were funded. This figure climbed to 261 by 2020, peaked at 304 in 2022, and then slightly declined to 259 in 2023 and 2024. Despite this recent dip, the overall trend demonstrates the broad applicability of Investment Crowdfunding across industries.

Sector Activity and Trends

To better understand sector dynamics, we categorize industries into 23 broad buckets. The accompanying charts illustrate the most active industries since the sector’s inception and highlight changes between 2023 and 2024.

Key Observations:

- Technology and Software: Historically, the top sector has experienced a notable decline in investments and funded deals, dropping from 197 to 125 offerings.
- Healthcare, Biotech, and Life Sciences: Doubled their investment totals from 2023 to 2024,

Chart 57: Butterfly Chart Comparing Sectors from 2023 to 2024

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despite a drop in funded offerings from 143 to 98.

- **Capital-Intensive Industries:** Sectors like Biotech, Automotive, and Utilities continue to thrive online, undeterred by the \$5M annual funding cap.
- **Consumer-Oriented Industries:** Restaurants, brewers, and personal services maintain strong performance, with food services and restaurants seeing stable funding levels year-over-year.
- **Emerging Trends:** Innovative tech companies, such as those developing recreational vehicles and flying taxis, leverage Investment Crowdfunding to gauge market interest and build consumer bases pre-launch.

Venture Capital Intersection

Interestingly, 95% of industries with successful crowdfunding offerings in 2024 also saw venture capital participation. This suggests that VCs recognize the strategic value of having crowd investors on the cap table.

Sector Highlights

- **Beverages:** Experienced rapid growth from 2021, peaking in 2023 before declining in 2024.
- **Real Estate, Construction, and Financial Services:** Traditionally reliant on private capital, these sectors are increasingly turning to the crowd, either due to limited VC access, strategic choice, or unmet VC criteria.

The Road Ahead

As issuers across sectors face challenges accessing traditional capital, many will continue to find opportunities through Investment Crowdfunding. Technological advancements like blockchain and AI will likely reshape sector dynamics, fostering future unicorns. Early-stage investors stand to gain the most from these shifts.

The subsequent charts and tables highlight:

- **Year-over-Year Growth:** Sixteen sectors showed growth despite broader declines in issuer sentiment.

- Top 2024 Issuers: Showcasing the highest fundraising companies in each sector, with significant activity beyond California, offering a compelling narrative for regional business development efforts.

Table 18: Highest Growth by Sector/Subsector

Industry Group	2023	2024	Percent Change
Maritime and Shipping	\$0.3M	\$2.2M	539.1%
Industrial and Manufacturing	\$2.4M	\$11.7M	388.4%
Luxury Goods and Services	\$1.0M	\$3.8M	292.7%
Apparel and Fashion	\$2.2M	\$5.7M	156.9%
Healthcare, Biotechnology, and Life Sciences	\$60.8M	\$121.1M	99.3%
Blockchain and Cryptocurrency	\$8.7M	\$16.3M	88.3%
Energy and Utilities	\$18.9M	\$34.8M	84.4%
Automotive and Smart Mobility	\$19.1M	\$32.8M	71.7%
Personal Services	\$4.9M	\$7.3M	50.8%
Financial Services	\$37.2M	\$44.7M	20.2%
Transportation and Logistics	\$6.7M	\$7.8M	15.8%
Beverages	\$27.1M	\$31.0M	14.2%
Real Estate and Construction	\$57.6M	\$64.8M	12.6%
Food Service and Restaurants	\$22.5M	\$25.1M	11.4%
Sports and Fitness	\$15.0M	\$15.2M	1.5%
Consumer Goods and Retail	\$23.1M	\$23.1M	0.2%
Agriculture and Food Technology	\$34.4M	\$22.4M	-34.8%
Telecommunications and Media	\$32.9M	\$20.0M	-39.2%
Technology and Software	\$135.9M	\$73.2M	-46.2%
E-Sports and Gaming	\$18.4M	\$9.2M	-49.8%
Environmental and Clean Technology	\$25.0M	\$11.0M	-56.1%
Education and Training	\$7.4M	\$2.7M	-63.2%
Space Technology and Exploration	\$3.5M	\$0.9M	-73.7%

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PATENTS IN INVESTMENT

CROWDFUNDING:

Table 19: Top Issuers for Each Sector in 2024

Sector	Company	City	State	Amt. Raised
Real Estate and Construction	Arrived	Seattle	Washington	\$32.5M
Technology and Software	Fathom	South Lake Tahoe	California	\$17.3M
Blockchain and Cryptocurrency	MeWe	Calabasas	California	\$13.7M
Financial Services	Knock	Atlanta	Georgia	\$11.0M
Healthcare, Biotechnology, and Life Sciences	Koios Medical	New York	New York	\$9.3M
Automotive and Smart Mobility	LIFT Aircraft Inc.	Austin	Texas	\$7.8M
E-Sports and Gaming	Carbon Counts	Cambridge	Massachusetts	\$5.7M
Agriculture and Food Technology	Garden for Wildlife	Reston	Virginia	\$5.3M
Education and Training	GravyStack	Phoenix	Arizona	\$4.8M
Energy and Utilities	Infinity Fuel Cell & Hydrogen	Windsor	Connecticut	\$4.2M
Food Service and Restaurants	Scream Truck	Springfield	New Jersey	\$3.6M
Luxury Goods and Services	Blushington	New York	New York	\$3.5M
Beverages	Mela	Aliso Viejo	California	\$3.4M
Telecommunications and Media	PlayersTV	Dallas	Texas	\$3.2M
Industrial and Manufacturing	OK Stone Engineering	Carlsbad	California	\$2.5M
Space Technology and Exploration	Pipeline2Space	Seattle	Washington	\$2.4M
Maritime and Shipping	Valo	Alameda	California	\$2.2M
Transportation and Logistics	Jetoptera	Edmonds	Washington	\$2.1M
Sports and Fitness	Oakland Ballers	Oakland	California	\$1.8M
Consumer Goods and Retail	Curlmix	Chicago	Illinois	\$1.5M
Environmental and Clean Technology	Kara Water	New York	New York	\$1.2M
Apparel and Fashion	Jbrds	Baltimore	Maryland	\$0.8M
Personal Services	Groundfloor	Dover	Delaware	\$0.7M

IMPLICATIONS AND IMPORTANCE

Since the launch of Investment Crowdfunding, 6% of all offerings have referenced either having patents or patent-pending intellectual property. Notably, 92% of issuers with patents or pending patents have been successful in their offerings compared to 68% of issuers without patents. Additionally, issuers with patents raise, on average, 29% more than those without, highlighting that intellectual property (IP) significantly contributes to successful crowdfunding outcomes.

Key Data Insights

- **Average Raise:** The average raise for issuers with patents has been steadily increasing, peaking at \$633,000 in 2023 and dropping slightly to \$602,000 in 2024. This is a substantial rise from the low of \$195,000 in 2018.
- **Industry Concentration:** Unsurprisingly, the highest number of patent-holding issuers is found in the Technology and Software, Healthcare, and Biotech and Life Sciences sectors. Interestingly, patent holders in the Automotive industry command the highest average raise among all sectors.
- **Investor Behavior:** Offerings from issuers with patents attract an average of 350 investors per offering, slightly higher than the 339 investors for non-patent holders. The average investment per investor is also higher for patent-holding issuers (\$1,400) compared to \$1,100 for those without patents. Additionally, 26% of patent-holding issuers are repeat issuers, suggesting strong investor confidence and ongoing support.
- **Geographic Trends:** California stands out, with 30% of its issuers holding patents or having pending applications, underscoring the state's role as an innovation hub.
- **Valuation Impact:** Issuers with patents command significantly higher valuations, averaging \$30.9 million compared to \$21.1 million for non-patent holders.

The Role of Patents in Investment Crowdfunding

Protection and Exclusivity: Patents provide legal protection, granting exclusive rights to use, manufacture, and sell inventions. This exclusivity offers a competitive edge, particularly in technology-driven sectors.

Investor Attractiveness: Patents signal a company's commitment to innovation and IP protection, adding security to investments and suggesting potential for long-term growth.

Valuation and Market Potential: Patented technologies often lead to higher company valuations due to their ability to monopolize specific technological niches, offering potential for higher investor returns.

Investment Perspective

Risk Mitigation: Patents act as a safeguard, reducing the risk of competitors replicating innovations.

Growth and Scalability: They provide a foundation for business scalability by minimizing imitation threats, allowing for confident market expansion.

Implications in Investment Crowdfunding

- **Indicative of Innovation:** Mentioning patents in crowdfunding campaigns indicates a company's focus on innovation and long-term business goals, fostering investor confidence.
- **Market Differentiation:** In a crowded market, patented products stand out, increasing the likelihood of campaign success.
- **Strategic Partnerships:** Patents can attract strategic partnerships and licensing opportunities, enhancing growth prospects and investment value.
- **Long-Term Value:** Patent exclusivity can lead to sustained revenue streams and strong market positioning, benefitting investors over time.

The prominence of patents in successful Investment Crowdfunding campaigns underscores the importance of IP in the startup ecosystem. It signals a trend where investors increasingly favor companies committed to innovation and IP protection. For issuers, patents are not just legal

tools but strategic assets that enhance fundraising

success and long-term business growth.

CASE STUDY: TRIAGENICS - A PATENT-DRIVEN SUCCESS STORY IN INVESTMENT CROWDFUNDING

TriAgenics, a pre-revenue dental technology company, has emerged as a standout example in the Investment Crowdfunding landscape. On StartEngine, they successfully raised nearly \$5 million from over 1,580 investors. Their innovative product, the Zero3 Tooth Bud Ablation (TBA) technology, aims to revolutionize dental care by eliminating the need for traditional wisdom teeth extractions through a minimally invasive, non-surgical procedure.

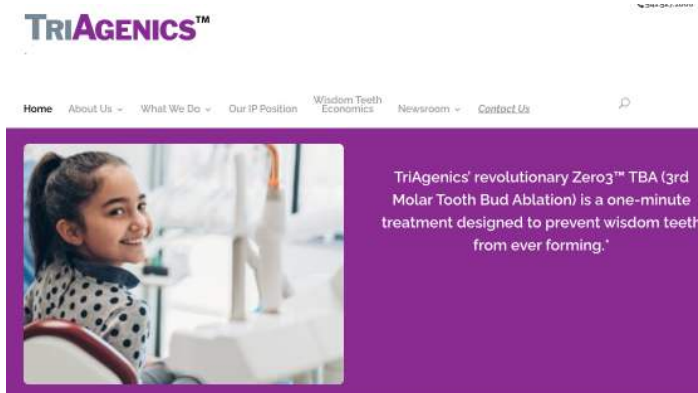
The Zero3 TBA technology is designed for children aged 6-12, targeting the prevention of wisdom teeth formation before they become problematic. This technology has demonstrated a 100% success rate in animal trials, providing a strong foundation as the company moves toward FDA 510(k) clearance and subsequent human clinical trials. TriAgenics' business model draws inspiration from Align Technology's clear braces, where licensed dentists prescribe the Zero3 TBA treatment. The company then custom-fabricates the treatment guides, selling them to dentists at an estimated cost of \$350 per treated tooth bud.

Central to TriAgenics' success has been its robust intellectual property strategy. The company holds 13 U.S. patents and a growing portfolio of international patents in Australia, Canada, and Mexico. This strong IP position protects their technological innovations and significantly enhances investor confidence. The correlation between intellectual property and crowdfunding success is evident, as issuers with patents have a 92% success rate in crowdfunding campaigns compared to 68% for those without patents.

Impressive metrics marked the company's crowdfunding campaign. It raised \$4,994,819.86 from 1,581 investors, with a company valuation of \$33.87 million at the time of the offering. The average investment per investor (~\$3,200) was higher than that typically seen in non-patent holding companies, consistent with broader trends: Patent-holding issuers attract average investments of \$1,400 compared to \$1,100 for non-patent holders.

TriAgenics identified a substantial market opportunity: the Total Addressable Market (TAM) is estimated to exceed \$2.5 billion annually in the United States alone. This figure is based on the fact that more than 5 million patients undergo wisdom tooth extractions yearly, generating annual expenditures exceeding \$3 billion. The Zero3 TBA product aims to address this significant market need by offering a less invasive, cost-effective alternative to traditional surgical procedures.

TriAgenics's leadership has been pivotal in its success. CEO Dr. Leigh Colby brings a wealth of experience, having founded multiple successful startups in dental care and medical technology. His extensive background, combined with a management team seasoned in medical device development and



operations, has guided TriAgencies through the complexities of product development, regulatory pathways, and investor relations.

TriAgencies' journey in Investment Crowdfunding highlights how a company with a strong intellectual property portfolio, innovative solutions, and experienced leadership can effectively leverage this funding mechanism to secure substantial capital. Their story illustrates the growing importance of patents in attracting investor interest. It underscores the potential of crowdfunding as a viable path for cutting-edge medical technologies seeking to disrupt traditional markets.

VENTURE CAPITAL PARTICIPATION IN INVESTMENT CROWDFUNDING: A GROWING TREND

The landscape of Investment Crowdfunding has undergone a significant transformation since its inception. Initially perceived as a funding avenue for startups and businesses not typically favored by venture capital (VC) firms, the scenario has evolved dramatically. In 2016, when the industry launched, no offerings had a venture capital firm listed on their cap table. By 2024, 15% of all equity deals featured VC firms, up from 10% in 2023, marking a notable shift in the industry's dynamics and perception. This represents a substantial 54.3% year-over-year growth, indicating that VCs are increasingly comfortable with having crowdfunding investors on the cap table. This trend reflects their growing acceptance and recognition of the crowd's potential as powerful marketing agents and brand advocates.

The increasing participation of VCs in Investment Crowdfunding counters the initial misconception that this avenue was reserved for lower-quality issuers. The presence of VCs on cap tables serves as a testament to the quality and potential of these ventures, debunking the theory of adverse selection bias in the crowdfunding space. It also signifies that retail investors can now access deals traditionally exclusive to institutional or accredited investors. This evolution suggests VCs see strategic value beyond capital, including market validation and early customer acquisition through crowdfunding campaigns.

In 2023, 94 deals had VC participation, which rose to 145 deals in 2024. The average raise for offerings with VC involvement surged from \$1.25 million in 2023 to \$1.68 million in 2024, a 34.4% increase. This contrasts sharply with offerings without VC participation, which averaged \$497,000 in 2023 and declined to \$326,000 in 2024. These figures imply that investors are more willing to commit more considerable sums to VC-backed deals, likely perceiving them as lower-risk, higher-potential opportunities.

Valuation trends further underscore the impact of VC involvement. Median valuations for VC-backed issuers increased from \$15.7 million in 2023 to \$18 million in 2024, while those without VC backing remained steady at \$14 million yearly. Pre-revenue issuers with VC support saw their median valuations drop from \$22.5 million to \$18 million, reflecting broader market corrections. In contrast, post-revenue VC-backed issuers experienced growth from \$15 million to \$19 million. In comparison, non-VC-backed pre-revenue issuers had median valuations of \$12 million in 2023, dropping to \$10 million in 2024, and post-revenue issuers held steady at \$15 million across both years.

Interestingly, despite overall deal growth, the average number of investors in VC-backed deals decreased from 659 in 2023 to 596 in 2024. This trend was mirrored in non-VC-backed deals, where the average number of investors fell from 343 to 271. Nevertheless, VC-backed deals consistently attracted more investors on average, likely due to the perceived validation provided by VC participation.

Sector trends revealed shifts in VC interest. In 2023, e-sports and gaming led the way in VC-backed crowdfunding, followed by technology and software. By 2024, real estate and construction deals with VC involvement raised the most capital, highlighting the diversification of VC interests in crowdfunding. Notably, total capital raised in VC-backed crowdfunding deals skyrocketed from \$52 million in 2023 to \$212 million in 2024, emphasizing the growing financial significance of this trend.

The success rates of VC-backed crowdfunding deals also improved, with 92.6% achieving their funding goals in 2024, up from 88.5% in 2023. Additionally, VC-backed deals closed faster than non-VC counterparts, averaging 103 days in 2023 and 139 days in 2024, compared to 142 and 187 days for non-VC-backed deals.

The synergy between VCs and crowdfunding investors is not just about pooling financial resources; it's about combining capital with community support, market access, and strategic guidance. This evolution in Investment Crowdfunding is a positive sign for the industry, offering a more inclusive and diversified investment landscape. It opens new possibilities for innovation, growth, and community-building in the entrepreneurial ecosystem, further solidifying Investment Crowdfunding as a credible and strategic funding avenue.

The Benefits of Co-Investing Alongside VCs

Co-investing alongside VCs offers many benefits, making crowdfunding an attractive proposition for retail investors. One key advantage is access to vetted opportunities. Retail investors gain unprecedented access to investment opportunities thoroughly evaluated and deemed worthy by experienced VCs. This opens avenues to potentially high-return investments traditionally exclusive to a more affluent investor base.

Another benefit is the ability to leverage VC expertise. By co-investing with VCs, retail investors

indirectly benefit from these firms' strategic oversight, mentorship, and operational guidance. VCs often play an active role in guiding and mentoring the companies they invest in, improving their chances of success and providing retail investors with greater confidence in the company's growth prospects.

Co-investing alongside VCs also serves as a form of risk mitigation. VCs' involvement implies extensive due diligence has been conducted before committing capital. Retail investors can leverage this implicit vetting process as an added layer of security for their investments.

On the other hand, issuers benefit from crowdfunding in ways that VCs alone cannot provide. Beyond capital, crowdfunding helps businesses build a community of brand ambassadors. Many issuers and VCs recognize the power of crowdfunding to create a loyal customer base that believes in and actively promotes the product or service.

Crowdfunding campaigns also enhance market visibility. These campaigns offer exposure and visibility that can be invaluable for startups, particularly in consumer-facing sectors. Retail investors' involvement can amplify this effect, leveraging their networks for greater outreach and credibility.

While VC involvement in crowdfunding is still growing, the increasing collaboration between VCs and retail investors is enhancing the credibility of online fundraising. This trend democratizes access to quality investment opportunities and fosters an environment where capital, community support, and strategic guidance come together to drive innovation and growth.

CASE STUDY: D3VC INTEGRATING ML & AI WITH INVESTMENT

CROWDFUNDING DATA

Please note that D3VC is a partnership with Crowdfund Capital Advisors, CCLEAR, and a Data Science Group.

D3VC stands out as a pioneering venture in the equity crowdfunding landscape. It represents the convergence of data science and venture capital, showcasing an innovative approach to early-stage investments. Below is a case study exploring how D3VC harnesses artificial intelligence and machine learning to identify and invest in high-potential startups.

D3VC has positioned itself as a Data-Driven Digital Venture Capital firm focusing on early-stage investments, specifically within the equity crowdfunding industry. The firm's commitment to a data-driven approach is evidenced by its proprietary dataset, which comprises over 125 data points on nearly 10,000 offerings and fuels its AI-driven investment decisions.

D3VC's machine learning algorithm was developed after 18 months of dedicated effort. The algorithm utilizes a unique dataset from CCA, comprising over 125 data fields that encompass vital information related to online investment opportunities, including company financials, historical performance, and funding rounds.



D3VC meticulously labeled historical data to train its state-of-the-art algorithm. This enabled the AI to recognize success signals and forecast potential outcomes more accurately. Rigorous validation and regular updates to the algorithm ensure its stability and relevance, taking into account the dynamic nature of investment trends.

The AI-driven process at D3VC does not supplant the human expertise of its investment committee but rather complements it by expediting the deal sourcing and vetting processes. The AI allows the investment committee to apply their expertise efficiently and effectively by narrowing down potential investments from hundreds to a select few.

D3VC's diversification strategy involves investing in approximately 200 companies during the capital deployment period. This approach reflects its understanding of the power-law distribution of venture returns, which distinguishes D3VC from other venture funds. D3VC aims for solid returns while managing risk.

D3VC provides an opportunity for investors interested in investing in the space but don't have the time to search for deals. Investors can join a group of early backers in the equity crowdfunding space and get priority access to emerging investment opportunities. This presents a unique opportunity for investors to engage in the growth of startups at their nascent stages, capturing significant potential upside.

The launch of D3VC heralds a new era in venture capital, where data analytics and AI capabilities are harnessed to drive investment strategies. This venture capital firm's forward-thinking approach paves the way for a new model of early-stage investing, where data informs decisions, and diversification underpins the investment philosophy. If D3VC can prove its hypothesis with this starter fund, it aims to go on to successive funds targeting institutional capital.

REAL ESTATE - A RESILIENT AND ATTRACTIVE SECTOR

Real estate has long been considered one of the most stable and attractive sectors for investors. Its appeal lies in the tangible nature of property, the potential for consistent income through rentals, and the opportunity for long-term capital appreciation. Investors are often drawn to real estate because it provides diversification from traditional equity markets, serves as an effective hedge against inflation, and offers the possibility of leveraging debt to amplify returns. Additionally, real estate investments can generate passive income, making them highly attractive to those seeking steady cash flows.

Within the realm of Investment Crowdfunding, real estate investment opportunities are primarily focused on smaller projects due to the \$5 million fundraising cap. These include fix-and-flip renovations, small-scale residential developments, and ancillary products and services that support the broader real estate and construction sectors. Despite the limitations on capital, these opportunities continue to attract investors looking for diversification, shorter investment horizons, and potentially higher yields compared to traditional real estate investments.

Real Estate within Investment Crowdfunding: On the Rebound

Since the launch of Investment Crowdfunding, 519 real estate and construction-related offerings have been made, constituting 5.5% of all offerings. Of these offerings, 333 have been funded, raising \$232 million. Despite real estate's strong performance in traditional private markets, its growth within Investment Crowdfunding has been relatively modest. Even with the increase in the maximum amount issuers can raise from \$1 million to \$5 million in March 2021, progress in this sector has lagged compared to others.

Several factors may explain this trend:

1. Dominance of Accredited Investor Platforms: Real estate crowdfunding has traditionally been dominated by platforms like Real Crowd, Patch

of Land, and Realty Mogul, which focus on accredited investors. These platforms control significant market share and investor awareness.

2. Limited Specialized Platforms: Few crowdfunding platforms are dedicated solely to real estate. While Small Change has carved out a niche, larger platforms like StartEngine, Wefunder, and Republic have collectively hosted more real estate offerings.
3. Single-Asset Risk: Many real estate investments through crowdfunding involve single properties, which may seem riskier than diversified real estate investment trusts (REITs).
4. Regulatory Caps: The \$5 million cap on fundraising may be insufficient for larger real estate projects, potentially deterring issuers.
5. Investor Preferences: Traditional real estate investors are often accredited individuals who prefer larger investments with the potential for higher returns than typical crowdfunding offerings.

However, smaller real estate developers have been entering the market with the increased fundraising cap, particularly those focused on fix-and-flip renovations with higher short-term yields. Platforms like Small Change are well-positioned to benefit from this trend, and we anticipate that major platforms will expand their real estate verticals to capture this emerging market.

Table 20: Top 5 Platforms in Real Estate

	Offerings	Investments (\$)
Wefunder	74	\$58.1M
Republic	45	\$26.7M
StartEngine	43	\$23.3M
Small Change	30	\$7.9M
Mainvest	16	\$2.2M

CCA Annual Report -As of December 31, 2023

Table 21: Real Estate in Regulation Crowdfunding

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Deals Funded/ Closed	2	4	20	18	36	52	78	60	47	317
Investments (\$)	\$0.6M	\$0.9M	\$2.8M	\$5.4M	\$16.7M	\$29.8M	\$38.2M	\$51M	\$79.8M	\$165.2M

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2024 Results: Signals of Growth

In 2024, the real estate sector showed mixed results. The number of funded offerings decreased by 21.7% compared to 2023, yet investments surged by 56.5%, marking the highest level of capital raised to date. This indicates that while fewer deals are closing, those that do are securing larger amounts of funding—a sign of growing investor confidence in the sector.

Since the inception of Investment Crowdfunding, real estate has demonstrated significant growth, with a compounded annual growth rate of 48.4% for funded deals and 83.3% for total investments. The sector has achieved a 66.3% success rate, slightly below the industry average of 69.7%, suggesting room for growth in investor appeal.

In 2024, the average raise for real estate offerings rose dramatically to \$1.7 million, reflecting increasing deal sizes. Additionally, the average investment check size surged to over \$6,000—three times the industry average—indicating strong investor interest and confidence in real estate opportunities.

A Potential Catalyst: 3D-Printed Homes and the California Wildfire Recovery

The recent California wildfires have destroyed over 13,000 homes, creating an urgent need for swift, affordable housing solutions. This presents a unique opportunity for 3D-printed home manufacturers like ZenniHome, Geoship, Azure Printed Homes, and Boxabl to play a transformative role. These companies could significantly influence the real estate crowdfunding sector by providing scalable housing solutions for wildfire survivors, potentially generating new demand and attracting investor interest.

If these companies leverage crowdfunding effectively, we could see a surge in real estate-related offerings, particularly those focused on innovative, sustainable housing solutions. Raising the crowdfunding cap to \$20 million could attract larger real estate projects, providing the necessary capital for substantial developments and further invigorating the sector.

All these data points suggest that real estate is an emerging sector within Investment Crowdfunding, with significant potential for growth driven by investor interest, innovative housing solutions, and evolving market dynamics.

CASE STUDY: AI & ML IN INVESTMENT CROWDFUNDING: A SECTOR ON THE RISE

Artificial Intelligence (AI) and Machine Learning (ML) are at the forefront of technological innovation, transforming industries and redefining how businesses operate. AI refers to the development of computer systems capable of performing tasks that typically require human intelligence, such as visual perception, speech recognition, decision-making, and language translation. ML, a subset of AI, focuses on algorithms and statistical models that enable computers to learn from and make predictions based on data without explicit programming.

Groundbreaking advancements from public and private companies drive the global surge in interest in AI and ML. Giants like NVIDIA, known for its AI-powered GPUs, and Microsoft, through its deep integration with OpenAI's models into Azure and Office 365, are leading the charge. Alphabet (Google) continues to innovate with DeepMind and its AI-powered services, while Meta and Amazon leverage AI for content optimization and logistics. Companies like OpenAI, Anthropic, and Cohere are at the cutting edge of generative AI and natural language processing in the private sector. Stability AI and Databricks are pushing boundaries in creative industries and data analytics.

The hype surrounding these tech giants has had a trickle-down effect, fueling a surge of innovation and investment in the private markets, including within the Investment Crowdfunding landscape. As AI continues to dominate headlines and reshape industries, its influence within Investment Crowdfunding is becoming increasingly prominent, signaling a transformative shift in how investors engage with this cutting-edge sector.

Growth in Offerings and Investments

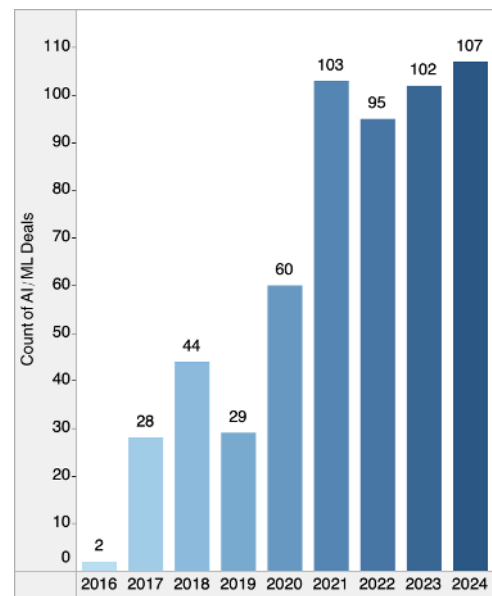
Since the investment crowdfunding industry launched in 2016, 417 AI/ML-related issuers have run 570 offerings. Starting with just two offerings in 2016, the sector saw a substantial rise, reaching 103 in 2021 and peaking at 107 in 2024. This steady upward trajectory reflects growing interest from issuers and investors, driven by AI technologies' rapid advancements and applications.

Investment figures mirror this growth, escalating total investments from \$290,266 in 2016 to an impressive **\$102 million in 2024**. This marks a remarkable leap, particularly since 2021, where annual investments consistently surpassed the \$60 million mark. The surge in capital inflows highlights investors' increasing confidence in the sector's potential to deliver substantial returns. Compared to last year's total commitments of \$544 million, the growth to over \$100 million in 2024 signifies a sector that continues to captivate investor interest.

Investor Dynamics and Check Sizes

AI/ML offerings attract significant capital and engage many investors. The average **number of investors per deal grew from 315 in 2018 to 518 in 2024**, peaking at nearly 798 in 2020. This indicates sustained investor enthusiasm, likely fueled by the sector's high growth potential and alignment with emerging technological trends. Investor engagement saw a marked increase in 2024, with the number of checks written growing significantly year over year.

Chart 58: Growth in AI-Related Deals



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Moreover, the average check size into AI/ML issuers has dramatically increased, rising from \$696 in 2016 to over \$1,415 in 2024. This surge reflects a shift toward more significant individual investments, suggesting that investors are becoming more confident in the sector's ability to generate robust returns compared to non-AI/ML issuers. This trend continues the significant growth observed in 2023, where average check sizes increased by over 15.7% from the previous year.

Valuation Trends

Valuations within the AI/ML sector have shown a steady upward trend, with the median valuation cap increasing from \$5.9 million in 2017 to nearly \$19 million in 2024. This growth underscores the market's strong appetite for AI-driven companies, particularly those demonstrating scalable technologies and revenue potential. The rise in median valuations from \$16.2 million in 2023 to almost \$19 million in 2024 highlights ongoing investor interest, even amid broader economic fluctuations.

Geographic and Platform Insights

While traditional tech hubs like California, New York, Texas, Delaware, and Florida lead in deal volume, states like Massachusetts, Colorado, and Washington are emerging as hotspots for AI/ML innovation. This geographic diversification highlights the widespread adoption and development of AI technologies across the U.S. This trend is consistent with previous years, where regional dynamics played a crucial role in shaping investment flows.

Platforms like Wefunder, StartEngine, and Republic continue to dominate hosting AI/ML deals, leveraging their extensive networks to attract issuers and investors. These platforms' technological focus aligns well with AI/ML companies' needs, providing them access to a broad base of enthusiastic backers. Notably, Wefunder captured 42.8% of funds in 2024, followed by StartEngine with 23.9%, reflecting their strong influence in the sector.

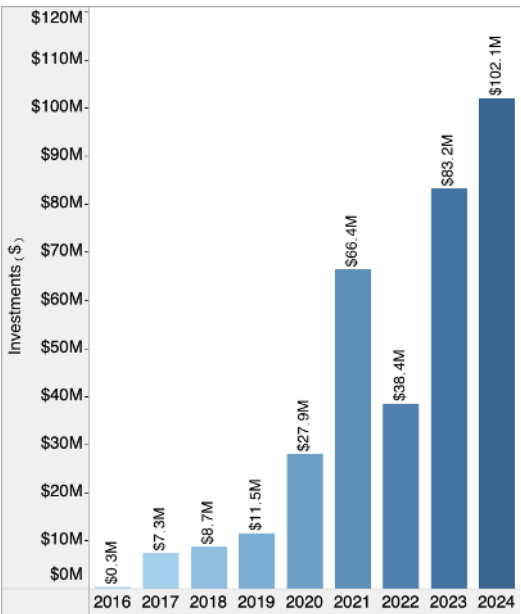
Issuer Profiles and Revenue Generation

Contrary to the perception that all AI/ML issuers are early-stage startups, the average company age is steadily growing from 2 years in 2016 to nearly 5 years in 2024, indicating a maturing ecosystem. While the industry was evenly split between pre and post revenue issuers in 2016, now 60.8% are post revenue, showcasing the sector's ability to move beyond proof-of-concept stages to establish viable business models. This trend has been consistent since 2019, highlighting the sector's transition from nascent startups to more established entities with proven track records.

The Public Market Effect and Future Outlook

The hype surrounding AI in public markets has undoubtedly influenced the private sector, creating a trickle-down effect that fuels innovation and investment in Investment Crowdfunding. As AI/ML continues to capture public imagination and investor interest, we anticipate a wave of acquisitions and exits among these companies, potentially outpacing trends in the broader Investment Crowdfunding landscape. This

Chart 59: Growth in AI-Related Investments



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expectation aligns with the sector's performance in 2024, where record investments and high success rates underscored its growth trajectory.

Methodology

This analysis explores Investment Crowdfunding issuers in the AI/ML sector. Our methodology involved a two-step process that combined natural language processing (NLP) with a fine-tuned AI model. First, we utilized NLP within Tableau to identify terms related to AI/ML in company names, websites, campaign summaries, and offering descriptions. Key terms included variations of 'AI,' 'artificial intelligence,' 'machine learning,' related phrases, and companies with ".ai" domains.

To refine the dataset, we trained a ChatGPT-based API model to verify the relevance of AI/ML within each issuer's business model. This model analyzed web-scraped content, offering pages, and historical records to confirm whether AI/ML technologies were proprietary and core to the issuer's product or service. Companies merely referencing AI without it being integral to their operations were excluded.


This rigorous approach ensures that our analysis accurately reflects companies genuinely contributing to the AI/ML space within investment crowdfunding, offering valuable insights into industry trends, funding activity, and issuer performance.

STARTUP, SECURITIES AND INVESTMENT CROWDFUNDING COUNSEL



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PLATFORM PERFORMANCE

Regulation Crowdfunding requires issuers to raise capital through either a Funding Portal or a broker-dealer, both of which must be registered with the SEC and overseen by FINRA. This regulatory framework was implemented to minimize fraud and ensure investor protection. However, launching and maintaining one of these platforms is anything but simple. The barriers to entry—both in terms of compliance and cost—are significant, making it an industry where only the most committed players can survive.

Since the launch of Investment Crowdfunding, 172 intermediaries—a mix of Funding Portals and Broker-Dealers—have registered with the SEC and FINRA to facilitate online investment offerings. But not all of them have stayed in the game. Of those, only 130 have shown any activity, while 42 signed up but never launched a single deal. Even more telling, 63 intermediaries seemingly have shut down entirely, no longer active under FINRA's oversight.

Despite these challenges, new entrants continue to emerge. In 2024, 52 intermediaries facilitated offerings, down slightly from 57 in 2023 and 60 in 2022. This two-year decline in active platforms might suggest contraction, yet the industry continues to exhibit a 12% compounded annual growth rate for intermediaries. The data suggests an interesting trend: while platforms may close or merge, new ones are still willing to take a shot at breaking into the market. By the end of 2024, 109 intermediaries remain operational, navigating the complexities of compliance and competition.

The Rise of Market Leaders

The Investment Crowdfunding industry is increasingly dominated by a few key players who control the majority of deals, investors, and capital flow. Among them, Wefunder has emerged as the leader in investments, with only a brief period in 2018–2019 when it did not hold the top spot. Over time, Wefunder has amassed nearly \$1 billion in investments, making it the most influential platform in the sector. StartEngine follows with

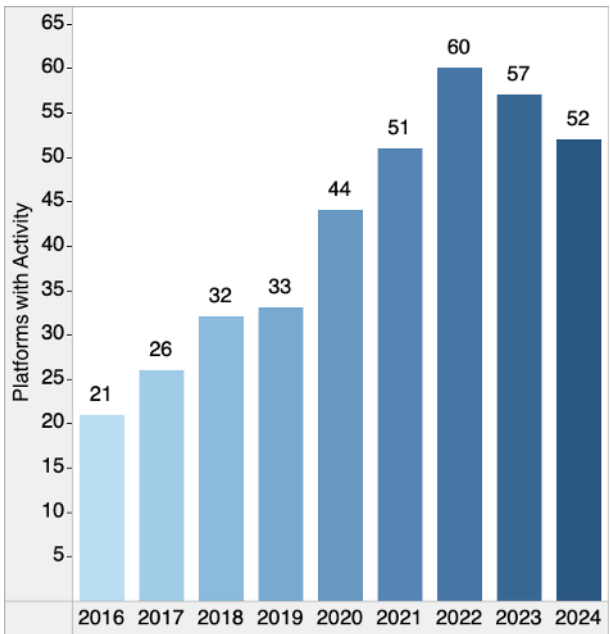
\$556 million, and Republic sits at \$300 million. Interestingly, SeedInvest, once the third-largest player with \$340 million in investments, was acquired by StartEngine. Even when its totals are added, StartEngine remains firmly in second place.

Yet, these figures only tell part of the story. Many of these platforms also facilitate other types of exempt offerings, including Regulation A+ (which allows companies to raise to \$75 million) and 506(c) offerings (restricted to accredited investors). When these additional deals are considered, Republic takes the lead with more than \$3 billion invested since 2012, demonstrating the expanding role of multi-exemption crowdfunding platforms.

The Battle for Market Share

Looking at the sheer number of deals, Wefunder again leads the industry, having funded 1,917 offerings, representing 28.6% of all investment crowdfunding deals. StartEngine follows with 1,447 (21.6%), while Republic has supported 668 (10%), and Honeycomb, a more minor but growing player, has facilitated 457 (6.8%).

Chart 60: Active Platforms over Time



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Are You Researching Investment Crowdfunding?

Are we on the brink of a new era in finance brought about by the 2012 JOBS Act, or is it merely a fleeting trend? Explore the realm of Investment Crowdfunding for your upcoming research project, PhD thesis, or Master's study, and reveal your discoveries.

Predict successful outcomes with AI

Can analyzing company metrics predict success in investment crowdfunded projects? Additionally, can AI surpass human capabilities by utilizing data for its reliable algorithms to provide insights akin to a crystal ball?

How fair are Valuations?

Are crowdfunded valuations misaligned with those of venture-funded issuers? How could segmenting issuers into groups help clarify this trend?

What does \$2.7 billion invested into pre-IPO startups say about Investor sentiment?



What's your hypothesis? Let our 100% complete dataset drive your analysis!

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Despite its continued dominance, Wefunder saw a 16% decline in the number of deals year over year, reflecting the shifting market dynamics. Meanwhile, Honeycomb experienced a 34% increase in deals, suggesting it has gained traction among issuers looking for alternative platforms. StartEngine also grew, albeit more modestly, with a 6% increase. Historically, StartEngine was the leader in total funded offerings until 2020, when Wefunder overtook it. It has held the top position ever since.

Where Investors Are Concentrated

Investor activity also clearly shows platform dominance. Wefunder boasts the most significant

investor base, with 702,000 investors, followed by StartEngine with 534,000 and Republic with 503,000. While these numbers reflect cumulative investor accounts, they underscore how entrenched these platforms have become.

Interestingly, the platforms that attract the most investors do not necessarily command the highest average raise per campaign. Dealmaker, a newer but highly effective platform, leads with an average raise of \$1.2 million per offering, significantly higher than Wefunder’s \$614,000. Though Dealmaker funds fewer deals, its campaigns tend to be larger, making it a formidable competitor in the market's premium segment.

Chart 61: Top Platforms by Offerings, Investors, and Dollars

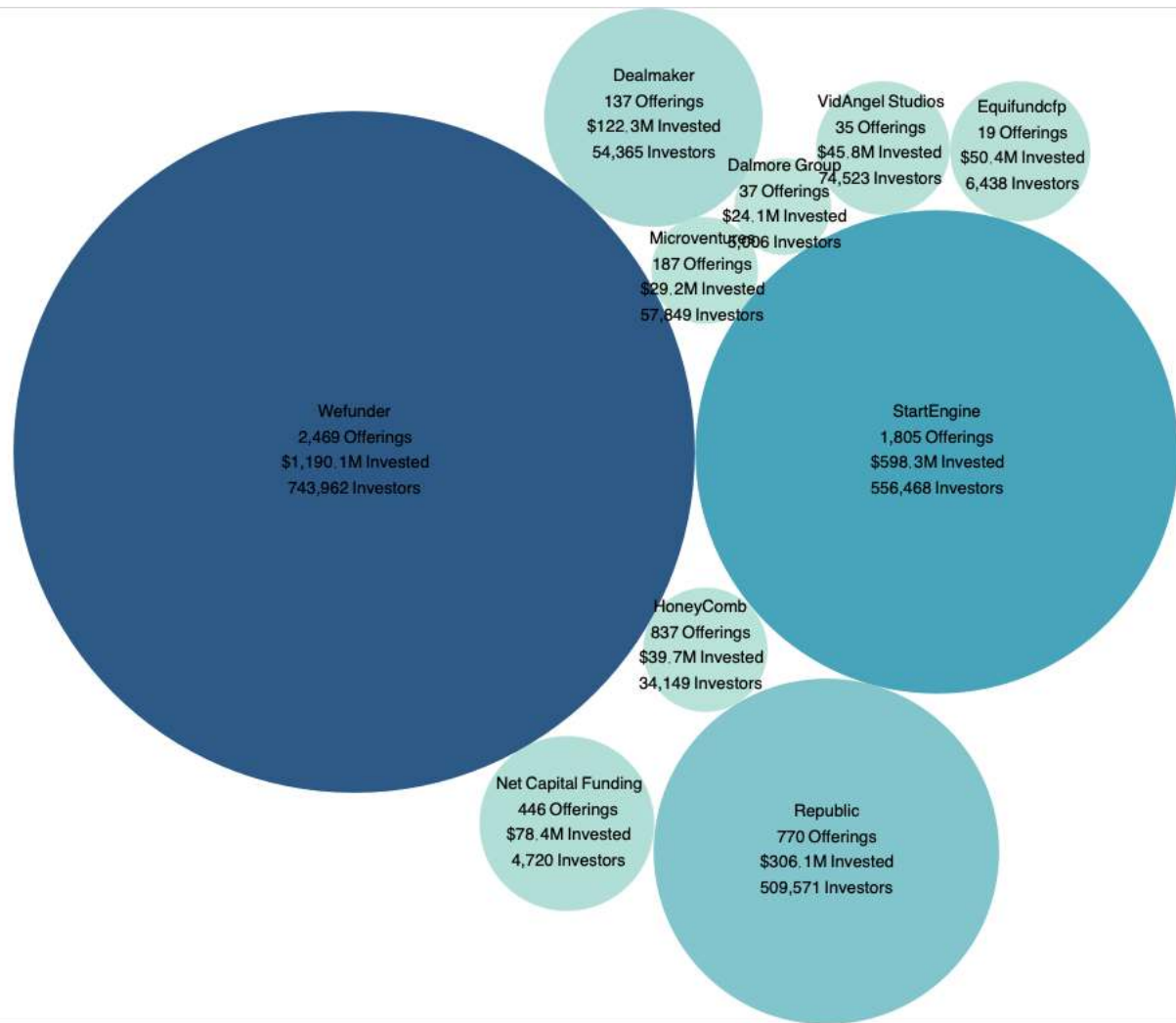


Table 22: Top 10 Platforms by Investments (Green YoY Incr/Red YoY Decr)

Platform	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Wefunder	\$8.7M	\$19.9M	\$17.1M	\$33.0M	\$65.3M	\$77.4M	\$260.5M	\$208.3M	\$268.5M	\$958.7M
StartEngine	\$1.8M	\$11.4M	\$15.3M	\$18.9M	\$47.5M	\$112.8M	\$142.4M	\$122.2M	\$83.8M	\$556.1M
Republic	\$0.6M	\$2.6M	\$9.2M	\$14.1M	\$41.2M	\$75.9M	\$93.2M	\$35.4M	\$25.0M	\$297.1M
Net Capital	\$0.0M	\$1.8M	\$2.5M	\$5.8M	\$3.5M	\$23.1M	\$13.6M	\$14.1M	\$10.4M	\$74.9M
Dealmaker								\$27.4M	\$43.2M	\$70.6M
VidAngel					\$2.3M	\$20.7M	\$6.0M	\$13.6M	\$1.8M	\$44.3M
Equifund				\$0.1M	\$0.2M	\$4.1M	\$15.4M	\$16.0M	\$6.5M	\$42.3M
HoneyComb			\$0.3M	\$0.7M	\$1.4M	\$11.3M	\$6.4M	\$7.1M	\$9.5M	\$36.6M
Microventures		\$8.3M	\$4.3M	\$4.2M	\$3.9M	\$4.4M	\$2.0M	\$0.3M	\$0.4M	\$27.9M
Dalmore Group						\$0.7M	\$12.0M	\$0.2M	\$6.7M	\$19.6M

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The Concentration of Capital

As the market evolves, capital becomes more concentrated among a small group of dominant players. In 2024, Wefunder, StartEngine, Dealmaker, and Republic collectively accounted

for 84.8% of total investment volume, an increase from 81.4% in 2023. This signals a continuing clustering of capital around the top platforms.

The share of total deals controlled by leading platforms has also expanded. Whereas in 2023, the

Table 23: Top 10 Platforms by Offerings

Platform	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Wefunder	52	60	84	97	253	343	395	343	276	1903
StartEngine	12	99	149	102	138	268	303	199	169	1439
Republic	6	28	38	60	117	154	134	79	50	666
HoneyComb		1	12	21	44	46	71	122	138	455
Net Capital	3	20	38	21	48	68	50	54	40	342
The SMBX				1	9	24	48	58	56	196
Microventures	5	28	24	26	30	13	6	6	2	140
Dealmaker							11	31	56	98
PicMii						3	7	11	13	34
Silicon Praire				1	1	6	7	6	6	27

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Table 24: Top 10 Platforms by Investors

Platform	2016	2017	2018	2019	2020	2021	2022	2023	2024	Grand Total
Wefunder	10.6K	21.9K	27.5K	41.1K	76.9K	69.3K	224.1K	124.0K	106.4K	701.7K
StartEngine	1.7K	15.2K	21.9K	29.2K	86.1K	130.5K	113.5K	85.1K	50.8K	533.9K
Republic	1.2K	4.7K	15.5K	47.9K	117.4K	158.5K	99.9K	36.8K	21.0K	502.9K
VidAngel					5.6K	32.8K	9.7K	24.1K	1.4K	73.5K
Microventures		11.5K	7.9K	12.4K	10.2K	8.9K	3.2K	0.7K	0.8K	55.6K
Dealmaker								14.3K	30.2K	44.4K
HoneyComb			0.2K	0.6K	1.3K	8.3K	5.2K	5.4K	8.6K	29.6K
Equifund				0.1K	0.2K	4.8K	1.4K	0.0K	0.0K	6.4K
Dalmore Group						0.6K	4.2K	0.1K	0.0K	4.9K
Net Capital	0.0K	0.0K	0.0K	0.0K	0.4K	4.2K	0.0K	0.0K	0.0K	4.7K

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top six platforms accounted for 80% of the total volume, this year, that dominance extended to the top eight platforms—which now include Wefunder, Honeycomb, StartEngine, Dealmaker, Republic, Net Capital, The SMBX, and Mainvest.

However, even as the number of platforms vying for capital increases, investor sentiment remains primarily concentrated in the top three: Wefunder, StartEngine, and Dealmaker, which account for nearly 80% of all checks written. This suggests that while smaller platforms may be winning more deals, they still struggle to attract the bulk of investor capital.

What Comes Next?

The data reveals two conflicting realities: on the one hand, the industry is consolidating around a few dominant players, yet on the other, there is still room for new entrants willing to carve out a niche. While capital and investor attention continue to concentrate among the top platforms, the distribution of offerings is more evenly spread among the top five players.

If the number of offerings continues to expand, some shifts in platform rankings may occur.

However, experience suggests that Wefunder, StartEngine, and Republic will likely maintain their leadership positions and grow further through acquisitions or expansions into adjacent markets.

PLATFORM DEVELOPMENTS IN 2024

The investment crowdfunding landscape in 2024 was marked by strategic acquisitions, technological advancements, platform closures, and expansion into new verticals. While some platforms focused on strengthening their core offerings and investor base, others sought to diversify into new asset classes or geographic regions. Below is an overview of the major developments among the leading platforms.

Wefunder

Wefunder maintained its position as a dominant player in Regulation Crowdfunding while making strides in venture capital. In 2024, the platform reported 18 successful exits and a 29% IRR for its venture capital funds, reinforcing its ability to identify high-potential startups. To enhance investor engagement, Wefunder introduced customized alerts and a new map view, enabling users to track investment opportunities more

effectively. Financially, the company recorded strong revenues and profitability, showcasing resilience amid a challenging fundraising environment. Despite these achievements, Wefunder acknowledged that its market share dipped to its lowest point since 2019, prompting plans to reallocate resources and reclaim its leadership position in 2025.

Republic

Republic expanded aggressively in 2024, leveraging acquisitions and product innovation to diversify its investment offerings. One of its most significant moves was the acquisition of GoldenChain, a digital asset firm, which led to the formation of Republic Digital, a dedicated unit for blockchain-based investments. Republic also made strides in film financing, launching a vertical to fund movies and entertainment projects, with its first offering being Pressman Film, the studio behind Wall Street and American Psycho. Additionally, Republic extended its global footprint by expanding into the Middle East and integrating UK-based Seedrs into Republic Europe to strengthen its European presence. The company's foray into blockchain continued with the launch of the Sui Launchpad, a platform for utility token creation, signaling its long-term commitment to digital assets.

StartEngine

StartEngine experienced a strong year, particularly with the success of StartEngine Private, a platform launched in late 2023 that facilitates private deal room investments. By the third quarter of 2024, StartEngine Private had generated \$16.5 million in revenue, representing more than half of the company's total earnings. The company reported over \$121 million raised across Reg CF and Reg A+ offerings, further establishing itself as a leader in investment crowdfunding. StartEngine's focus on offering investors exclusive access to private equity deals positioned it as a key player in the evolving retail investment landscape.

DealMaker

DealMaker solidified its presence in the crowdfunding space with a strong performance in

2024. The platform processed over \$200 million across 165 raises, and two of its issuers, MGRM and AIRE, successfully went public on NASDAQ. Reg CF deals on the platform saw 342% growth, reflecting increased interest from early-stage investors. DealMaker's strategy of integrating technology-driven solutions to streamline fundraising proved effective. The company anticipates a rebound in retail markets and increased demand for non-traditional funding methods in 2025.

Honeycomb Credit

Honeycomb Credit continued its focus on debt crowdfunding for small businesses, achieving several milestones. In December 2024, it acquired Raise Green, an impact investing platform specializing in clean energy projects, aligning with its mission to provide investment opportunities that resonate with socially conscious investors. The platform also completed a \$6 million Seed+ funding round, with backing from SustainVC, Muditā Venture Partners, and the American Family Insurance Institute. By March 2024, Honeycomb reported surpassing \$25 million in total funds raised for small businesses, reinforcing its role as a vital source of financing for entrepreneurs underserved by traditional banks.

Mainvest Closure

One of the most notable platform developments in 2024 was the closure of Mainvest, a debt crowdfunding platform that had facilitated over \$30 million in funding for 405 businesses. The collapse of Synapse, a banking-as-a-service provider, primarily triggered the shutdown. The collapse caused funds to freeze and severely disrupted Mainvest's operations. Synapse's failure impacted numerous fintech companies, highlighting the risks of relying on third-party infrastructure for payment processing.

The State of Investment Crowdfunding in 2024

The dominant trend in 2024 was platform specialization and diversification. While some platforms, like Wefunder and StartEngine, reinforced their core crowdfunding offerings and expanded private deal access, others, like Republic and Honeycomb, diversified into film

financing, digital assets, and impact investing. Acquisitions also played a crucial role, with Republic integrating Seedrs into its global brand and Honeycomb acquiring Raise Green to enhance its focus on sustainability. However, the closure of Mainvest served as a cautionary tale, exposing vulnerabilities in fintech-dependent infrastructure. As the industry matures, platforms increasingly focus on differentiation, regulatory adaptation, and investor engagement, signaling continued evolution in investment crowdfunding.

INDUSTRY FOCUS BY PLATFORM

Platform specialization plays a key role in issuers' decisions about where to launch their fundraising campaigns. Different platforms have cultivated investor bases that align with particular industries, making it crucial for issuers to choose a platform where their sector is well represented. The following data provides insights into which platforms have raised the most capital across various industries and where issuers may find the best alignment for their offerings.

As in previous years, Wefunder and StartEngine remain the dominant platforms across most industries, with Republic following closely behind. These platforms have built strong investor communities, making them go-to choices for many issuers. However, the number of deals completed in a particular industry is not always proportional to the total capital raised, making it essential for issuers to evaluate both factors before selecting a platform.

For example, in the Healthcare, Biotechnology, and Life Sciences sector, Wefunder (50.0%) and StartEngine (26.4%) have raised the most capital, making them the top choices for issuers in this category. A new healthcare issuer launching on either of these platforms may benefit from being marketed to investors who have backed similar companies before, increasing their chances of success. Similarly, in Financial Services, Wefunder leads (47.8%), followed by Republic (17.5%), making these two platforms the most appealing choices for fintech startups.

However, sector dominance does not always equate to deal volume. Honeycomb Credit, a platform specializing in small business lending, dominates the food service and restaurant sector regarding the number of deals completed. Yet, Wefunder has still raised the most capital in this space. This suggests that Honeycomb Credit has a high turnover of smaller deals, whereas Wefunder hosts fewer but larger raises in the same industry.

Beyond the usual leaders, specific platforms have emerged as industry-specific powerhouses:

- Space Technology saw Dealmaker take the lead (20.5%), followed by StartEngine (32.4%), indicating strong investor engagement in aerospace startups.
- Real Estate and Construction remains a stronghold for Wefunder (63.1%), with Republic and StartEngine capturing a significant market share.
- Blockchain and Cryptocurrency investments were concentrated mainly on Republic (43.1%) and Wefunder (48.5%), highlighting investor enthusiasm for decentralized finance and digital assets.
- Dealmaker led industrial and Manufacturing by a notable margin (26.8%), suggesting its growing influence in hardware and production-based raises.

Trends and Takeaways

The industry breakdown underscores the increasing specialization of crowdfunding platforms. While Wefunder, StartEngine, and Republic continue to lead in overall capital raised, other platforms like Honeycomb Credit, Dealmaker, and Microventures are carving out niche markets. This specialization allows issuers to target investor communities more aligned with their industry and funding needs.

Leveraging these insights as marketing tools can help platforms attract issuers in specific sectors and position themselves as the go-to option for certain industries. As the industry matures, data-driven decision-making will become even more critical for platforms seeking differentiation and

issuers aiming to optimize their fundraising outcomes.

Table 25: Platform's % of Total Investments Along Industry

Industry	Dalmore Group	Deal maker	Equifund	Honey Comb	Micro-ventures	Net Capital	Republic	Start Engine	VidAngel	Wefunder
Agriculture and Food Technology	0.1%	2.3%	5.0%	2.4%	1.6%	2.0%	9.0%	21.3%		56.3%
Apparel and Fashion		0.2%		1.7%	0.4%	0.3%	9.8%	38.6%		49.0%
Automotive and Smart Mobility		10.5%		0.0%	0.3%	0.8%	1.9%	54.2%		32.3%
Beverages		0.2%		3.1%	1.8%	0.3%	10.1%	45.3%		39.3%
Blockchain and Cryptocurrency		0.0%			0.8%	1.6%	43.1%	5.9%		48.5%
Consumer Goods and Retail	0.0%	1.0%	3.8%	3.5%	1.4%	0.2%	14.3%	24.4%		51.3%
E-Sports and Gaming	6.1%	15.4%		0.1%	1.9%	3.0%	10.1%	24.0%		39.4%
Education and Training				0.5%	1.5%	6.6%	7.7%	14.2%	11.0%	58.6%
Energy and Utilities		8.4%	14.5%		0.9%	10.4%	5.3%	29.0%		31.5%
Environmental and Clean Technology	0.7%	2.8%		0.4%	0.5%	1.6%	17.8%	34.5%		41.8%
Financial Services	3.4%	4.2%	3.0%	6.2%	0.7%	2.0%	17.5%	14.6%	0.7%	47.8%
Food Service and Restaurants	0.0%	2.6%		18.4%	3.6%	0.2%	17.4%	26.8%		31.0%
Healthcare, Biotechnology, and Life Sciences	0.1%	6.1%	2.5%	0.3%	1.4%	2.5%	10.6%	26.4%		50.0%
Industrial and Manufacturing		14.4%	26.8%	0.1%		9.5%		20.0%		29.1%
Luxury Goods and Services		0.2%		1.4%	3.2%	0.6%	11.3%	23.2%		60.1%
Maritime and Shipping				0.2%			3.5%	34.8%		61.5%

Industry	Dalmore Group	Deal maker	Equifund	Honey Comb	Micro-ventures	Net Capital	Republic	Start Engine	VidAngel	Wefunder
Personal Services		0.7%		4.3%	0.7%	0.6%	20.4%	3.4%		69.8%
Real Estate and Construction	0.3%	1.9%	2.3%	0.3%	0.3%	1.0%	15.6%	15.1%		63.1%
Space Technology and Exploration		20.5%			1.6%	28.4%	2.3%	14.8%		32.4%
Sports and Fitness	7.6%	4.6%		0.5%	0.8%	1.9%	8.4%	19.4%		56.8%
Technology and Software	1.2%	3.8%	0.2%	0.0%	1.1%	6.8%	13.1%	26.6%		47.0%
Telecommunications and Media	1.9%	1.9%		0.3%	2.9%	0.9%	6.5%	3.5%	36.5%	45.5%
Transportation and Logistics		0.4%		0.0%	1.9%	3.0%	15.6%	35.3%		43.9%

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MEDIAN/AVERAGE RAISE BY PLATFORM

Since the industry's launch, 93 platforms have successfully hosted at least one offering that met its funding target by the end of 2024. This is an increase from 82 platforms in 2023, highlighting the continued expansion of the crowdfunding ecosystem. Notably, nine platforms hosted their first successful offerings this year, collectively accounting for 15 funded offerings. One platform, Loupt, stood out by hosting three issuers.

By the end of 2024, 39 platforms had hosted 10 or more successful offerings—an increase from 36 platforms in 2023. While having at least 10 successful offerings is not strictly necessary to draw meaningful conclusions about platform performance, it provides a stronger basis for comparisons, reducing the influence of outliers and offering a more holistic view of each platform's overall effectiveness.

The average raise in 2016 was \$264K, which has since increased significantly, reaching \$619K in 2024. Debt offerings, however, continue to raise substantially less than their equity counterparts,

with the average amount raised in debt deals declining over time. The peak for debt offerings was in 2016 at \$279K, but in 2024, the average amount raised dropped to \$122K, down from \$134K in 2023. In contrast, equity offerings have experienced consistent growth, with the average amount raised increasing from \$257K in 2016 to a record \$754K in 2024, up from \$531K in 2023.

Median raises, less influenced by outliers, have declined over time. The industry-wide median raise peaked at \$189K in 2016 but remained stable at \$124K in 2023 and 2024. When broken down by security type, median debt raises saw a slight increase from \$57K in 2023 to \$66K in 2024, though they have declined from their peak of \$234K in 2016. Median equity raises, meanwhile, rebounded in 2024 to \$213K, up from \$163K in 2023 and higher than the 2016 figure of \$175K.

The table to the right ranks the top 10 active platforms based on total funds raised, sorted by the highest average raise per successful offering. It provides a breakdown of each platform's average and median raise, the total number of successful offerings, and, new for 2024, the industry that has attracted the most investment on each platform.

Table 26: Top Platforms by Median/Average Raise

Intermediary	Top Industry	Average Raise	Median Raise	Successful Offerings
Equifund	Energy and Utilities	\$2.8M	\$2.9M	18
VidAngel	Telecommunications and Media	\$1.5M	\$1M	30
Dealmaker	Healthcare, Biotechnology, and Life Sciences	\$951K	\$325K	101
Dalmore	Technology and Software	\$874K	\$459K	27
Wefunder	Technology and Software	\$576K	\$189K	1,891
Republic	Technology and Software	\$438K	\$170K	666
StartEngine	Technology and Software	\$401K	\$151K	1,445
Net Capital	Technology and Software	\$227K	\$50K	344
Microventures	Technology and Software	\$204K	\$127K	140
HoneyComb	Food Service and Restaurants	\$82K	\$43K	457

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- Equifund now leads in average and median raises, with 18 successful offerings out of 19 total. It boasts an average raise of \$2.8M and a median raise of \$2.9M, though its relatively low number of offerings means each outcome has a more significant impact on these figures.
- Unlike broker-dealer platforms like Dalmore and Dealmaker, Equifund operates without broker registration but has set itself apart by being highly selective and working with specialized, high-quality issuers.
- The top four platforms—Equifund, VidAngel, Dealmaker, and Dalmore—each achieved average raises exceeding the overall industry average and the equity deal average. In contrast, Honeycomb, a leading platform for debt offerings, saw an average raise below the industry-wide debt offering average.
- Median raise figures often provide a more practical benchmark for issuers, though factors such as industry and offering type remain key considerations when setting expectations.
- VidAngel Studios now ranks second by average raise. The platform specializes in financing film productions through debt offerings, often structured as revenue-sharing agreements. It has hosted 30 successful offerings, with notably higher average and median raises than most debt-focused platforms.

These trends highlight the ongoing evolution of investment crowdfunding, with newer platforms gaining traction, established players refining their strategies, and equity deals attracting increasing levels of capital.

VALUATIONS BY PLATFORMS

Valuations play a crucial role in investment crowdfunding, shaping how issuers attract capital and how investors assess opportunities. While multiple factors—such as industry, revenue stage, intellectual property, and team experience—affect a company's valuation, analyzing platform-wide trends provides valuable insight into where investors might find the best opportunities.

Table 27: Median Issuer Valuations Across Platforms each Year

Platform Name	2016	2017	2018	2019	2020	2021	2022	2023	2024
Dalmore Group						\$45.2M	\$19.1M	\$40.0M	\$10.0M
Dealmaker							\$24.9M	\$53.0M	\$60.0M
Equifundcfp				\$15.5M	\$8.4M	\$17.4M	\$25.0M	\$27.0M	\$23.0M
Microventures	\$12.5M	\$3.9M	\$5.0M	\$4.8M	\$5.0M	\$4.5M	\$6.0M	\$5.3M	\$13.7M
Net Capital Funding	\$2.7M	\$5.1M	\$4.3M	\$10.5M	\$6.5M	\$9.9M	\$13.6M	\$10.0M	\$10.4M
Republic	\$4.5M	\$5.0M	\$7.0M	\$8.0M	\$8.0M	\$9.4M	\$15.0M	\$20.0M	\$15.0M
Silicon Praire Online				\$1.1M	\$1.0M	\$4.5M	\$4.5M	\$186.3M	\$250.8M
Small Change			\$0.6M	\$2.8M	\$2.4M	\$9.7M	\$10.0M	\$17.1M	\$6.4M
StartEngine	\$10.3M	\$7.4M	\$7.6M	\$8.4M	\$10.0M	\$18.7M	\$19.5M	\$20.0M	\$23.6M
Wefunder	\$5.0M	\$9.3M	\$7.0M	\$6.0M	\$6.0M	\$9.0M	\$10.0M	\$10.0M	\$10.5M

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Broker-Dealer Platforms and High-Valuation Offerings

Two platforms that consistently report the highest valuations, Dalmore Group and Dealmaker, are Broker-Dealers (BDs) rather than traditional funding portals. As such, they tend to attract more established, in many cases, post-revenue issuers that can demand higher valuations. In 2024, Dalmore's median valuation stood at \$66.8 million, while Dealmaker's reached \$60 million. These figures suggest that companies raising through BD-backed platforms are typically further along in their growth cycle, making them appealing to investors seeking vetted, higher-caliber opportunities.

Additionally, some investors may view BD-vetted deals as carrying an extra layer of credibility. Unlike funding portals, Broker-Dealers can provide issuers with solicitation and marketing support, which could help attract higher-quality offerings and justify elevated valuations. However, because these platforms complete fewer total deals than Wefunder or StartEngine, their valuations may fluctuate more based on a handful of significant raises. As more companies use these platforms,

their valuation averages may settle into more consistent ranges.

StartEngine and Wefunder: Indicators of Market-Wide Trends

Wefunder and StartEngine are often compared directly, but a closer look at deal composition reveals a more nuanced reality. Both platforms attract a mix of pre-revenue and post-revenue issuers, startups, and more established companies, challenging the notion that one exclusively serves early-stage issuers while the other caters to later-stage firms.

In 2024, Wefunder facilitated 152 post-revenue, established issuers, while StartEngine hosted 117, contradicting the assumption that StartEngine attracts significantly more mature companies. However, Wefunder also led in pre-revenue startups, with 91 deals, compared to StartEngine's 32. Meanwhile, StartEngine had 50 post-revenue startups, illustrating that it serves many issuers.

These platforms genuinely differ in their approach to valuation expectations and issuer selection. StartEngine may allow issuers more flexibility in setting valuations, potentially resulting in more

Table 28: Average Issuer Valuations Across Platforms each Year

Platform Name	2016	2017	2018	2019	2020	2021	2022	2023	2024
Dalmore Group						\$40.8M	\$19.1M	\$109.0M	\$66.8M
Dealmaker							\$42.6M	\$184.8M	\$69.4M
Equifundcfp				\$15.5M	\$14.6M	\$18.9M	\$29.0M	\$33.2M	\$40.2M
Microventures	\$13.0M	\$6.6M	\$5.1M	\$5.3M	\$8.5M	\$5.3M	\$6.0M	\$12.4M	\$13.7M
Net Capital Funding	\$4.5M	\$5.1M	\$29.3M	\$10.8M	\$10.5M	\$18.5M	\$25.0M	\$16.2M	\$20.7M
Republic	\$4.2M	\$8.9M	\$8.8M	\$10.6M	\$10.3M	\$19.3M	\$22.7M	\$30.9M	\$36.3M
Silicon Praire Online				\$1.1M	\$1.0M	\$28.4M	\$24.9M	\$136.1M	\$250.8M
Small Change			\$2.3M	\$2.8M	\$2.6M	\$13.5M	\$11.4M	\$22.2M	\$6.4M
StartEngine	\$26.8M	\$12.3M	\$12.5M	\$12.6M	\$17.2M	\$30.7M	\$43.3M	\$33.8M	\$38.3M
Wefunder	\$7.0M	\$11.7M	\$12.9M	\$12.7M	\$12.5M	\$21.0M	\$18.8M	\$21.0M	\$21.9M

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aggressive valuation expectations. In contrast, Wefunder may take a more conservative stance, aligning valuations more closely with what issuers can realistically expect to raise. As a result, investors may find that StartEngine's deals skew toward higher valuations relative to funding performance. In contrast, Wefunder's valuations may reflect a tighter correlation between market demand and final capital raised.

Republic and Net Capital Funding: Realistic Valuations in a Competitive Market

Republic and Net Capital Funding fall into a middle ground, offering competitive valuations while reflecting startup-stage realities. Republic saw its median valuation hold at \$15 million, while Net Capital Funding's stood at \$10.4 million. These platforms have built reputations for hosting diverse issuers across multiple industries, making them attractive for investors looking for well-balanced opportunities.

One key takeaway from Republic's data is the steady increase in valuations, signaling both confidence in the market and an influx of more mature issuers seeking funding. Similarly, Net Capital Funding remains a consistent source for

startup and early-stage investing, offering competitive valuations without veering into inflated territory.

Small Change: Real Estate's Influence on Valuations

Unlike many platforms focused on tech startups or consumer-facing brands, Small Change primarily hosts real estate deals. With a median valuation of \$6.4 million, it consistently reports lower figures than its peers, which aligns with the nature of real estate investing and the \$5 million Regulation Crowdfunding cap. Also, unlike high-growth startups, real estate projects have more tangible assets and predictable financial models, leading to less speculative valuations.

Silicon Prairie Online: An Outlier with Skewed Data

One of the most striking data points of 2024 is Silicon Prairie Online's median and average valuation of \$250.8 million. However, this figure is heavily skewed, as it comes from just two offerings that disclosed valuations. With such a small sample size, viewing Silicon Prairie as a high-valuation platform would be misleading. Instead, this highlights the importance of deal volume when

interpreting valuation trends—a single significant outlier can significantly impact platform-wide averages.

Are Valuations Inflated or Reflecting Market Trends?

Across all platforms, valuations have continued to rise, reflecting broader market trends. However, the key takeaway for investors and issuers is that platform selection matters when assessing valuations.

Broker-Dealers like Dalmore and Dealmaker attract higher-valuation companies, often post-revenue and further in their growth cycle.

Wefunder and StartEngine provide a more comprehensive look at valuation trends across early- and mid-stage startups.

Republic and Net Capital Funding maintain moderate, competitive valuations that reflect well-balanced investment opportunities.

Real estate-focused platforms like Small Change naturally report lower valuations due to the asset-backed nature of their deals.

While higher valuations can signal investor confidence, they also warrant scrutiny. Factors such as industry, revenue stage, intellectual property, and leadership experience should all be considered before assuming that a higher valuation equates to a more substantial investment. At the same time, the steady rise in valuations across most platforms suggests that equity crowdfunding continues to mature, attracting more developed companies and more sophisticated investors.

These insights can help issuers identify the right platform based on valuation expectations and investor appetite. For investors, understanding how each platform sets valuations can be key to determining the best long-term opportunities in a diversified portfolio.

AVERAGE COST PER RAISE

One of the most important financial considerations for issuers considering investment crowdfunding is the cost of running a successful campaign. While legal, accounting, and marketing expenses are critical, the platform success fee—or the percentage of the total raise an issuer must pay to the platform—plays a central role in determining how much capital the company will retain.

Between 2016 and 2024, the average platform success fee remained relatively stable at 6.5%, ending at 6.9% in 2024. This marks a decline from the peak of 7.4% in 2020, when platforms aggressively competed for issuers. However, while the average success fee has fluctuated, the median fee has consistently risen, climbing from 3% in 2016 to 7% in 2024. This suggests that platforms generally charge higher fees, even with increased competition.

In practical terms, an issuer raising \$100,000 in 2024 would pay an average of \$7,000 in fees, netting \$93,000. As expenses increase, issuers must weigh the potential benefits of a platform against the costs associated with listing on it.

Which Platforms Charge the Highest Fees?

Not all platforms charge the same rates; some demand significantly higher fees than others. Two of the most expensive platforms in 2024 were:

- Gigastar, specializing in token offerings, charged an average and median success fee of 10% across 22 successful raises.
- Crowdsurf, a lesser-known platform, had only one successful offering but also charged a 10% fee.

These higher fees may deter issuers, particularly those seeking cost-effective fundraising solutions.

Among the most active platforms, StartEngine and Wefunder recorded the highest average fees, at 7.2% and 6.9%, respectively, followed by Republic at 5.8%. This means that issuers on these platforms generally pay higher success fees than the market average. However, given their strong investor

Table 29: Platform Fees

	Average Fee %	Median Fee %	Successful Offerings
HoneyComb	7.8%	8.0%	455
Dealmaker	7.5%	8.5%	98
StartEngine	7.2%	7.0%	1438
Equifund	7.0%	7.0%	18
Wefunder	6.9%	6.9%	1902
Microventures	5.8%	5.0%	140
Republic	5.8%	6.0%	664
VidAngel	5.3%	5.0%	29
Net Capital	4.9%	4.9%	342
Dalmore Group	3%	3%	27

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bases and historical success rates, issuers may view these costs as justifiable trade-offs for greater exposure and higher fundraising potential.

Why Fees Dropped in 2020—And Why They’re Rising Again

In 2020, platform fees declined as competition between crowdfunding platforms intensified. With more issuers entering the space, platforms lowered fees to attract deals, temporarily contracting average success fees. However, the median success fee has been steadily rising, meaning that while some platforms offer competitive rates, the broader industry is shifting toward higher platform compensation over time.

A closer look at platform-specific trends reveals that while Dealmaker, ChainRaise, SMBX, and VidAngel have increased their fees, other platforms—such as RaiseGreen, Silicon Prairie, and Vicinity—have opted to reduce their fees in 2024. This suggests that while some platforms leverage strong demand to increase revenue per raise, others use lower fees to remain competitive and attract issuers.

The Hidden Cost: “Other Financial Interest” Fees

Success fees are not the only compensation that platforms receive. Many platforms also take equity or securities as part of their compensation, a practice known as “other financial interest.”

- Republic and StartEngine have utilized this model, receiving equity stakes in the companies that raise on their platforms. This means their actual cost to issuers may be higher than the stated success fee.
- Wefunder, on the other hand, does not charge an additional fee in securities, making it one of the few platforms that exclusively relies on success fees.

For issuers, these additional fees present a double-edged sword. While they reduce upfront costs, they also mean that the platform retains a long-term financial interest in the company, potentially benefiting significantly in the event of an acquisition or IPO. This has been a profitable strategy for platforms and their investors, as it allows them to benefit twice—once from the initial platform fees and again if an issuer exits successfully.

Conclusion: Evaluating Platform Costs Beyond the Success Fee

When selecting a crowdfunding platform, issuers need to consider the average success fees and the additional costs that could increase total platform compensation. While fees have historically fluctuated due to competition, the median has risen steadily, signaling that platforms charge more over time.

Ultimately, while platform selection should not be based on fees alone, understanding these cost structures can help issuers maximize the capital they retain while choosing a platform that aligns with their fundraising goals.

LEGISLATIVE INITIATIVES IN FRONT OF CONGRESS

For years, legislative efforts to expand and refine Regulation Crowdfunding (Reg CF) have struggled to gain traction due to partisan gridlock in Washington. Despite widespread recognition of Reg CF's success in democratizing capital formation, fueling entrepreneurship, and creating jobs, previous attempts to modernize the framework failed to move forward. However, with the Republican Party now controlling the House, Senate, and Presidency, the landscape has shifted dramatically. Many bills that once stalled in committee now stand a strong chance of being reintroduced and passed into law.

The Empowering Main Street in America Act of 2024, introduced by Senator Tim Scott, is at the forefront of this renewed push. This bill builds upon the original JOBS Act of 2012, which first established Regulation Crowdfunding, and seeks to further expand access to capital for small businesses and startups. While the bill introduces meaningful improvements, additional reforms are necessary to unlock the potential of investment crowdfunding fully.

Empowering Main Street in America Act: A Step Forward, But More Is Needed

The Empowering Main Street in America Act introduces several key provisions to enhance capital formation while maintaining investor protections. One of its most significant proposals is extending the "Emerging Growth Company" (EGC) status from five to ten years and raising the revenue threshold to \$2 billion. These changes would allow more businesses to benefit from reduced regulatory burdens, ensuring that fast-growing startups have time to scale without being subject to the same reporting requirements as large public companies.

Additionally, the bill proposes a micro-offering exemption, which would streamline capital raising for small issuers seeking minimal funding by reducing compliance requirements. While these provisions mark important progress, the most

impactful change necessary for Reg CF is missing from the bill—the need to raise the maximum allowable crowdfunding raise from \$5 million to \$20 million.

The Critical Need to Raise the Reg CF Cap to \$20 Million

Since its inception, investment crowdfunding has facilitated over \$2 billion in capital for thousands of small businesses, demonstrating its effectiveness in bridging the funding gap for early-stage companies. However, the current \$5 million cap on Reg CF significantly limits the types of businesses that can benefit from the framework.

The \$5 million cap on Reg CF raises is increasingly restrictive for companies with high capital needs, such as those in manufacturing, biotech, and technology. In the past, businesses that outgrew this limit typically turned to venture capital or private equity for additional funding. However, VC firms remain hesitant to deploy capital—not just due to economic uncertainty but primarily because of liquidity constraints, a slowdown in exits, and a more selective investment focus.

With IPOs and acquisitions at historic lows, VC firms find it difficult to generate returns, limiting their ability to reinvest in new startups. At the same time, fund closings are taking longer, and fewer new funds are being launched, leading VCs to prioritize later-stage, revenue-generating businesses over early-stage companies. This shift widens the funding gap for growth-stage businesses that need capital to scale but are too mature for early-stage venture funding.

Increasing the Reg CF cap to \$20 million would provide a critical alternative for these businesses, enabling them to raise larger rounds through community-driven investment rather than relying on a VC market that is currently constrained. This adjustment would empower founders to maintain greater control over their companies, foster broader participation in high-growth investment opportunities, and ensure that a lack of accessible funding options doesn't stifle the next wave of successful businesses. As the VC industry remains cautious and focused upstream, investment

crowdfunding must evolve to fill the void, providing a practical, scalable, and founder-friendly alternative for companies looking to grow.

Additional Legislative Reforms Needed for Investment Crowdfunding

Beyond raising the Reg CF cap, several other reforms previously introduced as part of JOBS Act 4.0 should be included in any legislative update. These provisions, which were proposed in previous sessions of Congress but never enacted, would further strengthen Reg CF and improve its ability to serve businesses and investors alike.

1. Allowing Venture Funds to Raise Capital via Reg CF

- Under the current rules, venture funds cannot utilize Reg CF for fundraising, preventing small and emerging funds from accessing retail investors.
- Allowing funds seeking less than \$5 million to use Reg CF would democratize access to venture capital. It would enable investors to participate in early-stage investments traditionally reserved for institutional backers. This would also ease the credit crunch experienced in the current venture model.

2. Permitting Security Token and Crypto Issuers to Leverage Reg CF

- The rise of digital assets and blockchain technology has created new opportunities for capital formation, but regulatory uncertainty has stifled innovation in this space.
- Explicitly allowing security token issuers to raise capital via Reg CF would modernize the framework and position the U.S. as a leader in the evolving digital securities market.

3. The Main Street Growth Act (Sec. 107 of JOBS Act 4.0)

- This provision calls for the creation of venture exchanges, allowing small issuers to concentrate secondary trading on a single exchange rather than being fragmented across multiple markets.

- The result would be improved liquidity for early-stage investors and a stronger startup capital formation ecosystem.

4. The Improving Crowdfunding Opportunities Act (Sec. 305 of JOBS Act 4.0)

- This bill would expand state preemption laws to secondary transactions, ensuring investors can buy and sell crowdfunding securities more easily without navigating a complex patchwork of state regulations. Investor protections should remain via ongoing financial disclosure requirements akin to the Manual Exemption.
- Additionally, it would reduce compliance costs on crowdfunding portals, making the market more efficient for issuers and investors.

5. The Equal Opportunity for All Investors Act (Sec. 306 of JOBS Act 4.0)

- This bill would expand the definition of an accredited investor, allowing individuals to self-certify their accredited status or pass an SEC-administered exam to qualify.
- It also proposes allowing all investors to allocate up to 10% of their income into Reg D securities, further expanding access to private market opportunities.

The Moment for Change Has Arrived

With Republicans now controlling Congress and the White House, there is a unique opportunity to enact these long-overdue reforms. Investment crowdfunding has already proven itself as an engine of economic growth, job creation, and financial inclusion. By implementing these changes, Congress can ensure that startups and small businesses have the capital they need to succeed while maintaining strong investor protections.

The most transformative change remains raising the Reg CF cap to \$20 million. This single adjustment would allow more businesses to scale efficiently, attract institutional capital, and preserve community-driven ownership. Additionally, permitting venture funds and security

token issuers to use Reg CF would modernize the framework and position it for long-term relevance.

As policymakers revisit these legislative proposals, it is critical that they put politics aside and take action now. The JOBS Act of 2012, which first established Regulation Crowdfunding (Reg CF), was one of the most bipartisan pieces of legislation to pass through Congress in the last decade. It allowed millions of Americans to invest in startups and small businesses, unlocking billions in funding for entrepreneurs and supporting hundreds of thousands of jobs. There should be no partisan objections to expanding upon this successful framework, as doing so will directly benefit America's job creators, innovators, and local economies.

With investment crowdfunding already supporting over 441,000 direct and indirect jobs, raising the Reg CF cap to \$20 million, allowing venture funds to raise through crowdfunding, and enabling security token issuers to participate will further expand access to capital and accelerate economic growth. These reforms are common-sense, business-friendly measures that will give entrepreneurs the resources they need to succeed.

At a time when Washington remains deeply divided, investment crowdfunding stands out as a policy area where both parties can align to support small businesses and job creation. By passing the Empowering Main Street in America Act with these additional reforms, Congress can shape the next decade of economic expansion, financial inclusion, and entrepreneurial opportunity for all Americans. Now is the time to act.

QSBS - A TAX BENEFIT FOR INVESTORS

The Qualified Small Business Stock (QSBS) provision, outlined in Section 1202 of the Internal Revenue Code, is a critical element in Investment Crowdfunding. It significantly influences investor returns and tax obligations. This provision offers tax benefits to investors who invest in eligible

small businesses, including a substantial portion of companies involved in Investment Crowdfunding.

The QSBS provision allows investors in qualifying small businesses to exclude a portion, potentially up to 100%, of their capital gains from federal income taxes when they sell their shares. To be eligible, the stock must be from a domestic C corporation with gross assets of \$50 million or less at the time of and immediately after the stock issuance. The investor must hold the stock for at least five years, and the corporation must meet specific active business requirements.

How does this apply to Investment Crowdfunding? With 64% of successful crowdfunding issuers being C corporations, investors in these companies could be eligible to exclude their capital gains from federal income tax. This prospect of tax savings can significantly enhance the attractiveness of investing in startups through crowdfunding.

For Issuers, communicating the potential QSBS tax benefits can make a company's stock more enticing to investors.

There's also a long-term holding incentive. The QSBS requirement for a five-year holding period may encourage investors to support a company's growth over an extended period rather than seek a quick exit.

Within the dataset, we can see 1,523 issuers that have passed the 5-year holding period. If we filter just for those who have done a follow-up round of financing so that we can track changes in valuation, we can see the cumulative value at their first round was \$12.5 billion. At their most recent valuation, it was \$21.7 billion. While this isn't a cash return, just on paper alone, that is up to \$1.4 billion of tax savings created under the QSBS provision.

QSBS must be promoted as a vital component in the Investment Crowdfunding ecosystem. It offers substantial tax incentives to investors and serves as a key factor for issuers in attracting and retaining investment. The provision encourages long-term investments in startups, highlighting

both the financial benefits for investors and the positive impact on company growth and stability.

AREAS FOR IMPROVEMENT

Investment Crowdfunding has emerged as a vital avenue for startups and small businesses to secure funding, democratizing access to capital across diverse sectors. However, critical areas require attention and improvement to maximize its potential and ensure a sustainable, equitable growth trajectory. This encompasses regulatory enhancements and strategic modifications to increase market opportunities, investor benefits, and overall compliance. Our focus on areas such as SEC regulatory compliance, expanding funding limits, introducing tax incentives, and allowing micro funds to leverage crowdfunding aims to address these challenges. These improvements are about scaling the market and fostering a more robust, transparent, and inclusive investment ecosystem.

ENHANCING COMPLIANCE WITH ANNUAL REPORT FILING

Compliance with mandatory annual report filings is a critical area requiring improvement in Investment Crowdfunding. Issuers must file an annual report to investors and the SEC within 120 days of the fiscal year's end. However, there's a noticeable trend of poor compliance in this regard. This lapse strains the issuer-investor relationship and casts a shadow on the issuer's credibility and reliability, particularly in the eyes of future investors, including venture capitalists.

The implications of non-compliance extend beyond investor relations. Issuers who fail to adhere to this legal requirement risk tarnishing their market perception, which could be detrimental when seeking additional capital. Moreover, persistent non-compliance could lead to severe repercussions, such as being barred from future fundraising rounds by the SEC.

To address this issue, it's proposed that the SEC consider instituting fines for issuers who fail to

comply with the annual report filing requirements. However, before enforcing penalties, it's crucial that the SEC first notifies issuers of their non-compliance, clearly outlining their legal obligations as initially agreed upon during the filing process. This communication should include detailed guidance on how to comply with the requirements using the SEC's EDGAR system. Such requirements could consist of a simple video by the Commission that shows issuers how to log into EDGAR, what forms they need to update, and how they can leverage AI to produce simple annual updates that keep investor information on company and financial progress. This process is not complicated but it can be confusing. Such a measure would enforce discipline among issuers and educate them about their responsibilities, ultimately fostering a more transparent and accountable Investment Crowdfunding ecosystem.

RETHINKING THE MINIMUM FUNDING TARGET

Issuers are required to meet a minimum funding target to receive funds from investors. However, if they fail to meet this target, they must return committed capital to the investors from the escrow account. This "all or nothing" approach forces issuers to set unrealistic low funding targets. Such targets may not allow issuers to achieve their goals in an offering. Even if an issuer meets the minimum funding target but does not raise enough funds to sustain their operations, they may risk closure, and investors may risk losing their investment.

Therefore, we suggest a better approach, as recommended by Andrew Schwartz in his book *Investment Crowdfunding*: linking the minimum to the maximum funding target. For instance, an issuer cannot raise more than four times its minimum funding target. This will encourage issuers to set more realistic funding targets, mainly if they are confident in their fundraising abilities. While investors have not expressed concerns about the low targets concerning risk, this change would be in their best interests.

ENABLING MICRO FUNDS TO LEVERAGE INVESTMENT CROWDFUNDING

A significant evolution in the Investment Crowdfunding landscape could be the inclusion of micro funds. Presently, investment funds are restricted from raising capital through crowdfunding platforms primarily reserved for issuers focused on a company's operational fundraising. Despite this, innovative approaches by entities like Backstage Capital, which allow investors to invest in the management company, thereby gaining a share of management fees, demonstrate a potential workaround. Although this method doesn't align perfectly with the law's original intent, it highlights a growing need: allowing micro funds up to \$5M to leverage Investment Crowdfunding for their proof-of-concept funds.

The rationale for this proposition stems from the increasing challenges first-time fund managers face in accessing vital capital to launch their funds. Investment Crowdfunding could effectively address this pain point. One of the critical arguments in favor of this idea is the high return potential associated with early-stage funds. Allowing investors to participate in these funds via crowdfunding platforms could open doors to lucrative opportunities. It would provide a level playing field for a broader investor base, enabling them to enjoy the benefits of venture investing with relatively smaller capital risks.

This move could significantly democratize access to venture capital, making it feasible for a broader range of investors to participate in high-potential, early-stage investment opportunities. It also aligns with the fundamental ethos of crowdfunding: making investment opportunities more inclusive and accessible. By carefully structuring these opportunities within the existing legal framework and ensuring adequate investor protection and education about the associated risks, this approach could introduce a new dynamic in the crowdfunding arena, fostering innovation and broadening the investment landscape.

EXPANDING THE REGULATION CROWDFUNDING CAP TO \$20 MILLION

The call to increase the maximum amount that issuers can raise under Regulation Crowdfunding (RegCF) from \$5 million to \$20 million is grounded in several compelling reasons, reflecting both the evolving landscape of venture capital and the demonstrated capabilities of the crowdfunding industry.

1. **Filling the Early-Stage Funding Void:** Venture capital, traditionally a major source of early-stage funding, has increasingly shifted focus to later-stage investments, creating a funding gap for startups and small businesses. Elevating the RegCF cap to \$20 million would significantly address this void, providing essential capital to burgeoning enterprises.
2. **Proven Industry Responsibility:** The crowdfunding industry has demonstrated a remarkable ability to manage larger funding caps responsibly. Instances of fraud have been minimal, whereas the benefits are substantial and widespread.
3. **Democratizing Access to Capital:** Investment Crowdfunding has been pivotal in broadening access to capital. It has transcended geographical limitations, benefiting diverse areas from tech hubs like Silicon Valley to emerging markets like Las Vegas and Phoenix and extending into economically challenged districts. This expansion has been instrumental in supporting underserved communities, particularly in areas with high poverty rates.
4. **Empowering Diverse Entrepreneurs:** Notably, nearly 50% of offers within the crowdfunding space represent women or minority founders, challenging the norms of traditional funding avenues like Silicon Valley and providing unprecedented access to capital for diverse entrepreneurs.
5. **Local Economic Stimulation:** Successful crowdfunding campaigns have already infused

\$27.1 billion into local economies, and an increased cap could significantly amplify this impact. Such financial injections can revitalize communities by enabling businesses to expand their operations and increase local spending.

6. **Job Creation Potential:** Regulation Crowdfunding has been a robust engine for job creation, supporting over 441,000 jobs. A higher cap could quadruple this figure, further solidifying its role as a vital contributor to employment growth.
7. **Wealth Creation for Average Americans:** Historically, the average American's ability to participate in wealth creation through private capital markets has been limited. Increasing the Regulation Crowdfunding cap would allow more individuals to invest in high-potential ventures, leveling the playing field with wealthier investors and venture capitalists.
8. **Fostering Innovation:** A higher cap would spur innovation within the United States and enhance its competitive edge globally. The U.S. can reinforce its status as a technological and business innovation leader by supporting a wider range of startups and innovative projects.

In summary, increasing the RegCF cap to \$20 million aligns with the broader objectives of fostering economic growth, supporting diverse entrepreneurship, and democratizing investment opportunities while mitigating risk. This strategic move can strengthen the U.S. economy, promote job creation, and enable more Americans to participate in the wealth-creating potential of innovative startups and small businesses. Enhancing the crowdfunding framework would mark a significant step in supporting the nation's entrepreneurial ecosystem and reinforcing its global leadership in innovation.

IMPLEMENTING TAX INCENTIVES FOR INVESTMENT CROWDFUNDING IN THE USA: FOLLOWING THE UK'S LEAD

Investing in early-stage companies is inherently risky. Many startups fail, and those that succeed often take years to provide a return. Despite this, investors are crucial in fueling innovation and economic growth by backing small businesses. But what if we could make these investments more attractive and less risky?

One of the most effective tools for achieving this is tax credits, a mechanism governments use to encourage investment in key sectors, unlike deductions, which lower taxable income, tax credits directly reduce the amount of tax owed, making them a powerful incentive for individuals and businesses.

Governments use tax credits to stimulate investment in various industries. In the renewable energy sector, for instance, the U.S. offers Investment Tax Credits (ITCs) that reduce the cost of installing solar and wind energy projects. Tax incentives such as Opportunity Zones in real estate encourage long-term investment in economically distressed areas. However, regarding early-stage startups—arguably the most critical segment for economic growth—the U.S. lacks a comparable tax incentive system.

A Look at Existing Tax Incentives for Private Investors

One of the few existing tax benefits for high-net-worth individuals investing in startups is the Qualified Small Business Stock (QSBS) exemption (as discussed earlier), established under Section 1202 of the IRS Code. This incentive allows investors to exclude up to 100% of capital gains from stock sale in qualified small businesses, provided they hold the investment for at least five years.

QSBS has been instrumental in attracting capital to startups, particularly in the tech and life sciences sectors, but it has significant limitations:

- It only applies to C-corporations, excluding many startups structured as LLCs or S-Corps—common business entities in the U.S.
- The benefit is only realized at exit (when the stock is sold), rather than at the investment point, when many investors need incentives the most.
- It does not support the broader investment crowdfunding ecosystem, in which retail investors participate in startup funding with much smaller check sizes.

For everyday investors participating in Regulation Crowdfunding (Reg CF)—which enables startups to raise capital from the general public—there is currently no dedicated tax incentive to encourage investment.

In contrast, the United Kingdom has created a highly effective tax credit system—the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS)—which directly incentivizes early-stage startup investment and has transformed the private capital landscape in the UK.

The UK's Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS): A Model for the U.S.

For decades, startups and small businesses in the United Kingdom have benefited from a unique and highly successful system of tax incentives designed to encourage private investment in early-stage companies. The Enterprise Investment Scheme (EIS) and the Seed Enterprise Investment Scheme (SEIS) are among the most effective mechanisms globally for directing private capital into startups. These programs reduce investment risk and drive economic growth, innovation, and job creation—something the U.S. investment crowdfunding ecosystem could greatly benefit from.

How the EIS and SEIS Work

The Enterprise Investment Scheme (EIS) was introduced in 1994 to help small and growing businesses attract investors by offering them significant tax reliefs. In 2012, the Seed Enterprise

Investment Scheme (SEIS) was created as an even more generous tax incentive for earliest-stage startups, recognizing that this segment of the economy faces the most difficulty securing funding.

Here's how they work:

1. The Enterprise Investment Scheme (EIS)

EIS is designed for small-to-medium-sized enterprises (SMEs) looking to scale. It provides the following benefits to investors:

- **30% Income Tax Relief** – Investors can deduct 30% of their investment amount from their taxable income in the year of investment.
- **No Capital Gains Tax (CGT) on Profits** – If the shares are held for at least three years, any gains made upon sale are exempt from CGT.
- **CGT Deferral** – Investors can defer tax on capital gains from other investments if they reinvest in an EIS-qualifying company.
- **Loss Relief** – If the company fails, investors can offset their losses against other taxable income, further reducing downside risk.
- **Investment Limits** – An individual can invest up to £1 million per year (or £2 million if investing in “knowledge-intensive” companies).

2. The Seed Enterprise Investment Scheme (SEIS)

SEIS is targeted at very early-stage startups, offering even more generous tax breaks to attract risk-tolerant investors:

- **50% Income Tax Relief** – Investors can claim 50% of the investment amount as a tax reduction in the investment year.
- **No CGT on Profits** – Like EIS, gains from SEIS investments held for three years or more are exempt from CGT.
- **Loss Relief** – If the startup fails, investors can offset losses against income or CGT liabilities.

- Investment Limits – Investors can invest up to £200,000 annually in SEIS-qualifying companies.

Who Benefits from EIS and SEIS?

The success of these schemes isn't just theoretical—they have profoundly reshaped the UK startup ecosystem:

- Startups and SMEs: With a steady inflow of private capital, startups can secure critical funding at their riskiest stages, allowing them to grow and innovate.
- Investors: Individuals benefit from reduced risk and enhanced returns, encouraging more people to engage in early-stage investing.
- The Economy: More funding leads to job creation, increased innovation, and economic expansion—particularly in industries like technology, life sciences, and clean energy.

The EIS and SEIS schemes have become pillars of the UK's private investment landscape, helping to foster a vibrant entrepreneurial ecosystem. This raises an important question:

If these tax incentives work so well in the UK, why doesn't the U.S. have something similar?

The Impact of EIS and SEIS: Measuring Success in the UK

Tax incentives only work if they achieve their intended goals—attracting investment, fostering innovation, and driving economic growth. The UK's Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS) have delivered measurable, long-term success, making them among the most influential government-backed investment initiatives for startups worldwide.

1. The Scale of Investment Raised

Since their inception, both EIS and SEIS have played a crucial role in channeling billions of pounds into UK startups:

- EIS Total Investment: Over £24 billion raised across 33,000 companies since 1994.
- SEIS Total Investment: More than £1.5 billion invested in thousands of early-stage startups since 2012.

Recent Annual Performance (2022-2023 Tax Year)

Even in a changing economic landscape, both schemes continue to mobilize significant capital:

- EIS: £1.957 billion invested across 4,205 companies.
- SEIS: £157 million invested across 1,815 companies.

2. Industry and Sector Impact

The programs have particularly benefited industries that drive long-term innovation:

- Information & Communication Technology: 34% of EIS investments and 39% of SEIS investments have gone into tech-focused startups, demonstrating how these schemes help fund cutting-edge businesses.
- Life Sciences & Biotech: Significant funding has gone to medical technology, drug development, and health-focused startups, supporting breakthroughs in healthcare.
- Sustainability & CleanTech: With the UK aiming for net-zero carbon emissions, many early-stage renewable energy and climate tech startups have received investment through these schemes.

3. Geographic and Regional Distribution

While London and the South East attract the largest share of funding, EIS and SEIS have helped distribute capital across the UK, including to regions traditionally underserved by venture capital.

- London & South East: Received 65% of total investment, reflecting their status as startup hubs.
- Regional Impact: Increasing levels of investment in Northern England, Scotland,

and Wales, helping to bridge funding gaps outside major urban centers.

4. Economic Benefits: Job Creation & Business Growth

By increasing capital availability for early-stage companies, EIS and SEIS have directly contributed to:

- **Job Creation:** Startups benefiting from these schemes have created hundreds of thousands of new jobs.
- **Business Growth:** Many EIS and SEIS-funded startups have scaled into high-growth enterprises, raising follow-on venture capital or expanding into international markets.

5. De-risking Early-Stage Investment

One of the greatest barriers to startup investment is perceived risk. By offering tax reliefs, capital gains exemptions, and loss offsetting, EIS and SEIS make investing in early-stage businesses more attractive to individuals who might otherwise be reluctant to take the plunge.

These schemes have increased the volume of capital flowing to startups and diversified the investor base, drawing in retail investors who might not traditionally participate in venture investing.

Lessons for the U.S.: Why These Results Matter

The UK's success with EIS and SEIS highlights an essential gap in U.S. investment policy. While the U.S. has various investment tax incentives, none are specifically designed for investment crowdfunding or early-stage startups outside traditional venture capital.

The next logical step? Adopting a U.S. version of EIS and SEIS to unlock billions in new investment capital for startups, create jobs, and make investment crowdfunding more attractive to everyday investors.

A Proposal for the U.S.: Implementing Tax Incentives for Investment Crowdfunding

The United Kingdom's Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS) have successfully mobilized billions of dollars in startup investment, proving that targeted tax incentives can stimulate entrepreneurship, job creation, and economic growth. Yet, despite the success of these programs, the United States currently lacks a similar system to encourage retail investors to fund early-stage businesses through Regulation Crowdfunding (Reg CF).

The time has come for the U.S. to implement a tax incentive framework modeled after EIS and SEIS that unlocks new capital, reduces investor risk, and strengthens the startup ecosystem.

Designing the U.S. Investment Crowdfunding Tax Credit

1. Tax Relief at the Point of Investment

One of the most significant barriers to crowdfunding investment is the risk associated with early-stage companies. A U.S. tax incentive should address this by providing:

- 30% tax relief for investments in early-stage companies (similar to EIS).
- 50% tax relief for investments in the earliest-stage startups (similar to SEIS).

Investors could offset this tax credit against their income tax liability, reducing their tax burden in the year of investment.

2. Capital Gains Exemption for Long-Term Investors

To encourage long-term investments and avoid speculative trading, investors should receive a full exemption from capital gains tax (CGT) on profits from qualified investments if held for at least three years.

This mirrors the QSBS (Qualified Small Business Stock) exemption but expands eligibility beyond C-corporations to include LLCs, S-Corps, and other common startup structures.

3. Loss Relief for Risk Mitigation

Investing in startups is inherently risky. To reduce downside risk, the program should allow:

- Loss relief: If the startup fails, investors can offset their losses against income or capital gains tax, minimizing financial risk.
- Tax write-offs: Investors could deduct up to 100% of their losses from taxable income, making crowdfunding a more attractive alternative to traditional investing.

4. Targeted Support for Underrepresented Founders & Regions

To foster diversity and inclusion in entrepreneurship (and build bipartisan support), additional incentives should be introduced for:

- Investments in startups led by women, minorities, or veterans (e.g., an additional 5-10% tax relief).
- Companies based in rural areas or economically disadvantaged communities, ensuring capital reaches regions underserved by venture capital.

5. Investment Caps to Ensure Broad Participation

To prevent abuse while maximizing participation, the program should include:

- A per-investor cap of \$1 million per year to encourage broad distribution of capital.
- A per-company cap of \$5 million annually aligns with the existing Reg CF fundraising limit. (Although we would encourage increasing this to \$20 million if the maximum raise were to increase).

6. Clear Eligibility Criteria for Startups

To qualify for tax incentives, startups must:

- Be U.S.-based, ensuring domestic economic benefits.
- Have fewer than 250 employees (aligned with the UK's EIS).
- Be in a qualifying industry, prioritizing sectors like technology, life sciences, clean energy, and social impact.

- Not be publicly traded or controlled by a larger corporation.

7. Streamlined Administration & Compliance

To make the program accessible and efficient:

- Investors claim tax relief via IRS Form 1099-CF (Crowdfunding Investment Credit).
- Startups self-certify eligibility but undergo random audits to ensure compliance.
- SEC-registered crowdfunding portals (like Wefunder, StartEngine, and Republic) verify and report qualifying investments.

The Economic Benefits: Why This Matters for the U.S.

The success of the UK's Enterprise Investment Scheme and Seed Enterprise Investment Scheme demonstrates that well-structured tax incentives can unlock billions in new capital, strengthen the startup ecosystem, and drive economic growth. The U.S. has already seen substantial growth in investment crowdfunding, but without financial incentives, many potential investors remain on the sidelines. A targeted tax credit system would change this, making early-stage investing more attractive by mitigating risk and broadening participation beyond traditional venture capital circles.

Beyond increasing access to capital, tax incentives for investment crowdfunding would have far-reaching economic impacts. Startups drive job creation, fuel innovation, and contribute to long-term economic resilience. The U.S. could foster a more diverse and dynamic entrepreneurial landscape by encouraging more investment in early-stage businesses, particularly in underserved regions and among underrepresented founders. These incentives wouldn't just benefit individual investors and startups—they would stimulate economic activity at a national scale, creating new businesses, new jobs, and new growth opportunities.

The Time for Action is Now

With a new administration and Republicans controlling both chambers of Congress, the U.S. is

entering a critical period for economic policy. As lawmakers begin negotiating the next Tax Cuts and Jobs Act proposal, the opportunity to introduce a tax incentive for investment crowdfunding has never been greater. Entrepreneurship, innovation, and job creation are bipartisan priorities, and a targeted tax credit system that encourages investment in early-stage businesses aligns with conservative and progressive economic goals.

For Republicans, this proposal supports private-sector-led growth, small business expansion, and free-market investment. It reduces reliance on government programs by empowering individuals to fund the next generation of American companies. For Democrats, it provides a mechanism to increase access to capital for underrepresented founders and stimulate job creation in underserved communities, ensuring that economic opportunities reach a broad and diverse population.

Regardless of party affiliation, the need to spur economic growth, drive innovation, and support American small businesses is undeniable. A tax credit system for investment crowdfunding is a common-sense addition to the current legislative agenda—one that would unlock billions in private capital without adding unnecessary regulatory burdens or expanding government spending.

As negotiations over the next Tax Cut and Jobs Act take shape, policymakers should seize this opportunity to integrate a tax incentive for investment crowdfunding. By doing so, the U.S. can embrace a proven model, strengthen its startup ecosystem, and fuel economic growth for years. Now is the time to act.

DECREASING FORM C-U COMPLIANCE GAP

Form C-U, also known as the "Progress Update," is critical in the Regulation Crowdfunding framework. It is a mandatory filing that issuers must submit to the U.S. Securities and Exchange Commission (SEC) to provide updates on their crowdfunding campaigns. Specifically, Form C-U is required

when the target amount is met and at the campaign's conclusion, offering key data, including funds raised and the number of investors involved.

Form C-U, or the "Progress Update," is a mandatory filing required by the U.S. Securities and Exchange Commission (SEC) for issuers conducting Regulation Crowdfunding campaigns. This filing provides essential updates when a campaign successfully meets its target and at its conclusion, including the total funds raised and the number of participating investors.

Despite its importance in ensuring transparency and accountability, a troubling pattern of non-compliance persists. Updated data reveals that while nearly 8,000 offerings across more than 6,500 companies were expected to file a Form C-U by now, only 57.1% have done so. This means that more than 40% of eligible offerings have not fulfilled this regulatory requirement, undermining the integrity of the crowdfunding ecosystem.

At the company level, the picture is even more concerning. Over 60% of issuers fail to fully comply with Form C-U filing requirements across all their offerings. While 38% of issuers have consistently filed for every round, more than half—56.2%—have never submitted a Form C-U, and the remaining issuers are inconsistent in their filings.

The implications of this widespread non-compliance are significant:

- **Lack of Comprehensive Data:** Key details about campaign outcomes remain obscured without accurate reporting. This affects not only the visibility of individual campaigns but also the broader understanding of crowdfunding trends and market health.
- **Hindered Regulatory Oversight:** The SEC relies on complete and accurate filings to monitor crowdfunding activities and evaluate the effectiveness of the regulatory framework. Non-compliance impairs the agency's ability to assess and refine policies.

- **Reduced Transparency for Stakeholders:** Incomplete reporting erodes trust among investors and stakeholders, potentially dampening the momentum of crowdfunding as a legitimate funding mechanism for startups and small businesses.

These findings suggest a need for renewed emphasis on compliance to strengthen the crowdfunding landscape. While some issuers demonstrate exemplary filing practices, the sector as a whole must improve its adherence to Form C-U requirements to enhance transparency, ensure accountability, and sustain investor confidence.

In light of these challenges, the comprehensive dataset CCLEAR provides becomes invaluable. CCLEAR's dataset includes detailed information on crowdfunding campaigns, including metrics typically reported in Form C-U. However, because CCLEAR data is captured daily, one doesn't need to rely on incomplete filings with the SEC. By offering a complete picture of crowdfunding activities, CCLEAR data addresses the critical gap left by non-compliance and provides stakeholders with reliable and comprehensive market insights. This data is crucial for investors, issuers, and regulators alike to understand the full scope and impact of Regulation Crowdfunding.

The high non-compliance rate with Form C-U filings highlights a significant issue in the Regulation Crowdfunding ecosystem. This gap affects data accuracy and SEC oversight and impedes a complete understanding of the crowdfunding market's dynamics. As a solution, the detailed and complete dataset offered by CCLEAR emerges as a critical tool for market participants and regulators, ensuring continued confidence in and growth of the crowdfunding sector.



are you talking about Investment crowdfunding on your podcast?

Your audience wants to know where to turn for capital. Let's show them how to turn their customers into investors—and the benefits that come with it.

2025 INVESTMENT CROWDFUNDING OUTLOOK

In December 2024, Crowdfund Capital Advisors (CCA) conducted a small survey targeting market participants, including investors who had backed an Investment Crowdfunding offering, entrepreneurs who had run a campaign, and industry professionals. The survey respondents were subscribers to CCA’s feeds, meaning they were already familiar with Investment Crowdfunding and the industry at large, introducing an inherent selection bias. However, despite the limited sample size (21 respondents), the data may still provide directional insights into the evolving sentiment among early adopters of Investment Crowdfunding. These insights could be particularly valuable for platforms and founders looking to expand engagement and drive broader adoption of this investment model.

The majority of responses came from Crowdfunding Support Services—platforms, broker-dealers, legal and accounting professionals

—providing a perspective from those actively shaping the industry.

Sentiment Toward Deal Activity and Fundraising Conditions

The 2024 outlook reflects a shift in sentiment. 76.2% of respondents expect deal activity to improve, a notable increase from 57.1% the previous year. Unlike last year, when 14.3% foresaw a deterioration in deal activity, no respondents expect worsening conditions in 2025. This shift signals renewed optimism within the private capital markets.

Fundraising conditions also reflect a more positive outlook, with 75% predicting an improvement, up from 50% last year and surpassing 72% from two years ago. While 15.7% of respondents had anticipated worsening conditions in 2024 (which ultimately proved correct), no respondents this year believe conditions will deteriorate or remain stagnant in 2025. This sentiment suggests that private capital markets may be entering a period of recovery.

Key Challenges Facing Investment Crowdfunding in 2025

Last year, respondents identified the primary challenge as the need for more capital from

Chart 62: How Will Fundraising Conditions Change in 2025

In 2025, I expect that Investment Crowdfunding fundraising conditions, in my location will
20 responses

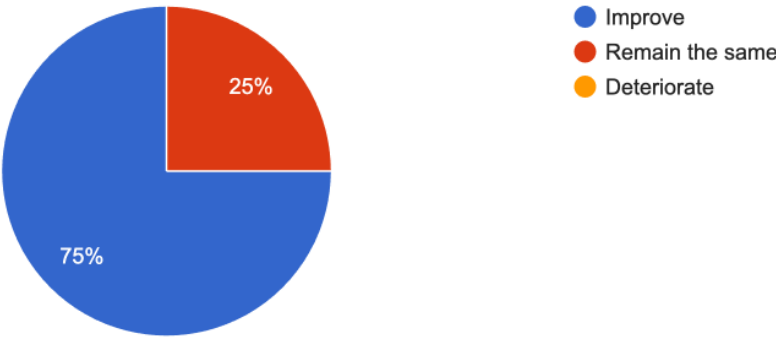
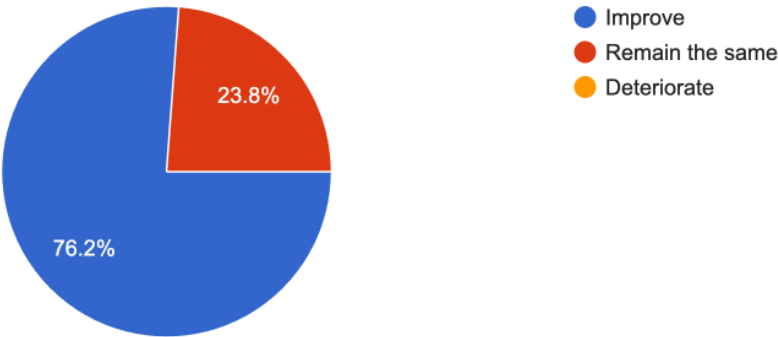


Chart 63: How Will Deal Activity Change in 2025

In 2025, I expect that Investment Crowdfunding deal activity, in my location will

21 responses



2024 Investment Crowdfunding Annual Report -As of December 31, 2024

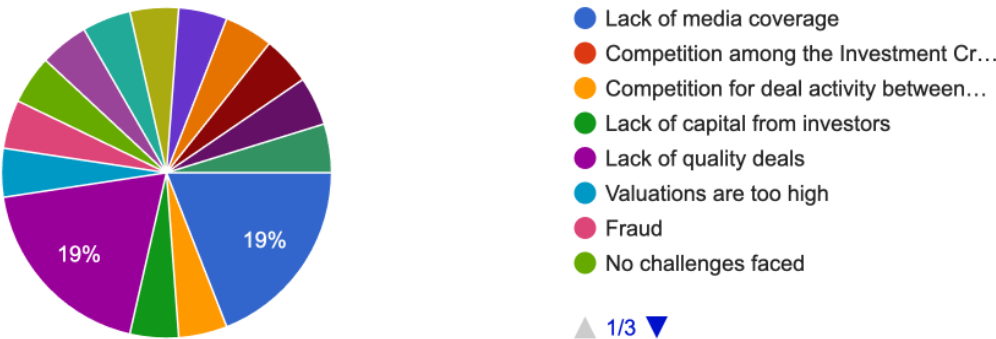
investors (43% cited this as a concern). However, in 2025, the challenges have become more fragmented, with no single dominant issue. Instead, the lack of quality deals (19%) and limited media coverage (19%) emerged as equally pressing concerns.

Interestingly, concerns over high valuations have declined, suggesting that either the market has adjusted to more reasonable valuations or other concerns—such as deal flow quality and industry awareness—have taken precedence. This shift may indicate a maturing industry focusing on sustainable growth rather than short-term funding momentum.

Chart 64: What is the Biggest Challenge Facing the Investment Crowdfunding Industry?

In the last 12 months, what was the biggest challenge for the Investment Crowdfunding industry?

21 responses



2024 Investment Crowdfunding Annual Report -As of December 31, 2024

Perceived Risks in 2025

Economic uncertainty remains a key risk factor, though concern over macroeconomic conditions has declined significantly. In 2024, 60.8% of respondents identified economic uncertainty as the most significant risk, followed by 54.7% the previous year. In contrast, only 38.1% of respondents cite it as the top concern for 2025, suggesting that the Federal Reserve’s tightening policies may have helped stabilize market conditions.

The second most cited risk is compliance and regulatory challenges, with 33.3% of respondents highlighting it as a primary concern. This aligns with broader industry conversations about the evolving legal landscape and the need for regulatory clarity to support sustained crowdfunding growth.

Meanwhile, 23.8% of respondents expressed concerns about global events, reflecting the potential impact of geopolitical instability, shifting trade policies, and broader market disruptions. This highlights the reality that Investment

Crowdfunding, despite its disruptive nature, remains tied to global financial trends and investor sentiment.

Emerging Trends and Industry Outlook

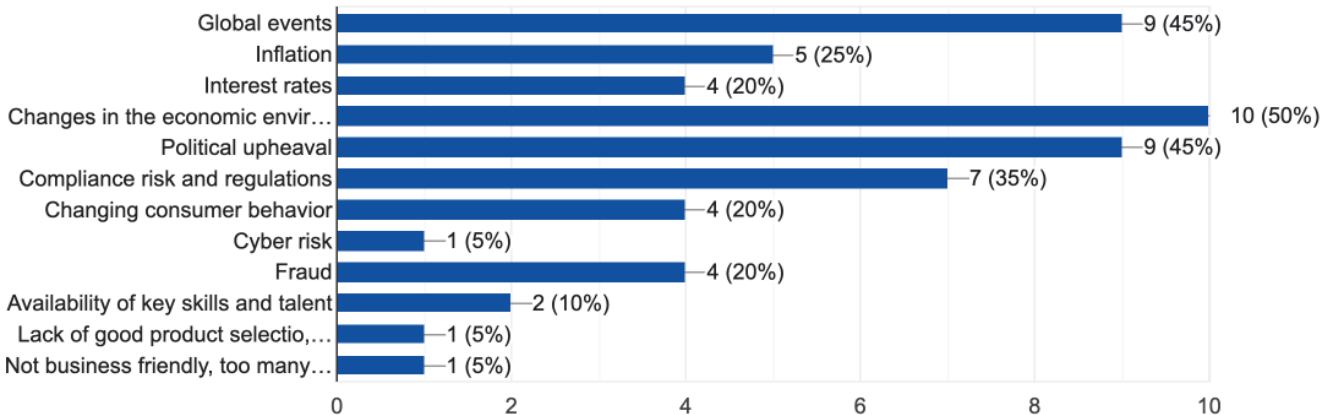
Several key trends emerge from this year’s survey:

- Optimism is increasing: The majority of respondents expect Investment Crowdfunding deal activity and fundraising conditions to improve or remain stable, signaling a stronger market outlook compared to the previous year.
- Challenges are diversifying: Unlike in previous years, no single issue dominates industry concerns. Challenges range from a lack of investor capital to competition for deals and high valuations. This suggests that the crowdfunding industry is becoming more complex and requires a multi-faceted approach to sustain growth.
- Risk perception is shifting: While economic uncertainty remains a leading concern, fewer respondents view it as the biggest threat compared to previous years. Instead, regulatory

Chart 66: What are the Greatest Risks Facing the Industry?

What factor(s) do you believe will post the greatest risk to the Investment Crowdfunding industry over the next 12 months? (Please select all that apply)

20 responses



risks and global instability are taking a more central role in shaping investor confidence.

The 2025 outlook suggests that Investment Crowdfunding is entering a new phase of growth and optimism. While geopolitical and macroeconomic uncertainties remain a factor, the overall sentiment points toward improving conditions, a maturing industry, and more significant opportunities ahead. High valuations and concerns over deal flow quality persist, but shifting market dynamics—potentially including an increased funding cap to \$20 million—may help address these challenges.

However, the continued presence of economic risks and geopolitical concerns reinforces the reality that Investment Crowdfunding is not insulated from broader market forces. These

external factors will likely influence investor behavior, capital allocation, and the industry's trajectory in the coming year.

Summary

The 2025 Investment Crowdfunding Outlook presents an optimistic industry that is increasingly aware of its evolving challenges. As the space grows, stakeholders—including platforms, entrepreneurs, and investors—must remain adaptable and focus on deal quality, business sustainability, and risk mitigation strategies. By recognizing the opportunities and uncertainties ahead, the Investment Crowdfunding industry can position itself for long-term, sustainable growth in an increasingly dynamic financial landscape.



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CONCLUSION: THE EVOLUTION OF INVESTMENT CROWDFUNDING IS HERE

Investment Crowdfunding is no longer an experiment; it is a proven financial model that has withstood economic downturns, geopolitical uncertainty, and the shifting tides of venture capital. The past year reaffirmed that this industry is not just resilient but essential. Without it, many companies would struggle to survive, jobs would be lost, and billions of dollars in economic activity would evaporate.

Investment Crowdfunding has broken down traditional barriers to capital, democratizing access to investment opportunities and bringing transparency to private markets in a way never before possible. It has empowered entrepreneurs—especially women, minorities, and those outside traditional venture hubs—to secure funding, scale their businesses, and create jobs. With over \$6.8 billion injected into local economies and 300,000 jobs supported, the industry has become a vital engine of economic growth.

But this is just the beginning.

A new phase is unfolding before our eyes. The emergence of Investomers—customers who become investors—has fundamentally changed how capital is raised and businesses grow. These backers are not passive stakeholders but engaged advocates who drive revenue, brand loyalty, and future fundraising. Their influence extends beyond their initial investment, as they become built-in marketing channels, product evangelists, and even informal investor relations teams.

We are witnessing the next evolution: Influvestors—social media influencers who leverage their audiences to amplify investment opportunities. In a world where trust is shifting from institutions to individuals, influencers are the new analysts,

directing attention to high-potential startups and bridging the gap between capital and opportunity. They are poised to play a crucial role in deal awareness, validation, and investor education, accelerating adoption and growth in ways we have never seen before.

Yet, regulatory progress is needed to unlock this market's full potential. Increasing the funding cap to \$20 million would allow Investment Crowdfunding to absorb some of the capital gaps left by a retreating venture industry. It would also provide more opportunities for investors to participate in mature, lower-risk deals and allow issuers to scale further before requiring institutional capital.

We are on the cusp of a financial revolution—one where entrepreneurs, investors, and customers converge into a single ecosystem of mutual success. Investment Crowdfunding is not just democratizing capital; it is democratizing wealth creation. And as this industry continues to grow, it may very well become the primary capital-raising mechanism for early-stage and growth companies, supplanting angel and venture capital as the dominant force in startup finance.

The future is here, and it belongs to those who see the opportunity to invest, build, and innovate together.

NEWS/SPEECHES FROM 2024

Here are some of our recent news clips and articles:

- [How a U.S. Version of the UK's EIS/SEIS Could Unlock Billions for Startups](#)
- [The Rise Of Influvestors: How Social Media Is Disrupting Investment And Marketing](#)
- [Why Family Offices Should Take A Closer Look At Investment Crowdfunding](#)
- [How Crowdfunding Investor Preferences Reshaped Key Industries In 2024](#)
- [2024 Crowdfunding Report: Near Record Capital, Job Growth, And A Transformative Economic Impact](#)
- [Crowdfunding Is Not "Bottom Of The Ladder" Finance](#)
- [Four Steps Paul Atkins Could Take To Revitalize Investment Crowdfunding If Confirmed As SEC Chair](#)
- [The Future Of Startups: Why Investment Crowdfunding Will Become The Definitive Launchpad](#)
- [Why Investment Advisors Should Care About Investment Crowdfunding](#)
- [Crowdfunding's Tale Of Resilience: A Nuanced Recovery And A Promising Future](#)
- [Crowdfunding Gains Traction As Venture Capital's Quiet Ally](#)
- [The Rise Of Post-Revenue Issuers: Crowdfunding's Maturity Explained](#)
- [What The Trump Administration Means For Investment Crowdfunding And Startups](#)
- [Life Sciences In Investment Crowdfunding: A Catalyst For Healthcare Innovation](#)
- [Investment Crowdfunding Deal Value Rises In October: Report](#)
- [Unlocking Local Economies: How Investment Crowdfunding Is Empowering Startups And Small Businesses](#)
- [Why Now Is The Perfect Time To Launch A Reg CF Offering](#)
- [How Investment Crowdfunding Can Help VC-Backed Startups Bridge Financing Gaps](#)
- [Investment Crowdfunding: The Key To Unlocking Local Economic Growth In The 2024 Election](#)
- [The Hidden Responsibility Of Crowdfunding: Managing Your Crowd Beyond The Campaign](#)
- [Crowdfund Capital Advisors Partners With InvestmentX To Empower Investors With Unmatched Crowdfunding Insights Through CCLEAR Data](#)
- [Unlocking Small Business Potential: How Investment Crowdfunding Can Drive Economic Growth](#)
- [Investment Crowdfunding: Thriving Despite Investor Drop-Off](#)
- [Supporting The Empowering Main Street In America Act Of 2024: Why It Matters For Underserved Entrepreneurs](#)
- [How Shark Tank Issuers Are Turning To Regulation Crowdfunding For Capital And Crowd Advocacy](#)
- [Crowdfunding Market Update: September 2024 Highlights](#)
- [Exploring Coffee & Tea In Investment Crowdfunding: August Report Highlights](#)
- [Investment Crowdfunding Recognized As Key Financial Innovator](#)
- [Understanding The Growth Trends In Regulation Crowdfunding Investments: A Data-Driven Analysis](#)

- [The Growing Influence Of Debt Offerings In Regulation Crowdfunding](#)
- [Investment Crowdfunding In 2024: A Year Of Highs And Lows](#)
- [The Rise Of Democratized Capital: How Crowdfunding Is Spreading Across America](#)
- [Unlocking The Full Potential Of Investment Crowdfunding With Enriched Data](#)
- [California: The Best To The Worst States For Pre-IPO Startups In 2024](#)
- [Phoenix/Scottsdale Tops The List Of Best Startup Ecosystems](#)
- [Introduction To The Crowdfunding Genome](#)
- [The Evolution And Future Of Regulation Crowdfunding](#)
- [Does Equity Crowdfunding Work? Yes, It Does. Here Are The Numbers...](#)
- [Podcast – The Explosive Growth In Investment Crowdfunding](#)
- [Crowdfunding From A Data-Driven Perspective – A Podcast Experience](#)
- [Celebrating 8 Years Of Empowering Entrepreneurs: The Impact Of Regulation Crowdfunding](#)
- [Sherwood Neiss On The Evolution Of Finance](#)
- [Where Is Crowdfunding In The USA](#)
- [Sherwood Neiss On The Real Deal Podcast](#)
- [How To Quickly File Your Form C-AR For FREE](#)
- [Sherwood Neiss On Fintech Friday](#)
- [The Triumph Of Regulation Crowdfunding: A Call To Strengthen Our Entrepreneurial Ecosystem](#)
- [This Week In Crowdfunding | Recapping What Happened In February W/ Woodie And Yvan](#)
- [Platform Trends That Are Impacting Issuers And Investors](#)
- [Introducing The Crowdfinance50 Index: A Daily Barometer For Investor Sentiment In The Crowdfunding Arena](#)
- [Unlock The Future Of Finance: Explore The Regulated Investment Crowdfunding Trends 2024 Report](#)
- [Setting The Record Straight: Our Response To NASAA's Objections](#)

CONTACT US

Thank you for purchasing this report. The data in this report informs much of our research and advisory services. We are more than happy to scope out an engagement to explore the data findings specific to you in ways that can help your business become more successful. Feel free to reach out to us at sales@theccagroup.com.

FOR FURTHER READING

The following articles/papers/blogs were used in support of this article:

<https://www.brookings.edu/research/how-startups-help-cities-measure-their-economic-development-frontier/>

<https://news.crunchbase.com/news/as-venture-dollars-grow-steve-case-sees-a-larger-landscape-for-entrepreneurs/>

<https://www.fool.com/the-blueprint/top-10-best-states-to-start-your-small-business/>

<https://www.forbes.com/sites/karstenstrauss/2016/05/19/top-up-and-coming-cities-for-tech-jobs-in-2016/>

<https://fortune.com/2022/01/26/steve-case-third-wave-internet-revolution-rise-of-rest-american-cities-startup-hubs/>

<https://hbr.org/2019/05/how-to-attract-startups-and-tech-companies-to-a-city-without-relying-on-tax-breaks>

<https://online.hbs.edu/blog/post/benefits-of-joining-a-startup>

<https://ideacenter.nd.edu/news-events/news/the-big-small-the-economic-benefits-of-startups/#:~:text=Startups%2C%20particularly%20high%2Dpotential%20ones,economic%20productivity%20in%20our%20economy>

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<https://www.inc.com/magazine/202104/bill-saporito/steve-case-rise-of-the-rest-midwest-cities-startup-hub-ecosystem.html>

<https://www.indeed.com/career-advice/finding-a-job/why-work-at-startup#:~:text=Passion%20and%20excitement,enhances%20employee%20commitment%20and%20productivity>

<https://www.kiplinger.com/taxes/state-tax/601612/most-tax-friendly-states-for-middle-class-families-2021>

<https://www.manhattan-institute.org/entrepreneur-led-economic-development-local-growth-productivity>

<https://www.npr.org/2022/01/12/1072057249/new-business-applications-record-high-great-resignation-pandemic-entrepreneur#:~:text=That's%20the%20takeaway%20from%20new,in%202020%20of%204.4%20million>

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<https://sifted.eu/articles/accelerators-economic-growth/>

<https://smallbusiness.chron.com/important-small-businesses-local-economies-5251.html>

<https://smallbusiness.chron.com/benefits-businesses-local-economy-265.html>

<https://smallbusiness.chron.com/economys-effects-small-businesses-10269.html>

<https://www.startupblink.com/blog/how-successful-startup-ecosystems-impact-local-economies/>

<https://thehill.com/opinion/technology/550262-with-federal-support-the-us-can-recreate-silicon-valley-success-nationwide>

<https://www.wired.com/story/silicon-valley-business-tech-geography-innovation/>

Footnotes:

[1] Multiple research reports, articles, and blog posts were used to explain the importance of small businesses to local economies. Articles cited in this report appear at the end.

[2] Crowdfund Capital Advisors created the Investment Crowdfunding framework that Congress passed. Their principals lobbied Congress and testified before the US House and Senate hearings. President Obama invited them to the White House for the 2012 JOBS Act Bill signing ceremony. They created the CCLEAR database, which collects information from all Investment Crowdfunding offerings on all online investment websites. This data is transmitted to Bloomberg daily and available as part of Bloomberg's Alternative Data.

APPENDIX

APPENDIX 1: BILL TO INCREASE THE INVESTMENT CROWDFUNDING CAP TO \$20 MILLION

H. R. [Updated Bill Number]

To amend the securities laws to provide for registration exemptions for certain crowdfunded securities and for other purposes, including increasing the crowdfunding cap from \$5 million to \$20 million.

IN THE SENATE OF THE UNITED STATES

[Updated Date]

A BILL

To amend the securities laws to provide for registration exemptions for certain crowdfunded securities, including increasing the crowdfunding cap from \$5 million to \$20 million.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Entrepreneur Access to Capital Act (Amended)."

SECTION 2. CROWDFUNDING EXEMPTION.

(a) Securities Act of 1933.--Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) is amended by adding at the end the following:

"(6) transactions involving the offer or sale of securities by an issuer, provided that--

(A) the aggregate amount sold within the previous 12-month period in reliance upon this exemption does not exceed \$20,000,000;"

SECTION 3. EXCLUSION OF CROWDFUNDING INVESTORS FROM SHAREHOLDER CAP.

[No change]

SECTION 4. PREEMPTION OF STATE LAW.

[No change]

[Additional sections as necessary to address any new compliance, oversight, or reporting requirements associated with the increased cap.]

Passed the House of Representatives [Updated Date].

APPENDIX 2: CROWDFUNDING GENOME 2024

The following is a reproduction of our recent Ecosystem Report that ranks the top 30 Investment Crowdfunding ecosystems according to the Crowdfunding Genome.

Why Startups and Small Businesses are so Important

The research and data are well-documented[1]. Startups and small businesses have significant local and regional economic impacts. While they may lack Wall Street firms' political or financial power, rarely make the Fortune 500 lists, and receive far less press than big companies, their collective contribution to the economy is essential. They provide consumers with valuable products and services, fuel local economies with tax dollars, spur employment, and create community pride and development. Startup communities and ecosystems are the keys, and today, they are more vibrant and widespread than ever. However, they are nothing without capital.

The introduction of Investment Crowdfunding has helped to solve the lack of local investment capital, leading to the emergence of startup ecosystems and a vibrant regional economy. Pre-IPO startups in nearly 1,800 cities across the USA are raising billions from local investors, spurring local innovation and technological advances in more than 600 industry categories. Unlike venture capital, which invests 75% of its money inside California, New York, and Massachusetts, 53.8% of Investment Crowdfunding capital is invested into entrepreneurs outside those states, proving its ability to democratize capital. This is helping the startup movement spread beyond traditional tech centers and major metro areas to entrepreneurs of



any gender, race, or background across the United States.

Why Should Civic Leaders Care?

- A. Startups/Small Businesses Comprise the Majority of Companies and are the Chief Innovators: Small businesses (those with less than 500 employees) make up 99.9% of all companies in the US. They create new, unique products and solutions to problems and produce many goods and services that the public consumes. However, the innovative entrepreneurs often push forward those big

new ideas or solutions within smaller companies. Think of Mega-companies such as Apple, Facebook, Amazon, and Coca-Cola, which started with a small group of creative thinkers who dreamed big. These were all ideas at one point.

- B. Multinational Corporations Begin as Startups: Startups and small businesses do not always stay small. High-potential small companies have a disproportionate contribution to output and productivity growth. Hence, they grow at rates far beyond those of ordinary companies. Large corporations like Nike or Ben and Jerry's started as small businesses and became significant national and international players. As these small businesses become large, they often benefit from other small businesses within the same local community that provides adjunct services, as many large corporations depend on small businesses to complete various business functions through outsourcing (legal, accounting, delivery, etc.) or just a good deli sandwich (ie, catering for company events).
- C. Scaling Startups/Small Businesses may Maintain Roots in Local Communities: Small businesses that grow into large businesses often remain within the community where they were first established & built. Having a large corporation headquartered in a community can further help provide employment and stimulate the local economy, creating a market that favors the continued development of other small businesses.
- D. Startups are Job Creators: Pre-IPO startups that start as small businesses and grow within local economies are perhaps most noticeable in employment figures. Small businesses create most jobs, with some minor (< 20 employees) creating the most. According to the SBA, small businesses have made millions more net new jobs than large businesses. This boost in employment leads to higher discretionary income in a community and tax incomes for local governments. Not to mention, politicians love to talk about jobs.
- E. Startups as Tax Engines for Local Governments and Infrastructure: Businesses pay a significant portion of all taxes in the United States, including income, property, and employment taxes. Business tax money, paid by employees and businesses, stays local and further benefits the communities through schools, roads, and municipal services. Small businesses' impact on regional economic growth also takes the form of sales tax collection, which can support local government initiatives. There's no denying that having more businesses in the local economy can boost local governments' tax income.
- F. Startups Redistribute Capital within the Communities: Startups and small businesses also keep disposable income within their communities. The various demands—such as accounting, legal, marketing, sales, purchasing, and hiring—exceed any individual's expertise. The entrepreneur brings the product, process, idea, discovery, or invention and the vision for applying it for commercial and social benefit. However, they need to rely on others in the community for support.
- G. Startups and small Businesses are Important Sponsors. Consumers often purchase goods and services from nearby small businesses rather than big-brand stores to support individuals and store owners in their local communities. Similarly, small business owners tend to support other business owners, purchase supplies, partner in marketing efforts, and create a support cycle that helps local economies thrive. These small businesses support local sports teams, events, and community fundraising efforts.
- H. Startups and Small Businesses Promote Gender/Race Opportunities: Small businesses and a thriving startup ecosystem also allow women and minorities to establish themselves in significant company roles or to start their own businesses. According to the SBA, only 29 percent of all small businesses are owned by minorities, and 36 percent are owned solely by women. 47.4 percent of startups and small



WHY YOUR COMMUNITY NEEDS STARTUPS



Chief Innovators

Small businesses drive innovation, creating unique products and solutions nationwide.



Local Roots

Growing businesses often stay local, boosting employment and economy.



Tax Engines

Startups boost local tax revenue, funding schools, roads, and services.



Community Sponsors

Startups support local economies, sponsor sports teams, and fundraising efforts.



Startups Scale

Startups grow rapidly, becoming multinational corporations.



Job Creators

Startups create most jobs, boosting local economies and tax revenue.



Capital Regeneration

Startups keep income local, relying on community support for services.



Inclusive Opportunities

Startups enable women and minorities to establish and grow businesses.

Crowdfund Capital Advisors: Empowering Startups and Communities

At Crowdfund Capital Advisors, we specialize in helping local economic development officers and stakeholders harness the power of startups and small businesses to drive economic growth. Our mission is to provide the essential tools, data, and insights needed to navigate the complexities of investment crowdfunding. By fostering innovation, promoting inclusive opportunities, and enhancing local economies, we empower startups to thrive and positively impact their communities. Our comprehensive support ensures startups secure funding and contribute to local employment, tax revenue, and community development. Partner with us to empower the next generation of entrepreneurs and strengthen your local economy.

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more info



(877) 748-2751

businesses that raised money via Investment Crowdfunding in 2023 had at least one woman or minority founder. From the data, Investment Crowdfunding seems to be doing a better job at promoting these women and minority entrepreneurs than pretty much any other legislative initiative.

- I. Startups Have a Strong Reputation for Doing Cool Things: Local employment also cultivates a sense of community, enhancing a local business's brand. A thriving startup ecosystem also brings liveliness and positive vibes to the culture. Running a startup is excellent training for dealing with a wide variety of people from diverse backgrounds, perspectives, expertise, and cultures, elevating appreciation for everyone's inputs and the innovation that arises from creative synthesis and synergy.
- J. Startups Can Improve the Standard of Living: Startups and small businesses influence a range of other standard-of-living metrics, such as disposable income, home foreclosure rates, and new small business startups. In addition to the standard-of-living increases inherent in raising local employment, the presence of many business types can raise the standard of living even further by providing a more comprehensive range of services and amenities in the local area. For example, adding a movie theater to a small town can entertain residents while bringing in money from outlying communities.
- K. Startups and Small Businesses have loyal followers who can Stick by them in Tough Times. Businesses with a local focus have the advantage of cultivating a loyal customer base. While this may not influence company growth, it ensures a certain level of financial sustainability. It helps ensure the company maintains a positive reputation in at least one region. It may also help some small businesses get through more challenging economic times, at least temporarily (as evidenced during the global pandemic).

- L. Local Communities are the First to Benefit from Innovation: Cities that have pioneered tech-driven startup economies have certainly seen tremendous development in transportation, clean energy, and other innovative industries. Technology positively impacts quality of life, and nearby startups can ensure that the local population will be the first to receive their innovative initiatives.

Benefits of Working at a Startup

While the benefits to communities are significant, there are many benefits to employees who work at startups. They include financial benefits and career growth potential, work impact, any learning opportunities, and other work environment factors.

- Stock options
- Career growth
- Unlimited potential (Many startups that began as a handful of employees now earn millions of dollars of revenue each year and employ hundreds of employees. Getting in at the beginning stages of these projects can provide significant financial rewards)
- Work that has a visible impact
- Opportunities for learning
- Share in company success (Sense of ownership and pride when your business grows and reaches significant milestones)
- Personal development (like learning how to recover from setbacks)
- Atmosphere (like informal, nontraditional work environments, relaxed dress codes, meals and snacks, games and activities, team-building exercises, and nontraditional office set-ups)
- Diversity of responsibilities
- Opportunities to offer valuable feedback to company operators
- Passionate team members
- The trust of leaders (Companies hire employees they can trust; leaders rely on discretion and trust employees to maintain confidentiality)
- Passion and excitement of being part of something bigger than oneself
- Flexible schedules

- Independence with little oversight
- Creativity
- New ways of doing things
- Changing job titles

These qualities and characteristics create positive work environments, retain employees, create buzz for local companies, and attract workers. It's no wonder that startup employees love to brag about their company.

While not exhaustive, the reasons above are why civic leaders need to jump on the startup bandwagon and utilize promotion of Investment Crowdfunding to engage local communities as investors in local businesses.

Methodology

This report evaluates 30 of the top Investment Crowdfunding ecosystems in the USA. The analysis is based on the CCLEAR data and the US Zip Codes Database, which enables spatial analysis and population statistics. We use ZIP codes' latitude and longitude data for classification within or outside an ecosystem and utilize Tableau's BUFFER expression. For additional information about this dataset, visit the SimpleMaps US Zip Codes Database.

Ecosystem Selection Methodology

The methodology for defining ecosystem boundaries for this report is centered on strategic placement of buffer zones around the geographic coordinates of major cities. This approach systematically captures the most significant hubs of Investment Crowdfunding activity while maintaining clear and consistent ecosystem boundaries.

Selection of Major Cities: The process begins with identifying the top 30 distinct cities with the highest number of Investment Crowdfunding offerings. A city is classified as 'distinct' if it is not already included within the ecosystem of a city with a larger number of offerings.

Buffer Zone Establishment: Each selected city is surrounded by a buffer zone whose radius is determined based on specific criteria. To ensure a standardized approach across all ecosystems, the maximum radius of these buffer zones is 50 miles, approximately an hour's drive from the city center.

There are instances where the buffer radius is adjusted to 25 miles:

1. **Intersecting Ecosystems:** If a 50-mile radius buffer zone intersects with another ecosystem, the radius is reduced to 25 miles. This adjustment is made to maintain distinct and non-overlapping ecosystem boundaries.
2. **Ecosystem Significance:** In cases where extending the buffer to 50 miles does not capture additional significant areas for the ecosystem, the radius is limited to 25 miles. This consideration is based on the strategic relevance of the surrounding areas to the ecosystem.

Scoring Methodology

The overall ecosystem ranking is a weighted average of the following factor scores: Momentum (30%), Capital (25%), Experience (20%), Network (15%), and Scale (10%). These weights are adjusted to emphasize the unique strengths and characteristics of the ecosystems based on regulation crowdfunding data.

Before weighting, each category score for each ecosystem is normalized to ensure comparability. This normalization process adjusts the scores to fall within a range of 1 to 10. This step is vital to create a level playing field for all ecosystems, allowing for an accurate and fair comparison across diverse metrics.

After normalization, each category's normalized score is weighted according to its assigned importance. This weighted scoring approach results in an overarching score for each ecosystem within the 1-10 range. This comprehensive scoring system captures the multifaceted nature of the ecosystems, providing a robust and nuanced understanding of their performance.

These weights are adjusted to emphasize the unique strengths and characteristics of the ecosystems based on Regulation Crowdfunding data. Momentum and Capital are given higher weights due to their direct impact on startup success. Expertise is also crucial. Hence, the increased weight, followed closely by Network, which has proven to be a significant contributor to the success of crowdfunded companies.

Momentum (30% of Overall Score)

It focuses on startups' direct economic impact and growth potential. It measures capital reinvested into an ecosystem and unrealized wealth creation. Ecosystems that score high pump money back into the economy and experience high valuation growth.

- A. Economic Stimulus (75% of Momentum Score): Log for the sum of economic stimulus (Recent Fiscal Year Revenue - Net Income) for each offering.
- B. Economic Value Creation (25% of Momentum Score): Average percent change in valuation from companies' first offerings to the last.

Capital (25% of Overall Score)

Measures the financial support available to startups through direct investments into companies and growth in investor sentiment. Ecosystems that score high raise substantial money from investors and receive follow-on investments to signal belief in the ecosystem's companies.

- A. Total Investment Volume (85% of Capital Score): Log for the sum of final investments across each offering.
- B. Investment Growth Index (15% of Capital Score): Average percent change in total investments from companies' first offerings to the last.

Expertise (20% of Overall Score)

Combines insights into the ecosystem's knowledge and talent pool as measured through the average age of the firms and the number of employees. Ecosystems that score high have older issuers and

a growing number of employees to support the organizations.

- A. Time Since Incorporation (55% of Expertise Score): Average time since incorporation for each offering, indicating experience.
- B. Employee Count (45% of Expertise Score): Average count of employees across offerings, indicating talent availability.

Network (15% of Overall Score)

Reflects the ecosystem's investor and community engagement. The ecosystems that score high have large community engagement relative to the population.

- A. Investor Engagement (80% of Network Score): Average number of investors per offering.
- B. Community Involvement (20% of Network Score): The region's population relative to the number of offerings.

Scale (10% of Overall Score)

Assesses startup access to markets and potential to scale. Ecosystems that score high have higher revenue-generating issuers and a median valuation greater than other ecosystems, indicating they are worth more.

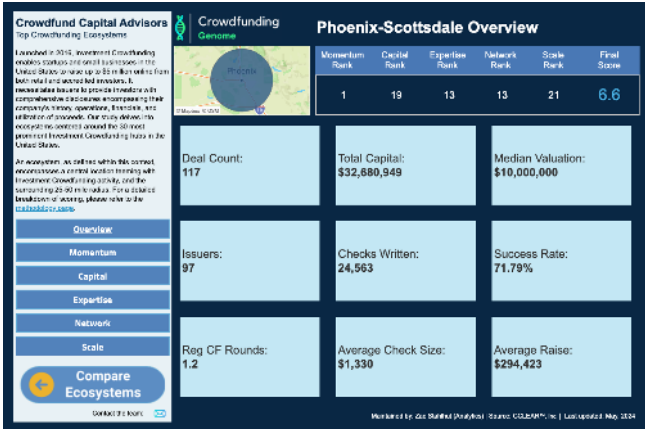
- A. Total Most Recent Fiscal Year Revenue (50% of Scale Score): Log of the sum of most recent fiscal year revenues for each company.
- B. Median Valuation Figures (50% of Scale Score): Comparison of median valuation across ecosystems, reflecting market potential.

Justification for Weightings

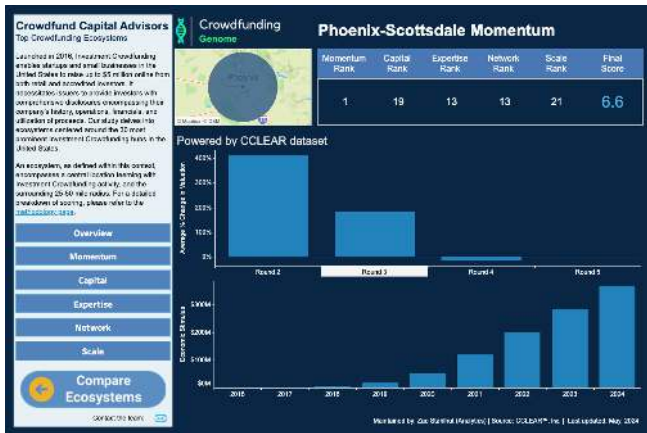
- Momentum (30%): This holds a significant weight as it directly reflects startups' current success and economic impact. Momentum is a key indicator of how well startups are doing in terms of growth and financial health.

Phoenix/Scottsdale scored highest, with issuers growing an average of 1364% and having an average valuation growth of 412% going into

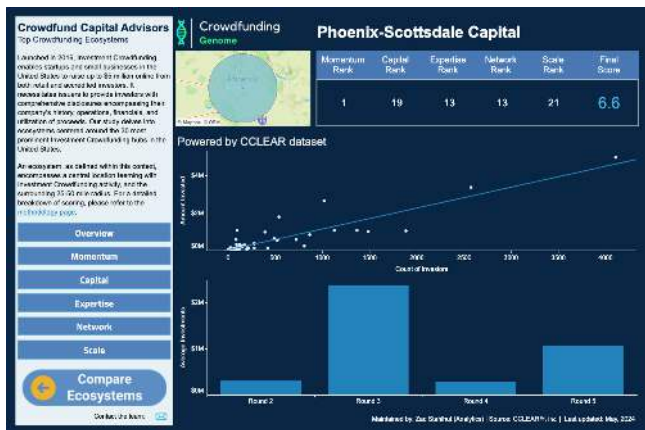
A. Ecosystem Overview



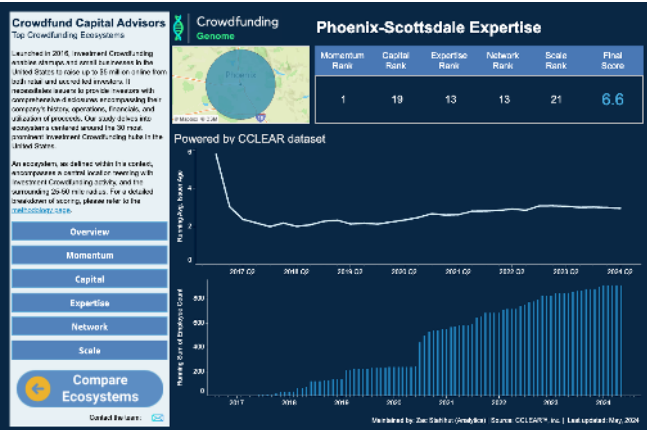
B. Momentum Drivers



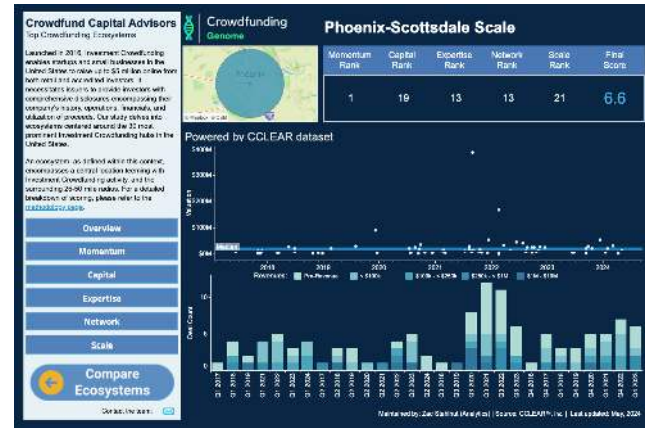
C. Capital Drivers



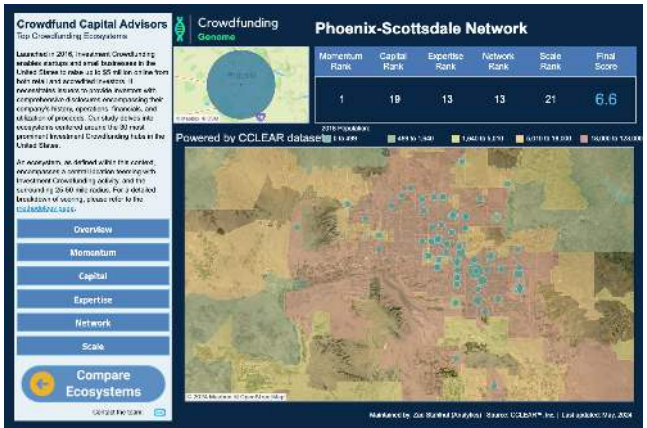
D. Expertise Drivers



E. Scale Drivers



F. Network Drivers

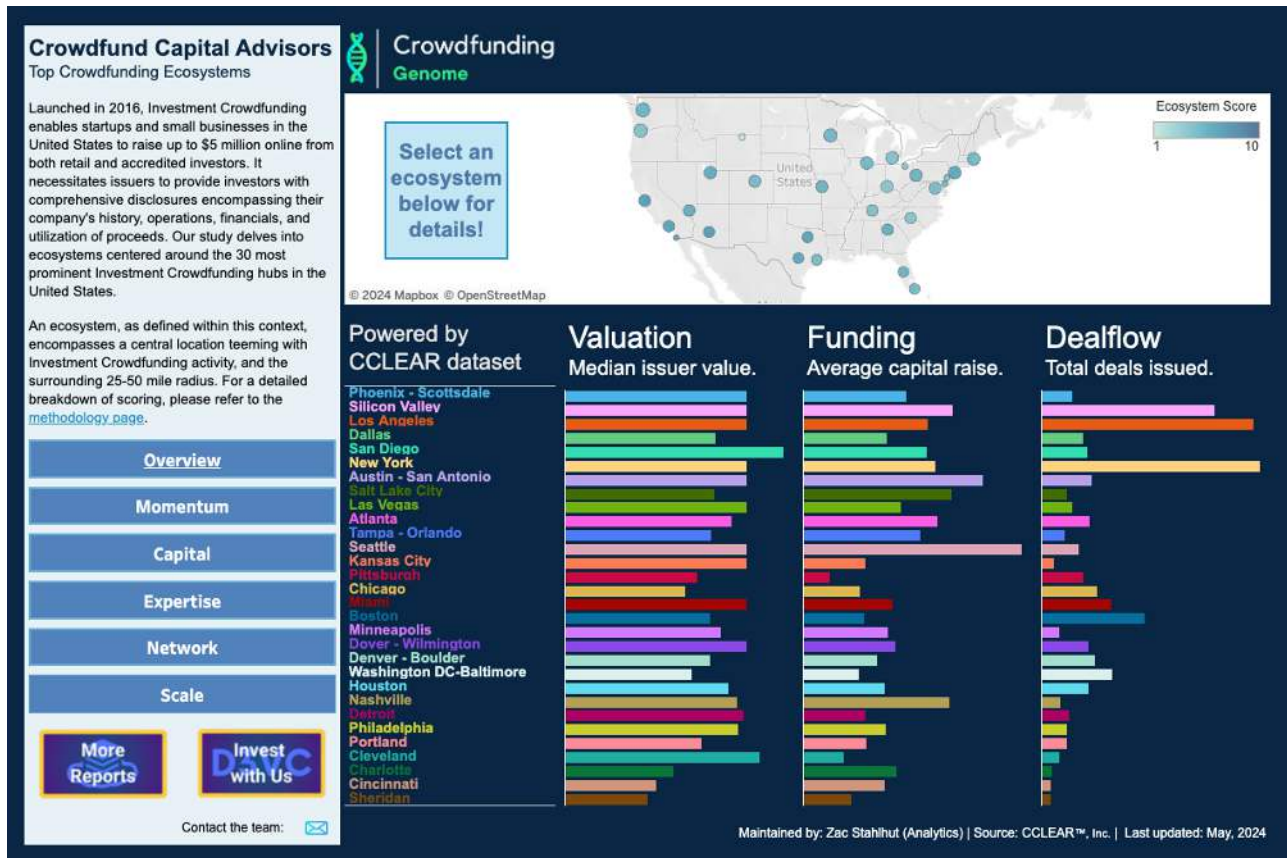


their second round. Pittsburgh, New York, Silicon Valley, and Las Vegas all followed.

resources and investor confidence in the ecosystem.

- Capital (25%): Funding is crucial for the growth and sustainability of early-stage startups. This weight indicates the importance of financial

For this category, Dallas ranked first with \$14M in annual commitments, a 39% increase year



over year. San Diego, Minneapolis, Silicon Valley, and Los Angeles followed.

- Expertise (20%): This category recognizes the immediate and profound impact of talent, knowledge, and experience on a startup's success. Knowledgeable and experienced teams are often better equipped to navigate challenges, innovate, and drive growth, a critical component of startup ecosystem health.

Kansas City was the leader in this category, with the average age of issuers being 5 1/2 years and the number of jobs supported being 5,401. Salt Lake City, Austin-San Antonio, Silicon Valley, and Chicago followed.

- Network (15%): Network acknowledges the unique nature of crowdfunding, where community engagement, investor involvement, and customer participation are intertwined. In crowdfunding ecosystems, the connection between startups and their communities can be

a significant driver of success, as customers often double as investors and brand advocates.

Nashville led in this category, with 552 investors per deal and .03 deals per thousand people. Salt Lake City, Austin/San Antonio, Silicon Valley, and Tampa-Orlando followed.

- Scale (10%): While important, Scale is given a lower weight than other factors. This recognizes that while reach and scalability are important, they often develop over time and result from sustained performance and funding.

Los Angeles led in this category, with issuers there last year having total revenues of \$359.1M, up from \$168.9M in 2023. The median valuation was \$10M, similar to the other top ecosystems. Silicon Valley, New York, Austin/San Antonio, and San Diego followed in the Scale score.

The top overall ecosystem only has the highest score in some categories. The data indicates that

the leading ecosystem was only ranked first in one category, and its ranking changed in the others. What matters is the actual score rather than the rank. Sometimes, the scores can be very close to each other, both being high on a scale of 1 to 10 but still slightly lower than another (for example, 8.4 vs 8.6). This could result in one ecosystem being ranked lower than another despite their scores being relatively close. Ultimately, compared to how the other ecosystems performed, the leading one ended up with a weighted score that outperformed the others, putting it at the top of the list. That said, the highest-rated ecosystem had a weighted average score of 62%, indicating room for improvement within the winner.

For a detailed breakdown of our methodology, including the specific calculations and any data considerations, we have made the [complete methodology document](#) available for reference.

The Crowdfunding Genome

Using Tableau, we created a [visualization](#) that enables users to compare different ecosystems.

The visualization's main page features a map of the United States with blue circles representing each ecosystem. Users can hover over each circle to view the final score, with darker shades of blue indicating higher scores.

Below that, users can find a list of each ecosystem, median valuations, average raise per round, and total number of deals. The results will be displayed when they hover over any of the bars. These results encompass data from the industry's beginning.

By clicking on a specific ecosystem, the user will be taken to a page that shows its ranking in different categories and figures for the data points driving rankings.

By clicking on the category buttons on the left, users will be directed to charts illustrating the variables influencing each category's rankings over time. They can hover over the charts to view the data. For assistance in understanding any of the

charts that appear on the category pages, refer to the methodology section above.

Users can click the "Compare Ecosystems" button to return to the main page and then click on any other ecosystem to see its performance.

The Best Ecosystem for Pre-IPO Startups in 2024

Phoenix/Scottsdale, Arizona, the undisputed winner of this year's list of best ecosystems for pre-IPO startups, offers a unique blend of advantages. The region's robust infrastructure and dynamic startup culture are a magnet for entrepreneurs. With lower operational costs, a major international airport, a supportive government, and easy market access, Phoenix/Scottsdale stands out as an ideal location for startups.

The entrepreneurial community in Phoenix/Scottsdale is vibrant, inclusive, and collaborative. With numerous incubators and accelerators and the support of [Arizona State University's Edson Entrepreneurship + Innovation Institute](#), innovation thrives here. The region's ability to attract venture capital reflects strong investor confidence, making it a positive environment for successful crowdfunding issuers seeking to scale beyond crowd capital.

Arizona's state government supports startups with incentives, tax credits, and a business-friendly regulatory environment. Additionally, Phoenix/Scottsdale's vibrant business and tech community, with its lower cost of living and high standard of living, makes it an ideal location for pre-IPO startups. The Greater Phoenix area also offers a vibrant cultural scene with great food, outdoor activities, and a pleasant climate (at least seven months a year), making it an attractive place for work and life.

As a crowdfunding ecosystem, it ranks very high as one that pours money back into the local economy and has experienced high valuation growth. It shows strong community engagement relative to its population size and has more mature startups with a growing employee base pulled from a pool of talented, experienced, and expert subjects.

THE 2024 PRE-IPO STARTUP ECOSYSTEMS

★ **WINNER** - Phoenix/Scottsdale, Arizona, topped this year's list of best ecosystems for pre-IPO startups. The region benefits from a robust infrastructure and a dynamic startup culture that attracts entrepreneurs. Phoenix/Scottsdale boasts lower operational costs, a major international airport, a supportive government, and easy market access.

The entrepreneurial community is inclusive and collaborative, with numerous incubators and accelerators. Arizona State University's Edson Entrepreneurship + Innovation Institute further drives innovation with its programs and funding. The area attracts venture capital, reflecting strong investor confidence and a positive for successful crowdfunding issuers.

Arizona's state government supports startups with incentives, tax credits, and a business-friendly regulatory environment. Additionally, Phoenix/Scottsdale's vibrant business and tech community, combined with its lower cost of living and high standard of living, makes it an ideal location for pre-IPO startups. The Greater Phoenix area also offers a vibrant cultural scene with great food, outdoor activities, and a pleasant climate, making it an attractive place for both work and life.



METHODOLOGY: We started with 8 years of online investment data from CCLEAR. Each ecosystem was ranked based on weighted scores in Momentum, which measures economic stimulus and valuation creation; Capital, which evaluates financial support and investment growth; Expertise, which assesses expertise and talent pool; Network, which reflects investor and community engagement; and Scale, which looks at market access and revenue potential. Scores were normalized to reflect the unique strengths of each ecosystem, providing a comprehensive evaluation of startup viability.

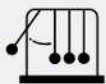
BE YOUR OWN SILICON VALLEY



Transform Your Community into a Hub of Innovation



ECOSYSTEM FEATURES:



Momentum



Capital



Expertise



Network



Scale

WHY CHOOSE CCA:

- **We Wrote the Law:** Our team helped shape the crowdfunding regulations.
- **Unmatched Data:** Access insights from over \$2 billion in investments.
- **Global Expertise:** Proven success in fostering innovation worldwide.

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Momentum and Valuation Growth: The category of Momentum significantly contributed to Phoenix's high score, where it outperformed other regions by a wide margin. This was particularly evident in the dramatic increases in valuation across funding rounds. For instance, [NXU's](#) valuation soared from \$3.9M to \$385M over three rounds, and [Battle Approved](#) saw its valuation jump from \$6.3M to \$53M across two rounds. Collectively, offerings from Phoenix/Scottsdale experienced an average valuation increase of 1365%, starkly higher than any other ecosystem, with Pittsburgh the next closest at under 500%.

Repeat Issuers and Ecosystem Support: Phoenix/Scottsdale is ranked fifth in average funding rounds per issuer, indicating an environment that attracts and retains businesses across multiple stages of growth. This reflects a more mature market where investors are committed to supporting companies through successive growth phases.

Investor Confidence: The ecosystem's high rankings in average check size (9th) and total capital raised per offering (11th) testify to the market's stability and potential. These rankings showcase the volume of investments and significant individual investor commitments, underscoring a deep trust in the market.

Workforce and Expertise: Although not the leader in average issuer age, Phoenix/Scottsdale has more employees per issuer than the average across other ecosystems, which enhances its expertise ratings. This robust workforce empowers issuers to manage and scale their operations effectively, supporting sustained growth.

Community and Network Effects: With a large population relative to the number of offerings, the ecosystem benefits from a wide base of potential backers. This broad support base is critical for fostering a sustainable and growing ecosystem comparable to other top-performing regions like San Diego and New York.

Some of the companies that drove Phoenix/Scottsdale to the top of the list in 2024 are:

1. [NxuOne \(formerly\) Atlis Motor Vehicles Inc:](#) Nxu, an advanced energy company, tops the ecosystem list with its high-powered, versatile charging solutions for businesses and electric vehicle fleets. NxuOne significantly influenced the average valuation growth for Phoenix/Scottsdale. Their valuation increased from \$3.9M in 2018 to \$90M at the end of 2019 and then to \$385M in their third round in 2021. They also received the highest average amount of capital per round across their three rounds, bringing in \$2.35M per round. This is not only the highest in Phoenix/Scottsdale but also the 85th highest out of all issuers within an ecosystem.
2. [Barrana:](#) State 48 Brewery, a local Arizona craft brewery and restaurant chain, has the 11th highest reported employee count of all issuers within an ecosystem, with 195 employees as of their last filing in December 2020. At over nine years old, Barrana is more experienced than most issuers with a similar or greater number of employees, significantly influencing the ecosystem's expertise score.
3. [World Tree:](#) World Tree, a carbon forestry company, tops the ecosystem list with its innovative Empress Splendor tree farms. These trees rapidly sequester carbon, regenerate after harvest, and produce high-quality, sustainable hardwood. World Tree's projects aim to restore ecosystems, improve farmland productivity, and provide substantial returns for investors while addressing global environmental challenges. World Tree has completed five rounds of Reg CF, the most recent in October 2023. They have gone through the most rounds of any issuer in Phoenix/Scottsdale, matching the maximum across most other ecosystems. World Tree also has a substantial average check size, with each round having an average check size of \$2,000 or more.

Austin is second this year, followed by newcomers Wilmington, DE, Seattle, and Atlanta. Beverly Hill, CA, was the other newcomer to the top 15 up-and-

coming cities for startups. Cities that fell off the list included Houston, Oakland, and Emeryville, CA.

[Contact us](#) for the top 5 Startups in each City.

The Best to the Worst States for pre-IPO Startups in 2024

According to the CCA Crowdfunding Genome™, California is the best state for startups. This is the eighth consecutive year California has topped the list. This should come as little surprise as California consistently tops lists for the best startup ecosystems due to several key factors that make it an unrivaled national hub for innovation and entrepreneurship. The state boasts world-renowned ecosystems such as Silicon Valley/San Francisco, Los Angeles, and San Diego, each fostering a culture of innovation supported by extensive venture capital funding, top-tier talent, and a strong network of accelerators and incubators.

Silicon Valley, in particular, is globally recognized for its concentration of tech giants, startups, and venture capitalists, creating a unique environment where cutting-edge technology and investment opportunities thrive. The presence of prestigious universities like Stanford and UC Berkeley further fuels the ecosystem by providing a steady stream of talent and research breakthroughs.

Southern California, including Los Angeles, has also become a thriving startup scene. Its diverse industry focus ranges from entertainment and media to biotechnology and aerospace. Initiatives like [PledgeLA](#) and support from local governments have fostered a more inclusive and supportive environment for entrepreneurs, promoting diversity in tech and venture capital.

California's most significant drawbacks are its tax structure and cost of living. This can impact scoring by potentially reducing the overall attractiveness for startups looking to minimize operational expenses and maximize financial efficiency.

California received the highest score for Momentum, which measures economic impact

and growth potential through capital reinvested in the state and unrealized wealth creation. California issuers led in the reinvestment of money back into the economy (~\$8.3 billion) and experienced high valuation growth (276%).

California also received the highest score for Capital, which measures the financial support available to startups in the state through direct investments into companies and growth in investor sentiment. States that score high raise substantial money from investors and receive follow-on investments to signal belief in the ecosystem's companies.

Finally, California received the highest score for scalability, which measures startup access to markets and the potential for scaling. The state scored high for having more revenue-generating companies and a median valuation greater than other states, indicating that it is valued more.

In 2023, companies in California raised over \$162 million through 283 successfully funded deals in 121 NAICS industries. Of these deals, 46 raised over \$1 million, with four raising over \$5 million. San Francisco led with 39 deals, Los Angeles with 20, and San Diego with 19. Ninety-nine cities in California were involved in at least one Regulation Crowdfunding deal, with over 94,000 investors, mainly from California, supporting local businesses.

The average California valuation for successful deals in 2023 was \$35 million, with a median of \$16 million. Post-revenue issuers had an average valuation of \$39.4 million (\$18 million median), while pre-revenue issuers had an average valuation of \$26.4 million and a median of \$15 million. Startups under three years old had average and median valuations of \$20.8 million and \$10 million, respectively. In comparison, established issuers over three years old had average and median valuations of \$43.4 million and \$20 million.

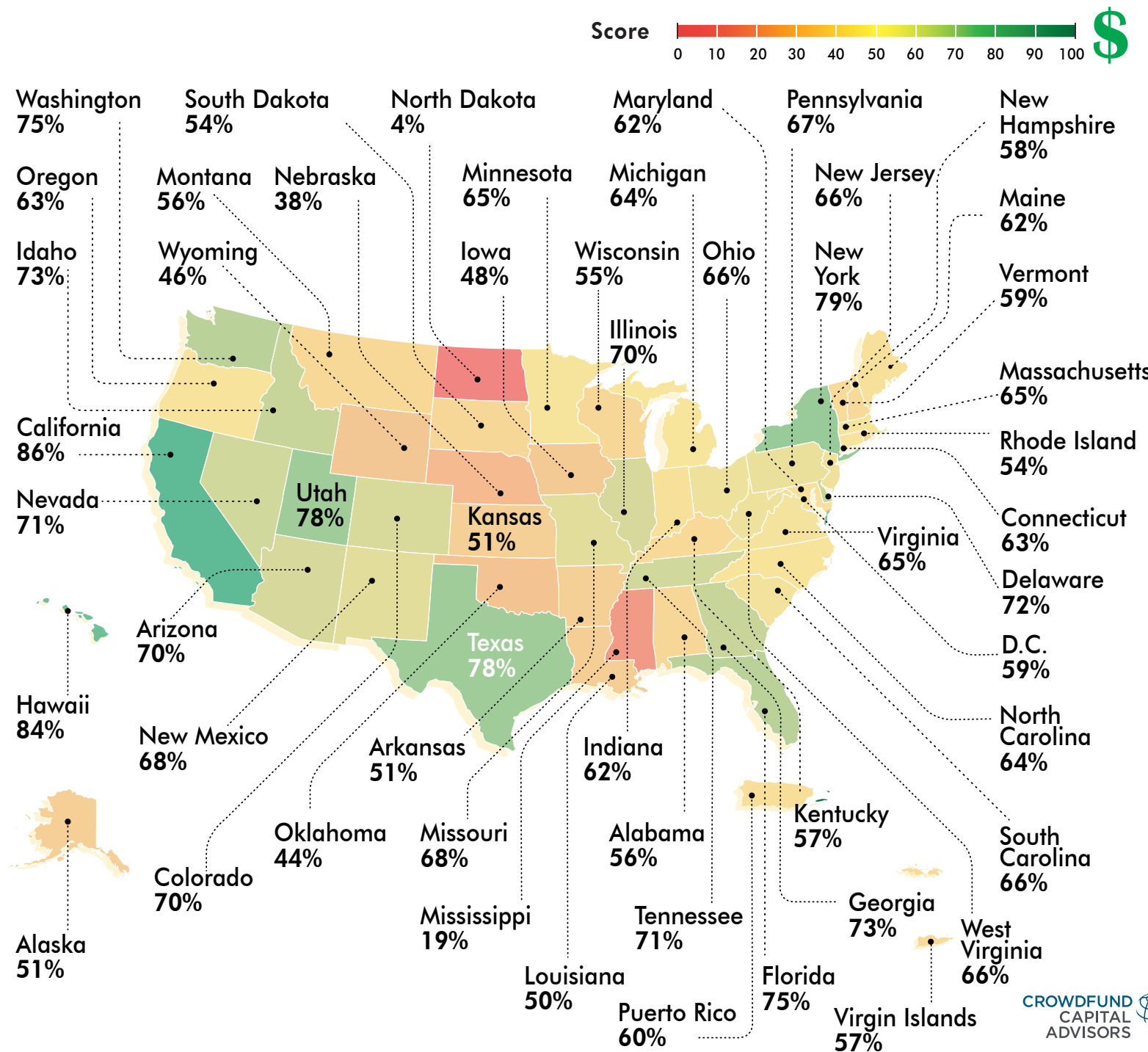
The total value of California's successful issuers in 2023 was \$7 billion, indicating potential significant returns for some investors when these companies exit. Last year, California companies created or

2024

THE UNITED STATES OF PRE-IPO STARTUPS

Investment Crowdfunding empowers any pre-IPO startup or small business to raise up to \$5 million online from their customers, friends, family, followers, and communities. Enacted in 2016, this law has become a crucial catalyst for future innovation, job creation, and economic growth. Since its inception, over 8,500 companies across the United States have raised more than \$2.5 billion from over 2.1 million investors. As we conclude the 8th year of this transformative industry, the accompanying map ranks each state based on their performance in investment crowdfunding.

California continues to lead the pack, bolstered by the Bay Area's tech giants, abundant capital, strong infrastructure, technology-connected cities, and a highly educated entrepreneurial workforce. This visual analysis highlights the top and bottom-performing states, providing a clear benchmark for state leaders to understand their position and identify opportunities for improvement. By examining these insights, states can explore ways to enhance their performance in the investment crowdfunding arena and drive local economic growth.



METHODOLOGY:

We started with 8 years of online investment data from CCLEAR. Each state was ranked based on weighted scores in Momentum, which measures economic stimulus and valuation creation; Capital, which evaluates financial support and investment growth; Expertise, which assesses expertise and talent pool; Network, which reflects investor and community engagement; and Scale, which looks at market access and revenue potential. Scores were normalized to reflect the unique strengths of each state, providing a comprehensive evaluation of startup viability.

supported over 22,800 jobs and generated more than \$372 million in revenue. These are essential data points that civic leaders around the country should pay attention to.

Hawaii, New York, Utah, and Texas ranked in the top five. Utah moved up one position from five last year to four this year. Texas, which was fourth last year, falls to fifth place this year.

Hawaii - The Runner up

Hawaii has emerged as a standout location for startups due to several key factors that make it an attractive ecosystem for innovation and entrepreneurship. The state is home to top accelerators like [Blue Startups](#), which provides extensive support through mentorship, access to business expertise, product testing, and introductions to investors. This accelerator, ranked among TechCrunch's top 20 in the US, focuses on helping scalable technology companies compete globally and has fostered a vibrant community of entrepreneurs and mentors. Without this support being made available to issuers, Hawaii likely would not outperform everywhere else in Network scoring to the same extent. While Hawaii had an average proportion of offerings to its population, the average number of investors per offering was more than double that of the next highest star, Utah.

Additionally, Hawaii hosts unique programs such as [Germinate](#), which supports agrifood and aquaculture tech startups. This pre-accelerator offers in-person and virtual mentorship, helping startups refine their concepts and business models and culminating in a Demo Day to pitch to the local entrepreneurial community. This is reflected in Hawaii's finishing third highest in expertise scoring, thanks to having the second highest average number of employees (19.2 per issuer) and significant experience with their average issuer incorporating over 7 1/2 years ago.

The state's strategic location as a bridge between the US and Asia, its supportive government initiatives, and funding from entities such as the [Hawaii Technology Development Corporation](#)

further enhance its appeal. Hawaii's commitment to nurturing diverse industries, including technology, agriculture, and sustainable development, creates a fertile ground for startups to thrive. This is a large part of the reason that Hawaii's issuers have the fourth-highest median valuation, which indicates the offerings' heightened quality.

However, access to capital is still a challenge for Hawaiian startups, and the data clearly shows that many of them are successfully funding their endeavors online through fellow Hawaiians.

The Worst States

North Dakota, Mississippi, Nebraska, Oklahoma, and Wyoming were at the bottom of the list. Given the benefits outlined above, economic development offices in these states and their governments should do more to promote startups and small businesses.

Click [here](#) to see how each state ranked in each category. [Contact us](#) for the top 5 Startups in each state in 2024 or for other questions related to state rankings.

Summary

The 2024 report introduced a major shift by evaluating startup ecosystems as a whole while maintaining distinct state rankings. This approach provides a clearer picture of how different regions contribute to the broader startup landscape.

California retained its position as the top state for startups, driven by strong capital investment, scalability, and economic impact. Hawaii, Utah, and Texas also ranked highly, while states with weaker startup support, such as North Dakota and Mississippi, remained at the bottom.

Phoenix-Scottsdale led overall among ecosystems, while Silicon Valley reaffirmed its dominance in technology and investment. New York, Los Angeles, and Salt Lake City stood out for their strong funding activity and revenue generation. Investor engagement patterns varied, with some

ecosystems excelling in deal volume and others in investment efficiency.

These rankings highlight the evolving nature of the startup landscape and the unique strengths offered by different regions. By recognizing these dynamics, stakeholders can better support and cultivate thriving startup communities nationwide.

What can Cities do to Move up the List?

Supporting entrepreneurship is the best way for local governments to foster economic development. Policymakers should focus on the small group of growth-oriented companies—often, but not always, in the technology sector—that can successfully expand. As they grow, they create many new jobs, increase local productivity, and generate additional benefits through what economists refer to as “spillover” and “multiplier” effects.

Want to move up the list? Here’s a checklist of things both civic and business leaders can do:

1. Promote Investment Crowdfunding

Kickstart local startup ecosystems by promoting local business creation and growth via Investment Crowdfunding. Investment Crowdfunding allows startups and small businesses to raise \$5 million online from friends, family, followers, and community investors. Entrepreneurs in 49 states, the District of Columbia, and Puerto Rico raised Investment Crowdfunding capital in 2024.

This “invest local” approach provides valuable capital, and local investor participation assists in marketing, sales, connectivity, and skills training for entrepreneurs. “Invest locally” creates new, valuable products and services. It also keeps the capital local and recycling in the economy. And “invest local” is cost-effective. The work required by a local chamber doesn’t require an investment into infrastructure or technology but rather a tiny fraction of regional economic development spending that should be additive to their current marketing efforts.

2. Get out and visit other leading Startup Ecosystems.

Phoenix, Las Vegas, and Austin have done much to build strong startup ecosystems over the past years. Civic and business leaders should take the time to tour these ecosystems to see what they are doing right, how they collaborated to bring about change, and what kind of impact these ecosystems have. While no two ecosystems are the same, there are many learnings that can be adapted and applied to encourage and foster new ones. This approach may be faster than reinventing the wheel altogether.

3. Host Local Entrepreneurial and Investor Capacity Building Programs

For entrepreneurs, show them how they can leverage the community to help fund their businesses. Invite Investment Crowdfunding platforms to participate. Show how Investment Crowdfunding can easily support minority Americans and Women founders. Show investors how to deploy limited risk capital to invest in businesses they want in their community. Engage accredited investors and local philanthropists or community foundations who might be willing to assist tech startups in scaling via knowledge sharing and introductions to larger/multinational corporations or venture capital investors. Given local investor proximity and vested interest, these investors can oversee these opportunistic startups.

4. Establish Co-working Spaces and Innovation Neighborhoods

Establish a community co-working space to bring local entrepreneurs and ideas together to help them become businesses. Consider unused real estate for a location. Create a space for the local high school entrepreneur group to meet, brainstorm, and even launch business concepts. Foster the promotion of innovation neighborhoods where entrepreneurs can be close to each other and bounce ideas off each other. (That’s called network density, which came out of Silicon Valley.)

5. Target Higher Education

Higher education institutions play a critical role in growing the local innovation economy through research commercialization and serving as a hub for entrepreneurial training and new business formation. Encourage graduates to stay local. This will allow cities to benefit from their economic contributions — boosting new business formation, attracting regional capital, and driving job creation.

6. Invest in Incubators/Accelerators

Invest in pilot accelerator programs, particularly in areas that are currently underserved or where economic growth is lagging behind other parts of the country. For entrepreneurs, attending an accelerator increases startup survival, employee growth, and funds raised. This is likely to have positive consequences for job creation, regional development, innovation, and economic growth. What's more, accelerators not only benefit those startups that take part in the program, but the additional investment will increase into accelerated and non-accelerated startups in the surrounding region following the launch of a program to the tune of millions of dollars.

7. Encourage Graduates to Stay Local

Replicate what MIT did with the Global Entrepreneur-in-Residence (EIR) program. Keep international students in the USA. With MIT's help, 60 entrepreneurs have participated in the program, and those entrepreneurs have raised over \$400 million in capital and employed nearly 1,000 people, mostly in high-paying positions. Two companies that participated in the program — Kensho and PillPack — were acquired for \$600 million and \$1 billion, respectively. Consider the tax revenue that comes with that.

8. Create a Local Leadership Group to Build Better Infrastructure

Replicate the Silicon Valley Leadership Group. It focused on regional infrastructure and education initiatives, supporting public investment into light rail, housing, and other basic infrastructure that

contributed to Silicon Valley's economic miracle. Other communities looking to create “the next Silicon Valley” would be well-served to consider investing in basic infrastructure as the time-tested formula for success. If your transportation system is crumbling, you'll have a much harder time creating innovation-economy jobs. However, opportunities abound if business leaders can collaborate with civic leaders to redesign how workers efficiently get from point A to point B.

9. Develop a Tracking and Feedback Loop

Invest in tracking local business performance. This can readily be done by monitoring a local business's success with an Investment Crowdfunding offering. Companies are required by law to disclose specific financial metrics over time. Local governments can track this data (or subscribe to feeds) to track performance metrics. This will also help local governments identify where to allocate their limited resources to promote local economies, create jobs, and attract a talent pool.

Create a vision and execute a plan to accomplish all the above. The pandemic was a tipping point, and more people are now moving to other places or returning to places they had left. Mayors have to evangelize on behalf of the entrepreneurs in their area to win the battle for talent as people are thinking of new places to live and win the battle for capital as investors are thinking of new places to invest.

Conclusion

According to the U.S. Census Bureau, new business applications are at an all-time high. While it's hard to say how many pandemic-era business applications will turn into real money-making ventures, the surge in entrepreneurship is good news for the economy. Traditionally, startups have driven economic recovery and innovation. And with considerable disruptions to the labor market and workplaces themselves, a reshuffling seems expected — even necessary. According to the Census Bureau, it's important to note that only about a third of the applications filed in 2021 are for businesses deemed likely to hire employees.

Over the past few years, many people filing paperwork for new companies lost their jobs in the pandemic and became self-employed. Still, many others left stable careers, convinced there was no better time to chase their dreams.

The government has a national, state, and local role. Doing all of this will yield high-growth companies that can achieve technological breakthroughs, create new markets, and create quality job growth. It will also lead to higher population growth, higher standard of living, and long-term economic performance.

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