

## **Q & A excerpt between Sherwood Neiss, Crowdfund Capital Advisors and George Cook, CEO of Honeycomb Credit**

**Q. We've observed a notable presence of women and minority issuers on Honeycomb. Is this a natural occurrence, or is there a concerted effort on your part to engage these groups? Additionally, there seems to be a higher percentage of women/minority founders in debt offerings compared to equity. Why do you think this trend exists?**

A. The team is very conscientious about making sure that funds are flowing to communities that are often overlooked by traditional lenders. It turns out that often correlates to a very diverse set of business owners - so far this year 72% of our business had a women owner, 59% had a BIPOC owner, and 12% were veteran-owned. These numbers are unheard of in small business lending.

We often think about entrepreneurship as what happens at glamorous high-tech startups in Silicon Valley, but the reality is that the overwhelming majority of entrepreneurial pursuits in the US are for brick-and-mortar, cash-flowing small businesses. These Main Street entrepreneurs are disproportionately women, people of color, and immigrants and it is only natural that they are reflected in our metrics accordingly.

The Karaphillis study focused on the economic impact of the enterprises that were started or expanded with the help of CEDIFs and that are still active. Its author used very conservative estimates. Nevertheless, the results are staggering:

- An investment of less than \$700,000 by the NS government in 2019 netted \$2 million in investment by Nova Scotians into CEDIFs.
- NS CEDIFs invested in 116 small businesses whose annual economic impacts in 2019 were:
  - \$118 million annually in GDP value-add
  - 1200 jobs (FTEs)
  - \$52 million in annual wages and salaries
  - \$25 million in annual taxes

This means that every \$1000 invested by government into the CEDIF tax credit in 2019 resulted in the creation/maintenance of 1.75 jobs for Nova Scotians (approximately \$575/job). While it was beyond the scope of this project to compare this to wage subsidy programs offered to businesses by government, CECNB's environmental scan could find nothing that came close to the cost-effectiveness of CEDIFs in creating and maintaining jobs.