



SEC Filings and Insightful

Understanding SEC filings

SEC filings are regulatory documents that companies and securities issuers must submit to the Securities and Exchange Commission (SEC) on a regular basis. These filings are financial statements, periodic reports, and other formal documents that public companies, broker-dealers, and insiders are required to submit. The purpose of SEC filings is to provide transparency and information to investors, analysts, and regulators.

Why are they important?

They are a direct statement of wealth/assets/holdings. Researchers are often trying to determine the individual donors' net worth and giving capacity, and the SEC filings provide an insight into an aspect of their worth. Proxy statements include biographical information. IPO filings indicate an upcoming wealth event for individuals, and historical IPO filings provide insight into the value of the company when it was sold and can help provide insight into individuals' wealth capacity.

How can Insightful help?

Insightful is the ultimate hub of news you can't afford to miss about donors and prospects. Insightful provides several sources of information about SEC filings, including US Fed News and EDGAR feeds.

SO many filings. Which ones should I look for?

Important wealth event filings are highlighted below. Their Insightful source is listed in parentheses:

- **Forms 3 and 4** (Source: US Fed News) With these form filings, the public is made aware of an insider's transactions in company securities, including the amount purchased or sold and the price per share. Form 3 represents the initial acquisition of company securities, and Form 4 is used for each subsequent transaction.

SEC Filings and Insightful

- **Form 10K** (Source: EDGAR) A 10-K is a comprehensive report filed annually by a publicly-traded company about its financial performance. It is more detailed than the annual report that is sent to shareholders during the annual meeting. It outlines the company's history, equity, subsidiaries, organizational structure, audited financial statements, and other relevant information.
- **Form DEF14A** (Source: EDGAR) SEC Form DEF 14A, also known as a "definitive proxy statement," is a required filing when a shareholder vote is required. It outlines the list of items up for vote by shareholders, such as the hiring of new directors or other business decisions. Large sections of the filing are also devoted to the discussion of executive salary and compensation practices, which are a great source of information for prospect researchers.
- **Form S-1** (Source: EDGAR) Form S-1 Issuers file S-1s for initial public offerings (IPOs) and follow-on offerings of new securities. Sometimes a form S-3 is used when a company wishes to raise capital as a secondary offering after an initial public offering has occurred.

Glossary of terms:

Securities - financial instruments that represent an invested monetary value that can be traded, such as stocks, bonds, or options.

Holdings - Holdings are the securities held within the portfolio of a mutual fund, hedge fund, pension fund, or any other fund type.

Insiders – an insider is someone who owns more than 10% of a company's equity securities, directly or indirectly. This includes officers, directors, and principal stockholders who are in high positions at the company. Insiders also include employees who have access to confidential information, and those who work in a



SEC Filings and Insightful

fiduciary capacity for the corporation, such as attorneys and accountants.

Insider trading / insider transactions - Insider trading involves trading in a public company's stock or other securities by someone with non-public, material information about the company. Insider transactions are legal if the insider makes a trade and reports it to the Securities and Exchange Commission, but insider trading is illegal when the material information is still non-public.

Net worth - Individual net worth is the value of a person's assets minus their liabilities. Assets are anything a person owns that has monetary value, such as cash, investments, retirement accounts, savings accounts, life insurance policies, savings accounts, and real estate. Liabilities, on the other hand, include debts or financial obligations, such as mortgages, loans, and credit card debt.

Giving capacity - An individual's giving capacity is an estimate of how much they can give based on their wealth and expenses. It's an important factor to consider when engaging with donors and is usually based on their wealth status and financial position. A higher giving capacity means a greater chance that the donor can make a substantial gift given their propensity to give and affinity for the cause.

IPO - An IPO is an initial public offering. In an IPO, a privately owned company lists its shares on a stock exchange, making them available for purchase by the general public. It allows early investors in the company to cash out their investments (read: wealth event!) and the company to raise capital to expand business and continue to grow.

SEC – United States Securities and Exchange Commission, a federal agency that oversees securities exchanges, brokers, dealers, investment advisors, and mutual funds. The SEC was established in 1934 in response to the financial crash of 1929, and its primary functions are to:



SEC Filings and Insightful

- Protect investors
- Maintain fair, orderly, and efficient markets
- Facilitate capital formation
- Engage with the investing public
- Inform and protect investors
- Facilitate capital information
- Enforce federal securities laws
- Regulate securities markets
- Provide data

EDGAR - the Electronic Data Gathering, Analysis, and Retrieval system of the SEC. Access to EDGAR's public database is free allowing the public to research, for example, a public company's financial information and operations by reviewing the filings the company makes with the SEC.