

INVESTMENT RESEARCH AND SAFETY

Researching a Company with SEC Filings

Detailed practice, calculation, decision-making, and assessment

GRADES 9-12	TIME 2 x 42 min	GROUPING I / pairs / whole	PRODUCT Company research brief
YOUR CHALLENGE Use fictional excerpts modeled on SEC filings to identify a company's business, risks, financial changes, and major events, then write a balanced research brief.			

Different Filings Answer Different Questions

Filing	Main purpose	Useful sections
Form 10-K	Detailed annual picture of the business and financial condition.	Business, Risk Factors, MD&A, audited financial statements.
Form 10-Q	Quarterly update with more abbreviated information.	Financial statements, MD&A, risk updates.
Form 8-K	Current report about certain major events.	Event description and related exhibits.

EDGAR provides free public access to filings. A filing is a primary source, but students must still read carefully, compare periods, and separate facts from interpretation.

FICTIONAL COMPANY Northstar Bikes, Inc. and all figures in this packet are invented for classroom practice. Do not search for or invest in this company.

Part 1 - Read the Fictional 10-K Snapshot

Section	Fictional excerpt	What it may mean	Question to investigate
Business	Sells bicycles and repair plans through stores and online.		
Risk Factors	Relies on two overseas suppliers for 70% of key components.		
Revenue	\$24.0 million; prior year \$20.0 million.		
Net income	\$1.8 million; prior year \$1.5 million.		
Balance sheet	Cash \$2.4 million; total debt \$6.0 million.		

Identify one business fact, one risk, and one financial question.

Part 2 - Calculate Annual Changes

Measure	Prior year	Current year	Dollar change	Percent change
Revenue	\$20.0 million	\$24.0 million		
Net income	\$1.5 million	\$1.8 million		
Cash	\$2.0 million	\$2.4 million		

Use percent change = (current - prior) / prior x 100. Then compare cash with total debt. Does one ratio settle the investment decision? Explain.

Part 3 - Add a Fictional 10-Q and 8-K

Source	New information	Calculation or concern	Effect on research
10-Q	Quarter revenue \$6.5 million versus \$5.8 million a year earlier.		
10-Q	Quarter net income \$0.35 million versus \$0.40 million.		
10-Q	Supplier delays may continue next quarter.		
8-K	Company appointed a new chief financial officer.		

Calculate both quarterly percentage changes. Which new fact confirms an earlier risk? Which event needs more context rather than an immediate positive or negative label?

Part 4 - Build an Evidence Matrix

Research question	Evidence supporting concern	Evidence supporting strength	Missing evidence
Can sales continue growing?			
Can profits keep pace with revenue?			
Can the company manage supplier risk?			
Can the company manage debt?			

Use at least one specific number or filing fact in every completed row. Avoid words such as “good” or “bad” without evidence.

Part 5 - Company Research Brief

Research check	My evidence
Business model	
Annual revenue change	
Annual net-income change	
Quarterly trend	
Major risk	
8-K event	
Debt or liquidity question	
Balanced conclusion	

Write a 150-200 word brief. Include at least three calculations or figures, one strength, two risks or unanswered questions, and a conclusion that does not tell the reader to buy or sell.