

FilmCapital.io Funding Portal Educational Materials

Types of companies on the FilmCapital.io

FilmCapital.io offers investments in the equity securities of issuers involved in independent filmmaking and content creation. Each of the issuers offering their securities on FilmCapital.io is carefully vetted to ensure they have relevant, prior experience in producing content.

Prior to listing

FilmCapital.io works with each issuer to assist them in preparation of the offering materials. Offerings posted on FilmCapital.io must include all of the information required by the SEC under Regulation Crowdfunding. This includes basic identifying information about the issuer, the business and anticipated business plan of the issuer, the people operating the issuer, and the financial condition of the issuer. Investors may decide that this information is not enough to make a decision, which is why FilmCapital.io provides communication channels for investors to ask questions of each issuer.

After the offering is posted

Each offering is listed on FilmCapital.io for a set amount of days. Any US resident can make an investment through the portal. Investments are held in escrow until a project successfully reaches its funding goal. If the project does not reach its funding goal, funds are returned to investors. If a project successfully reaches its funding goal within the offering timeline, funds are transferred to the issuer and the investor is issued securities.

Cancelling your investment

Investors may cancel their investment in a project up to 72 hours before the project deadline. Within the final 72 hours of an offering, investors cannot cancel their investment. In the case that there is a material change during an offering, investors will be notified and an investor must reconfirm their investment within 5 days. Otherwise the investment will be considered cancelled.

Types of securities

Investments on FilmCapital.io may be debt, equity, or convertible securities. Each type of investment carries different terms that are unique to each issuer.

Investments are risky

Investments in Regulation Crowdfunding offerings are speculative and involve a high degree of risk, in part because the issuers are often early-stage companies with little or no operating history. Investments on FilmCapital.io may not include voting rights and investors will have no role in directing management. Investors who cannot afford to lose their entire investment should not invest. Investors should consult their own financial advisor prior to making an investment.

Restrictions on transferring your securities

Securities purchased in Regulation Crowdfunding transactions generally cannot be resold for a period of one year, unless the securities are transferred: (1) to the issuer of the securities; (2) to an "accredited investor"; (3) as part of an offering registered with the Commission; or (4) to a

member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

Ongoing information about your investment

An issuer that has offered and sold securities in reliance on Regulation Crowdfunding must file with the SEC and post on the issuer's website an annual report along with the financial statements of the issuer certified by the principal executive officer of the issuer. If, however, an issuer has available financial statements that have either been reviewed or audited by a public accountant that is independent of the issuer, those financial statements must be provided and the certification by the principal executive officer will not be required. The report (Form C-AR) must be filed no later than 120 days after the end of the fiscal year covered by the report.

Issuers must comply with the annual reporting requirement until one of the following occurs:

- 1) the issuer is required to file reports under Exchange Act Sections 13(a) or 15(d);
- 2) the issuer has filed at least one annual report and has fewer than 300 holders of record;
- 3) the issuer has filed at least three annual reports and has total assets that do not exceed \$10 million;
- 4) the issuer or another party purchases or repurchases all of the securities issued pursuant to Regulation Crowdfunding, including any payment in full of debt securities or any complete redemption of redeemable securities; or
- 5) the issuer liquidates or dissolves in accordance with state law.

Any issuer terminating its annual reporting obligations is required to file notice on Form C-TR reporting that it will no longer provide annual reports pursuant to the requirements of Regulation Crowdfunding.

Individual investment limitations

Individual investors are limited in the amounts they are allowed to invest in all Regulation Crowdfunding offerings over the course of a 12-month period:

- If either of an investor's annual income or net worth is less than \$107,000, then the investor's investment limit is the greater of:
 - \$2,200 or
 - 5 percent of the lesser of the investor's annual income or net worth.
 - If both annual income and net worth are equal to or more than \$107,000, then the investor's limit is 10 percent of the lesser of their annual income or net worth.
 - During the 12-month period, the aggregate amount of securities sold to an investor through all Regulation Crowdfunding offerings may not exceed \$107,000, regardless of the investor's annual income or net worth.

Spouses are allowed to calculate their net worth and annual income jointly.

SEC Resources

The SEC has prepared a guide that can be helpful for investors to better understand the specific regulations: [Crowdfunding for Investors](#)