UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

(Amendment No.1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported)— **May 1, 2019**

ENVESTNET, INC.

(Exact name of registrant as specified in its charter)

Delaware	**001-34835**	**20-1409613**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

35 East Wacker Drive, Suite 2400 **Chicago, Illinois**	**60601**
(Address of principal executive offices)	(Zip Code)

(312) 827-2800
(Registrant’s telephone number, including area code)
Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of exchange on which registered
Common Stock, par value $0.005 per share	ENV	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

This Amendment No. 1 to Current Report on Form 8-K/A is being filed by Envestnet, Inc. ("Envestnet") solely for the purpose of amending and supplementing Item 9.01 of the Current Report on Form 8-K originally filed by Envestnet with the Securities and Exchange Commission ("SEC") on May 1, 2019 (the "Original Form 8-K") in connection with the completion of the acquisition by Envestnet of PIEtech, Inc. ("PIEtech"). As indicated in the Original Form 8-K, this Current Report on Form 8-K/A is being filed to provide the information required by Item 9.01(a) and (b) of Form 8-K, which was not previously filed with the Original Form 8-K as permitted by the rules of the SEC.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of business acquired.

The following financial statements of PIEtech are being filed as an exhibit to this amendment and are included herein:

Exhibit 99.1 — PIEtech, Inc. and Subsidiaries audited consolidated financial statements, including the independent auditors' report, as of and for the year ended December 31, 2018.

Exhibit 99.2 — PIEtech, Inc. and Subsidiaries audited consolidated financial statements, including the independent auditors' report, as of and for the year ended December 31, 2017.

(b) Unaudited pro forma financial information.

The following pro forma financial information is being filed as an exhibit to this amendment and is included herein:

Exhibit 99.3 — Unaudited pro forma condensed combined financial statements and explanatory notes for Envestnet, Inc. as of and for the year ended December 31, 2018

(d) Exhibits.

The following exhibits are filed as part of this Current Report on Form 8-K/A.

Exhibit No.	Description
23.1	Consent of Keiter, Independent Auditors.
23.2	Consent of Wiss & Company, LLP, Independent Auditors.
99.1	Audited consolidated financial statements of PIEtech, Inc. and Subsidiaries as of and for the year ended December 31, 2018, and Independent Auditors' Report thereon.
99.2	Audited consolidated financial statements of PIEtech, Inc. and Subsidiaries as of and for the year ended December 31, 2017, and Independent Auditors' Report thereon.
99.3	Unaudited pro forma condensed combined financial statements and explanatory notes for Envestnet, Inc. as of and for the year ended December 31, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 11, 2019

ENVESTNET, INC.

By:	/s/ Peter H. D'Arrigo
Name:	Peter H. D'Arrigo
Title:	Chief Financial Officer

EXHIBIT INDEX

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-169050, 333-181071, 333-204858 and 333-208107) on Form S-8 of Envestnet, Inc. of our report dated June 14, 2019, with respect to the consolidated balance sheets of PIEtech, Inc. as of December 31, 2018, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year ended December 31, 2018, which report appears in this Amendment No. 1 to Current Report on Form 8-K/A of Envestnet, Inc. filed on July 11, 2019.

/s/ Keiter

Glen Allen, Virginia

July 11, 2019

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-169050, 333-181071, 333-204858 and 333-208107) on Form S-8, of Envestnet, Inc. of our report dated June 14, 2019, with respect to the balance sheet of PIEtech, Inc. as of December 31, 2017, and the related statements of income, changes in stockholders' equity, and cash flows for the year ended December 31, 2017, which report appears in this Amendment No. 1 to Current Report on Form 8-K/A of Envestnet, Inc. filed on July 11, 2019.

/s/ Wiss & Company, LLP

Livingston, New Jersey

July 11, 2019

Exhibit 99.1

PIEtech, Inc.

Financial Statements

December 31, 2018 and 2017

PIEtech, Inc.

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Keiter
Your Opportunity Advisors

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders of PIEtech, Inc.

We have audited the accompanying financial statements of PIEtech, Inc., which comprise the balance sheet as of December 31, 2018, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PIEtech, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Certified Public
Accountants & Consultants
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Glen Allen, VA 23060
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Prior Period Financial Statements

The financial statements of PIEtech, Inc. as of December 31, 2017, were audited by other auditors whose reported dated June 14, 2019, expressed an unmodified opinion on those statements.

/s/ Keiter

June 14, 2019
Glen Allen, Virginia

PIEtech, Inc.

Balance Sheets
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 20,823,288	$ 16,896,364
Certificates of deposit	3,070,998	2,682,595
Accounts receivable	1,793,004	1,070,843
Due from related party	—	51,968
Prepaid expenses and other current assets	801,148	792,609
Total current assets	26,488,438	21,494,379
Property and equipment, net	8,269,302	7,837,846
Internally developed software, net	4,485,388	4,044,173
Intangible assets, net	91,116	98,766
Equity in joint venture	1,136,506	—
Other non-current assets	1,518,230	920,361
	$ 41,988,980	$ 34,395,525
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 485,119	$ 821,819
Accrued expenses	534,951	519,760
Deferred revenue	10,702,213	8,367,632
Note payable to former stockholder, current portion	489,580	489,580
Total current liabilities	12,211,863	10,198,791
Long-term liabilities:		
Note payable to former stockholder, long-term	—	489,580
Deferred revenue, non-current	817,664	866,715
Total liabilities	13,029,527	11,555,086
Stockholders' equity:		
Common stock, no par value, 25,000 shares authorized, 11,481 shares issued and outstanding	1,649,981	1,649,981
Retained earnings	27,309,472	21,190,458
Total stockholders' equity	28,959,453	22,840,439
	$ 41,988,980	$ 34,395,525

See accompanying notes to financial statements.

PIEtech, Inc.

Statements of Income
Years Ended December 31, 2018 and 2017

	2018	2017
Revenue:		
Software license fees	$ 40,996,361	$ 32,596,344
Software customization fees	2,375,438	2,280,816
Software training fees	496,516	508,858
Total revenue	43,868,315	35,386,018
Operating expenses:		
Compensation and benefits	14,577,280	15,018,289
General and administration	9,085,341	7,622,947
Depreciation and amortization	2,846,965	2,314,557
Total operating expenses	26,509,586	24,955,793
Income from operations	17,358,729	10,430,225
Other income (expense):		
Interest income	300,772	78,134
Interest expense	(14,704)	(12,109)
Equity in loss from unconsolidated joint venture	(63,494)	—
Other loss	(25,833)	—
Total other income (expense), net	196,741	66,025
Net income	$ 17,555,470	$ 10,496,250

See accompanying notes to financial statements.

PIEtech, Inc.

Statements of Changes in Stockholders' Equity
Years Ended December 31, 2018 and 2017

	Common Stock	Note Receivable from Stockholder	Retained Earnings	Total Stockholders' Equity
Balance at January 1, 2017	$ 3,149,981	$ (1,527,150)	$ 17,856,783	$ 19,479,614
Accrued interest to stockholder	—	(6,811)	—	(6,811)
Retirement of accrued interest from stockholder	—	33,961	—	33,961
Retirement of common stock	(1,500,000)	1,500,000	(1,502,700)	(1,502,700)
Distributions to stockholders	—	—	(5,659,875)	(5,659,875)
Net income	—	—	10,496,250	10,496,250
Balance at December 31, 2017	1,649,981	—	21,190,458	22,840,439
Adoption of ASC 606	—	—	877,536	877,536
Distributions to stockholders	—	—	(12,313,992)	(12,313,992)
Net income	—	—	17,555,470	17,555,470
Balance at December 31, 2018	$ 1,649,981	$ —	$ 27,309,472	$ 28,959,453

See accompanying notes to financial statements.

PIEtech, Inc.

Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Net income	$ 17,555,470	$ 10,496,250
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	2,846,965	2,314,557
Loss on disposal of property and equipment	25,834	—
Interest reinvested in certificates of deposit	(33,750)	(18,296)
Equity loss from unconsolidated joint venture	63,494	—
Accrued interest on notes receivable from stockholder	—	(6,811)
Change in operating assets and liabilities:		
Accounts receivable	(722,161)	(127,543)
Prepaid expenses and other current assets	(8,539)	(321,150)
Other non-current assets	279,667	(148,987)
Accounts payable	(336,700)	349,073
Accrued expenses	15,191	208,181
Deferred revenue	2,334,581	1,253,906
Deferred revenue, non-current	(49,051)	(30,014)
Net cash provided by operating activities	21,971,001	13,969,166
Cash flows used in investing activities:		
Net investments in certificates of deposit	(354,653)	—
Purchase of property and equipment	(1,280,504)	(376,903)
Capitalization of internally developed software	(2,490,082)	(2,494,234)
Proceeds from sale of property and equipment	32,766	—
Investment in joint venture	(1,200,000)	—
Net cash used in investing activities	(5,292,473)	(2,871,137)
Cash flows used in financing activities:		
Due from related party	51,968	691,893
Payments on note payable - former stockholder	(489,580)	(489,579)
Distributions to stockholders	(12,313,992)	(5,659,875)
Net cash used in financing activities	(12,751,604)	(5,457,561)
Net change in cash and cash equivalents	3,926,924	5,640,468
Cash and cash equivalents - beginning of year	16,896,364	11,255,896
Cash and cash equivalents - end of year	$ 20,823,288	$ 16,896,364

See accompanying notes to financial statements.

Statements of Cash Flows, Continued
Years Ended December 31, 2018 and 2017

	2018	2017
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ 20,758	$ —
Supplemental disclosure of non-cash activities:		
Purchase of common stock through issuance of note payable and retirement of notes receivable including accrued interest from stockholder	$ —	$ 3,002,700

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies:

Nature of Business: PIEtech, Inc. (the "Company") was incorporated in the Commonwealth of Virginia on May 6, 1997. The Company was organized to develop and market financially oriented computer software and application programs. The Company markets MoneyGuidePro® and other software to securities brokers, financial planners and other professionals.

Basis of Accounting: The financial statements are prepared in accordance with accounting standards established by the Financial Accounting Standards Board ("FASB") to ensure consistent reporting of financial condition, results of operations and cash flows. References to U.S. generally accepted accounting principles ("GAAP") in these footnotes are to the FASB Accounting Standards Codification, referred to as the codification or ("ASC").

Revenue Recognition: The Company's revenue is derived primarily from the sale of software licenses to end users and customization and implementation of the related software. Generally included within the price of the license fees are services for ongoing customer support, software maintenance, and software upgrades. Provided that no uncertainties regarding customer acceptance exist and collection of the related receivable is probable, revenue is recognized as follows:

- Software customization revenue is recognized over the period the customizations are performed.
- Implementation revenue is recognized on a straight-line basis over the life of the contract
- Usage based revenue for software licenses are recognized based on usage over the term of the related license.
- Non-usage based revenue for software licenses are generally recognized on a straight-line basis over the term of the related license.
- Training revenue is recognized over the period the training is provided.

Revenues are recognized when control of these services is transferred to our customers, in an amount that reflects the consideration that we expect to be entitled to in exchange for those services. All revenue recognized in the statements of income is considered to be revenue from contracts with customers. Sales and usage-based taxes are excluded from revenues.

Cash and Equivalents: The Company considers all investment instruments with a maturity of three months or less to be cash equivalents.

Certificates of Deposit: The Company's certificates of deposit are invested with federally insured institutions and generally have a duration of twelve months. The Company's investments in certificates of deposit are carried at initial cost plus accrued interest.

1. Summary of Significant Accounting Policies, Continued:

Accounts Receivable: Generally, the Company does not require collateral to support its accounts receivable. The Company evaluates the need for an allowance for doubtful accounts for uncollectible fees receivable. In establishing the amount of the allowance, if any, customer-specific information is considered related to delinquent accounts, including historical loss experience and current economic conditions. As of December 31, 2018, and 2017, the Company has determined that the likelihood of non-collection is low and that an allowance is unnecessary.

Property and Equipment: Property and equipment are stated at cost less accumulated depreciation and amortization. The costs of major improvements are capitalized, while the costs of normal maintenance and repairs are charged to expense as incurred. Depreciation of furniture and equipment is computed using the straight-line method based on estimated useful lives of the depreciable assets. Leasehold improvements are amortized on a straight-line basis over their estimated economic useful lives or the remaining lease term, whichever is shorter. Improvements are capitalized, while repairs and maintenance costs are charged to operations as incurred. Assets are reviewed for recoverability whenever events or circumstances indicate the carrying value may not be recoverable. At December 31, 2018 and 2017, management has determined that these assets are not impaired.

Internally Developed Software for Internal Use: Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Maintenance and training costs are expensed as incurred. Internally developed software is amortized on a straight-line basis over its estimated useful life. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

There were no impairments of internally developed software during the years ended December 31, 2018 and 2017.

Intangible Assets: Intangible assets are recorded at cost less accumulated amortization. Costs of domain name and trademarks are amortized on a straight-line basis over a 15 year period. Intangible assets are reviewed for impairment whenever events or changes in circumstances may affect the recoverability of the net assets. Such reviews include an analysis of current results and take into consideration the undiscounted value of projected operating cash flows. No intangible asset impairment charges have been recorded for the years ended December 31, 2018 and 2017.

1. Summary of Significant Accounting Policies, Continued:

Advances to and Equity in joint venture: The Company has an investment that is recorded using the equity method of accounting. The Company reviews this investment on a regular basis to evaluate the carrying amount and economic viability of the investment. This policy includes, but is not limited to, reviewing the investee's cash position, financing needs, earnings/revenue outlook, operational performance, management/ownership changes and competition. The evaluation process is based on information that the Company requests from the investee. The basis for these evaluations is subject to the timing and accuracy of the data received from these investees.

The Company uses the equity method of accounting because of its less than 50% ownership and lack of control. The Company's interest in the earnings or losses of the privately held company are reflected in equity in earnings from unconsolidated joint venture, net on the consolidated statements of operations.

The Company's investment is assessed for impairment when a review of the investee's operations indicates that there is a decline in value of the investment and the decline is other than temporary. Such indicators include, but are not limited to, limited capital resources, limited prospects of receiving additional financing, and prospects for liquidity of the related securities. If an impairment occurs, the investment is written down to estimated fair value. The Company estimates fair value using a variety of valuation methodologies, including comparing the investee with publicly traded companies in similar lines of business, applying valuation multiples to estimated future operating results and estimated discounted future cash flows. There was no impairment to this investment during the year ended December 31, 2018.

Operating Leases: In certain circumstances, the Company enters into leases with free rent periods, rent escalations or lease incentives over the term of the lease. In such cases, the Company calculates the total payments over the term of the lease and records them ratably as rent expense over that term.

Recent Accounting Pronouncements: In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which amends the existing accounting standards for revenue recognition, and all subsequent ASUs that modified Topic 606 ("ASC 606"). The Company has adopted this guidance for the Company's fiscal year beginning January 1, 2018 and this change is reflected in these financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases." This update amends the requirements for assets and liabilities recognized for all leases longer than twelve months. Lessees will be required to recognize a lease liability measured on a discounted basis, which is the lessee's obligation to make lease payments arising from the lease, and a right-of-use ("ROU") asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The Company will adopt the new standard on its effective date of January 1, 2019 using the cumulative-effect adjustment transition method with certain available transitional practical expedients.

1. Summary of Significant Accounting Policies, Continued:

The standard will have a material impact on our balance sheets and related disclosures but will not have a material impact on our statements of income. The most significant impact will be the recognition of ROU assets and lease liabilities for operating leases.

The Company currently estimates adoption of ASU 2016-02 will result in the recognition of ROU assets and lease liabilities for operating leases of approximately $2,123,000 and $2,286,000, respectively, as of January 1, 2019. The difference between the ROU assets and lease liabilities primarily represents the existing deferred rent liabilities, resulting from historical straight-lining of operating leases, which was reclassified upon adoption to reduce the measurement of the ROU assets.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326)". This update significantly changes the way that entities will be required to measure credit losses. The new standard requires that entities estimate credit losses based upon an "expected credit loss" approach rather than the "incurred loss" approach, which is currently used. The new approach will require entities to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable forecasts of collectability. The change in approach is anticipated to impact the timing of recognition of credit losses. This ASU will become effective for beginning January 1, 2020. Early adoption is permitted for fiscal years beginning January 1, 2019. The Company is currently evaluating the potential impact of this guidance on our consolidated financial statements.

Management Estimates: Management of the Company has made certain estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Areas requiring the use of management estimates relate to estimating uncollectible receivables, revenue recognition, intangible and other long-lived assets, uncertain tax positions and sales tax liabilities. Actual results could differ materially from those estimates.

Income Taxes: Effective July 1, 2006, the Company elected under the Internal Revenue Code to be an S Corporation. In lieu of corporate income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. As a result, the Company does not incur any income tax obligations, unless there is a substantial sale of the assets of the Company that could cause the Company to incur a built-in gains tax based on the excess of the sale price over the fair market value of the assets sold as of the date of the S election. Any possible liability of a built-in gains tax decreases ratably over a period expiring 10 years after the effective date of the S election. As of December 31, 2018, the Company is no longer subject to U.S. Federal tax examinations for year-ends prior to December 31, 2015. With limited exceptions, the Company is no longer subject to income tax examinations for the years prior to December 31, 2014.

1. Summary of Significant Accounting Policies, Continued:

The Company follows authoritative guidance related to how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. The tax benefits recognized in the consolidated financial statements from tax positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Concentrations and Credit Risk: Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, certificates of deposit and receivables. The Company maintains its cash in multiple financial institutions with balances that regularly exceed federally insured limits. Certificates of deposit are held with multiple financial institutions to mitigate credit risk. Receivables, consisting principally of trade accounts receivable, result from contracts with customers in the United States. Credit is extended to customers after an evaluation for credit worthiness. At December 31, 2018, one customer accounted for 12% of accounts receivable and at December 31, 2017, two customers accounted for 27% of accounts receivable. For the years ended December 31, 2018 and 2017, one customer accounted for 9% and 11% of total revenue, respectively.

Advertising Costs: Advertising costs are expensed as incurred and are included in operating expenses in the accompanying statements of income. For the years ended December 31, 2018 and 2017, advertising costs were $403,848 and $321,710, respectively.

Subsequent Events: Management has evaluated subsequent events through June 14, 2019, the date the financial statements were available for issuance. On March 14, 2019, the Company entered into a merger agreement (the "Merger Agreement") with Envestnet, Inc. ("Envestnet"). Pursuant to the Merger Agreement, PIEtech will merge with and into Envestnet, with Envestnet continuing as the surviving corporation. This transaction closed on May 1, 2019.

2. Revenue:

On January 1, 2018, the Company adopted ASU 2014-09 and all subsequent ASUs that modified Topic 606 ("ASC 606" or "new revenue standard") using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. The Company recognized the cumulative effect of the initial application of the new revenue standard as an adjustment to the opening balance of retained earnings on January 1, 2018. The comparative information has not been restated and will continue to be reported under the accounting standards in effect for those periods. The Company does not expect the adoption of the new revenue standard to have a material impact to the results of operations on an ongoing basis.

2. Revenue, Continued:

The majority of our revenues continue to be recognized when services are provided. The adoption of the new revenue standard primarily impacts the deferral of incremental direct costs in obtaining contracts with customers.

The cumulative effect of the changes made to the Company's balance sheets as of January 1, 2018 for the adoption of the new revenue standard was as follows:

	Balance at December 31, 2017	Cumulative Catch-up Adjustments	Opening Balance at January 1, 2018
Balance Sheets			
Assets:			
Other non-current assets	$ 920,361	$ 877,536	$ 1,797,897
Equity:			
Retained earnings	21,190,458	877,536	22,067,994

In accordance with the new revenue standard requirements, the impact of adoption on the Company's statements of income and balance sheets was as follows:

	Year Ended December 31, 2018		
	As Reported	Without Adoption of ASC 606	Effect of Change Higher/(Lower)
Statement of Income			
Revenues:			
Software license fees	$ 40,996,361	$ 40,996,361	$ —
Software customization fees	2,375,438	2,375,438	—
Software training fees	496,516	496,516	—
Total revenue	43,868,315	43,868,315	—
Operating expenses:			
Compensation and benefits	14,577,280	14,719,980	(142,700)
General and administration	9,085,341	9,085,341	—
Depreciation and amortization	2,846,965	2,846,965	—
Total Operating expenses	26,509,586	26,652,286	(142,700)
Income from operations	17,358,729	17,216,029	142,700
Net income	$ 17,555,470	$ 17,412,770	$ 142,700

2. Revenue, Continued:

	Year Ended December 31, 2018		
	As Reported	Without Adoption of ASC 606	Effect of Change Higher/(Lower)
Balance Sheets			
Assets:			
Other non-current assets	$ 1,518,230	$ 497,994	$ 1,020,236
Equity:			
Retained earnings	27,309,472	26,289,236	1,020,236

The adoption has no impact on the Company's statement of cash flows.

Remaining performance obligations: The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) as of December 31, 2018:

Years ending December 31,	
2019	$ 36,073,540
2020	29,428,830
2021	9,566,064
2022	5,843,558
2023	1,097,500
Total	$ 82,009,492

Only fixed consideration from significant contracts with customers is included in the amounts presented above.

Contract Balances: The Company records contract liabilities (deferred revenue) when cash payments are received in advance of its performance. The term between invoicing date and when payment is due is generally not significant. For the majority of its arrangements, the Company requires advance quarterly payments before the services are delivered to the customer.

Deferred revenue primarily consists of implementation fees, professional services, and subscription fee payments received in advance from customers.

Contract assets would exist when revenues have been recorded (i.e. control of goods or services has been transferred to the customer) but customer payment is contingent on a future event beyond the passage of time (i.e. satisfaction of additional performance obligations). The Company does not have any material contract assets. Unbilled receivables, which are not classified as contract assets, represent arrangements in which revenues have been recorded prior to billing and right to payment is unconditional.

2. Revenue, Continued:

The opening and closing balances of the Company's billed receivables, unbilled receivables and deferred revenues are as follows:

	Receivables, which are included in accounts receivable	Unbilled receivables, which are included in accounts receivable	Deferred Revenue (current)	Deferred Revenue (non-current)
Ending balance as of December 31, 2017	$ 664,321	$ 406,522	$ 8,367,632	$ 866,715
Increase (decrease), net	334,621	387,540	2,334,581	(49,051)
Ending balance as of December 31, 2018	$ 998,942	$ 794,062	$ 10,702,213	$ 817,664

The increase in receivables is primarily a result of growth in revenue and the timing of payments on software licenses during the year ended December 31, 2018.

The increase in unbilled receivables is primarily driven by revenue recognized in excess of billings related to software licenses during the year ended December 31, 2018.

The increase in deferred revenue is primarily the result of increased subscription-based services during the year ended December 31, 2018, most of which will be recognized over the course of the next twelve months.

The amount of revenue recognized that was included in the opening deferred revenue balance was $8,367,632 and $7,113,726 for the years ended December 31, 2018 and 2017, respectively. The amount of revenue recognized from performance obligations satisfied in prior periods was not material.

2. Revenue, Continued:

Deferred sales incentive compensation: Deferred sales incentive compensation was $1,020,236 as of December 31, 2018. Amortization expense for deferred sales incentive compensation was $336,896 for the year ended December 31, 2018. No significant impairment loss for capitalized costs was recorded during this period.

Sales incentive compensation earned by the Company's sales force is considered an incremental and recoverable cost to acquire a contract with a customer. Sales incentive compensation for initial contracts is deferred and amortized on a straight-line basis over the period of benefit, which the Company has determined to be five years. The Company determined the period of benefit by taking into consideration its customer contracts, life of the technology and other factors. Sales incentive compensation for renewal contracts are deferred and amortized on a straight-line basis over the related contractual renewal period. Deferred sales incentive compensation is included in other non-current assets on the balance sheets and amortization expense is included in compensation and benefits expenses on the statements of income.

The Company has applied the practical expedient to recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period would have been one year or less. These costs are included in compensation and benefits expenses on the statements of income.

3. Prepaid Expenses and Other Current Assets:

Prepaid expenses and other current assets consist of the following:

	December 31,	
	2018	2017
Prepaid technology	$ 425,827	$ 312,229
Prepaid insurance	198,549	165,460
Prepaid taxes	21,740	21,814
Other prepaid expenses	155,032	293,106
Total	$ 801,148	$ 792,609

4. Property and Equipment:

Property and equipment consist of the following:

	Estimated Useful Life	December 31, 2018		December 31, 2017
Cost:				
Land	not applicable	$ 2,873,762		$ 2,873,762
Building	39 years	2,640,586		2,663,979
Furniture and fixtures	7 years	789,327		746,327
Computer equipment and software	3 years	2,810,762		2,220,346
Office equipment	5 years	293,684		224,234
Automotive equipment	5 years	270,309		270,309
Building improvements	7-39 years	2,195,371		2,195,371
Leasehold improvements	Shorter of the lease term or useful life of the asset	2,069,445		1,536,225
		13,943,246		12,730,553
Less: accumulated depreciation and amortization		(5,673,944)		(4,892,707)
Total		$ 8,269,302		$ 7,837,846

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 was $790,448 and $708,516, respectively.

5. Internally Developed Software:

Internally developed software consists of the following:

	Estimated Useful Life	December 31, 2018	December 31, 2017
Internally developed software	3 years	$ 9,024,022	$ 6,533,940
Less: accumulated depreciation and amortization		(4,538,634)	(2,489,767)
Total		$ 4,485,388	$ 4,044,173

Amortization expense for the years ended December 31, 2018 and 2017 was $2,048,867 and $1,598,373, respectively.

6. Intangible Assets:

The Company's intangible assets consisted of the following at December 31, 2018:

	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite lived intangible assets:				
Domain name	15 years	$ 81,886	$ (19,152)	$ 62,734
Trademarks	15 years	32,861	(7,686)	25,175
Patents	not applicable	3,207	—	3,207
		$ 117,954	$ (26,838)	$ 91,116

The Company's intangible assets consisted of the following at December 31, 2017:

	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite lived intangible assets:				
Domain name	15 years	$ 81,886	$ (13,693)	$ 68,193
Trademarks	15 years	32,861	(5,495)	27,366
Patents	not applicable	3,207	—	3,207
		$ 117,954	$ (19,188)	$ 98,766

Amortization expense for the years ended December 31, 2018 and 2017 was $7,650 and $7,668, respectively.

On January 1, 2016, the domain name with a net carrying amount of $79,156 was transferred to the Company from a related party. Amortization expense amounted to $5,459 for 2018 and 2017. Estimated amortization for the next five years is $5,459 per year with remaining amortization of $35,439 thereafter.

On January 1, 2017, the trademark with a net carrying amount of $29,575 was transferred to the Company from a related party. Amortization expense amounted to $2,191 for 2018 and $2,209 for 2017. Estimated amortization for the next five years is $2,191 per year with remaining amortization of $14,220 thereafter.

On January 1, 2017, the patent with gross carrying amount of $3,207 was transferred to the Company from a related party. The patent is pending as of December 31, 2018. It will start amortizing over 15 years after the patent is issued.

7. Equity in Joint Venture:

In November 2018, the Company acquired approximately 27% of the outstanding membership interests of a privately held company for cash consideration of $1,200,000. In accordance with the agreement, the Company is required to make future capital contributions of $1,200,000 and $1,100,000 in 2019 and 2020, respectively, subject to certain conditions. The Company uses the equity method of accounting to record its portion of this privately held company's net income or loss.

The following is a summary of the financial information as of December 31, 2018 and for the period from November 30, 2018 to December 31, 2018:

Total assets	$	2,164,628
Total liability	$	376
Total equity	$	2,164,252
Revenues	$	—
Net loss	$	(238,100)
Company's share of net loss	$	(63,494)

8. Other Non-Current Assets:

Other non-current assets consist of the following:

	December 31,			
	2018		2017	
Unbilled contract revenue	$	768,303	$	920,361
Deferred sales incentive compensation		1,020,236		—
Total	$	1,788,539	$	920,361

9. Accrued Expenses:

Accrued expenses consist of the following:

	December 31,			
	2018		2017	
Accrued compensation and related taxes	$	175,701	$	226,641
Accrued rent expense		162,840		100,882
Accrued sales taxes		124,832		152,620
Interest payable to former stockholder		6,054		12,109
Other accrued expenses		65,524		27,508
Total	$	534,951	$	519,760

10. Note Payable to Former Stockholder:

During 2017, the Company entered into a note payable with a former stockholder for the redemption of stock described in Note 11 for $1,468,739. The note bears interest at a rate of 2.12% per annum and requires three equal annual payments of principal in the amount of $489,580 plus all accrued interest, with a final payment due on April 1, 2019. The Company incurred interest expense on the note payable for the years ended December 31, 2018 and 2017 of $14,704 and $12,109, respectively.

11. Related Party Transactions:

MoneyGuide Advisory, Inc., an affiliated company, owed the Company $11,870 as of December 31, 2017. MoneyGuide Solutions, Inc., an affiliated company, owed the Company $22,370 at December 31, 2017. Amounts totaling $17,728 were due from other related parties at December 31, 2017. No amounts were outstanding as of December 31, 2018.

The Company had a note receivable due from a stockholder in the amount of $1,500,000 at December 31, 2016 which was for the purchase of Company stock. Interest was charged at 1.81% per annum and amounted to $6,811 for 2017. The stockholder was required to repay the outstanding principal amount and interest without demand on or before January 1, 2024. On April 1, 2017, the Company repurchased the stock for $3,002,700 through retirement of the note receivable including accrued interest and issuance of a note payable to the former stockholder as described in Note 10. The repurchased stock was retired in 2017.

12. Fair Value Measurements:

The Company follows ASC 825-10, Financial Instruments, which provides companies the option to report selected financial assets and liabilities at fair value. ASC 825-10 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the Company's choice to use fair value on its earnings. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheets. The Company has not elected the ASC 825-10 option to report selected financial assets and liabilities at fair value.

Financial assets and liabilities recorded at fair value in the balance sheets are categorized based upon a fair value hierarchy established by GAAP, which prioritizes the inputs used to measure fair value into the following levels:

Level I: Inputs based on quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level II: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or inputs that are observable and can be corroborated by observable market data.

12. Fair Value Measurements, Continued:

Level III: Inputs reflect management's best estimates and assumptions of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the valuation of the instruments.

Fair Value on a Recurring Basis

The following tables set forth the fair value of the Company's financial assets measured at fair value in the balance sheets as of December 31, 2018 and 2017, based on the three-tier fair value hierarchy:

	December 31, 2018			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Money market funds and other (1)	$ 19,276,560	$ 19,276,560	$ —	$ —
Certificates of deposit (2)	3,070,998	—	3,070,998	—
Total assets	$ 22,347,558	$ 19,276,560	$ 3,070,998	$ —

	December 31, 2017			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Money market funds and other (1)	$ 12,829,492	$ 12,829,492	$ —	$ —
Certificates of deposit (2)	2,682,595	—	2,682,595	—
Total assets	$ 15,512,087	$ 12,829,492	$ 2,682,595	$ —

(1) The fair values of the Company's investments in money-market funds are based on the daily quoted market prices for the net asset value of the various money market funds and time deposit accounts which mature on a daily basis.

(2) The fair value of the Company's certificates of deposit are based on the initial investment, plus accrued interest, which approximates fair value due to the short duration before maturity.

12. Fair Value Measurements, Continued:

The Company's fair value measurement of assets and liabilities include money-market funds and certificates of deposit not insured by the Federal Deposit Insurance Corporation ("FDIC"). The Company periodically invests excess cash in money-market funds not insured by the FDIC. The Company believes that the investments in money market funds are on deposit with creditworthy financial institutions and that the funds are highly liquid. These money-market funds are considered Level 1 and are included in cash and cash equivalents in the balance sheets.

13. Employee Retirement Plan:

The Company has an employee retirement plan under Section 401(k) of the Internal Revenue Code. The plan provides for salary reduction contributions by eligible employees and for Company matching contributions, subject to certain limitations. The plan also provides for discretionary Company contributions as determined annually by the Board of Directors. Total Company contributions were $390,030 for 2018 and $359,566 for 2017.

14. Commitments and Contingencies:

During 2015, the Company entered into a lease agreement for office space that includes scheduled rent increases and was expected to expire in January 2020. This lease was terminated as of December 19, 2017 and the Company entered into a new lease agreement for additional office space that also includes scheduled rent increases and expires in December 2022. Rent expense amounted to $581,917 in 2018 and $405,185 in 2017.

During 2016, the Company entered into two lease agreements for certain vehicles requiring monthly payments of $1,234 and $1,323, respectively, and expiring in March 2019 and May 2019, respectively.

At December 31, 2018, the approximate minimum commitments for the lease agreements are as follows:

Year	Amount
2019	$ 599,826
2020	604,247
2021	619,353
2022	634,837
	$ 2,458,263

14. Commitments and Contingencies, Continued:

The Company entered into agreements with employees which allow for an annual bonus equal to a 1% share of the Company's estimated distributions made to stockholders, plus any related income taxes. The employees share only in the excess of the minimum distributions allocated for stockholders to pay federal and state income taxes on the Company's net income. The agreement will terminate automatically upon the employee's termination of employment, death, a change in control of the Company, or an initial public offering of the Company's securities. Under this agreement, the Company paid $58,000 in 2018 and $24,000 in 2017. These costs are expensed as incurred and recorded as a component of operating expenses in the accompanying statements of income.

The Company is involved in legal proceedings arising in the ordinary course of its business. Legal fees and other costs associated with such actions are expensed as incurred. The Company will record a provision for these claims when it is both probable that a liability has been incurred and the amount of the loss, or a range of the potential loss, can be reasonably estimated. These provisions are reviewed regularly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information or events pertaining to a particular case. Legal proceedings accruals are recorded when and if it is determined that a loss is both probable and reasonably estimable. For litigation matters where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established, but if the matter is material, it is subject to disclosures. The Company believes that liabilities associated with any claims, while possible, are not probable, and therefore has not recorded any accrual for any claims as of December 31, 2018 or 2017, respectively. Further, while any possible range of loss cannot be reasonably estimated at this time, the Company does not believe that the outcome of any of these proceedings, individually or in the aggregate, would, if determined adversely to it, have a material adverse effect on its financial condition or business, although an adverse resolution of legal proceedings could have a material adverse effect on the Company's results of operations or cash flow in a particular quarter or year.

Certain of the Company's revenues are subject to sales and use taxes in certain jurisdictions where it conducts business in the United States. During 2018 and 2017, the Company estimated that a sales and use tax liability of $124,832 and $152,620, respectively, related to multiple taxing jurisdictions with respect to revenues in the years ended December 31, 2018 and December 31, 2017, and prior years was probable. This amount is included in accrued expenses on the accompanying balance sheets.

Additional future information obtained from the applicable jurisdictions may affect the Company's estimate of its sales and use tax liability, but such change in the estimate cannot currently be made.

PIETECH, INC.

Financial Statements

December 31, 2017

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WISS
A Partner to Grow With

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
PIEtech, Inc.

We have audited the accompanying financial statements of PIEtech, Inc. (the "Company") which comprise the balance sheet as of December 31, 2017 and the related statements of income, changes in stockholders' equity and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PIEtech, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ WISS & COMPANY, LLP

Livingston, New Jersey
June 14, 2019

PIETECH, INC.

Balance Sheet
December 31, 2017

Assets		
Current assets:		
Cash and cash equivalents	$	16,896,364
Certificates of deposit		2,682,595
Accounts receivable		1,070,843
Due from related party		51,968
Prepaid expenses and other current assets		792,609
Total current assets		21,494,379
Property and equipment, net		7,837,846
Internally developed software, net		4,044,173
Intangible assets, net		98,766
Unbilled contract revenue, long-term		920,361
	$	34,395,525
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$	821,819
Accrued expenses		519,760
Deferred revenue		8,367,632
Note payable to former stockholder, current portion		489,580
Total current liabilities		10,198,791
Long-term liabilities:		
Note payable to former stockholder, long-term		489,580
Deferred revenue, non-current		866,715
Total liabilities		11,555,086
Stockholders' equity:		
Common stock, no par value, 25,000 shares authorized, 11,481 shares issued and outstanding		1,649,981
Retained earnings		21,190,458
Total stockholders' equity		22,840,439
	$	34,395,525

See accompanying notes to financial statements.

PIETECH, INC.

Statement of Income
Year Ended December 31, 2017

Revenue:		
Software license fees	$	32,596,344
Software customization fees		2,280,816
Software training fees		508,858
Total revenue		35,386,018
Operating expenses:		
Compensation and benefits		15,018,289
General and administration		7,622,947
Depreciation and amortization		2,314,557
Total operating expenses		24,955,793
Income from operations		10,430,225
Other income (expense):		
Interest income		78,134
Interest expense		(12,109)
Total other income (expense), net		66,025
Net income	$	10,496,250

See accompanying notes to financial statements.

PIETECH, INC.

Statement of Changes in Stockholders' Equity
Year Ended December 31, 2017

	Common Stock	Note Receivable from Stockholder	Retained Earnings	Total Stockholders' Equity
Balance at January 1, 2017	$ 3,149,981	$ (1,527,150)	$ 17,856,783	$ 19,479,614
Accrued interest to stockholder	—	(6,811)	—	(6,811)
Retirement of accrued interest from stockholder	—	33,961	—	33,961
Retirement of common stock	(1,500,000)	1,500,000	(1,502,700)	(1,502,700)
Distributions to stockholders	—	—	(5,659,875)	(5,659,875)
Net income	—	—	10,496,250	10,496,250
Balance at December 31, 2017	$ 1,649,981	$ —	$ 21,190,458	$ 22,840,439

See accompanying notes to financial statements.

PIETECH, INC.

Statement of Cash Flows
Year Ended December 31, 2017

Cash flows from operating activities:		
Net income	$	10,496,250
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization		2,314,557
Interest reinvested in certificates of deposit		(18,296)
Accrued interest on notes receivable from stockholder		(6,811)
Change in operating assets and liabilities:		
Accounts receivable		(127,543)
Prepaid expenses and other current assets		(321,150)
Unbilled contract revenue		(148,987)
Accounts payable		349,073
Accrued expenses		208,181
Deferred revenue		1,253,906
Deferred revenue, non-current		(30,014)
Net cash provided by operating activities		13,969,166
Cash flows used in investing activities:		
Due from related party		691,893
Purchase of property and equipment		(376,903)
Capitalization of internally developed software		(2,494,234)
Net cash used in investing activities		(2,179,244)
Cash flows used in financing activities:		
Payments on note payable - former stockholder		(489,579)
Distributions to stockholders		(5,659,875)
Net cash used in financing activities		(6,149,454)
Net change in cash and cash equivalents		5,640,468
Cash and cash equivalents - beginning of year		11,255,896
Cash and cash equivalents - end of year	$	16,896,364

Supplemental disclosure of non-cash activities:	
Purchase of common stock through issuance of note payable and retirement of notes receivable including accrued interest from stockholder	$ 3,002,700

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies:

Nature of Business: PIEtech, Inc. (the “Company”) was incorporated in the Commonwealth of Virginia on May 6, 1997. The Company was organized to develop and market financially oriented computer software and application programs. The Company markets MoneyGuidePro® and other software to securities brokers, financial planners and other professionals.

Basis of Accounting: The financial statements are prepared in accordance with accounting standards established by the Financial Accounting Standards Board (“FASB”) to ensure consistent reporting of financial condition, results of operations and cash flows. References to U.S. generally accepted accounting principles (“GAAP”) in these footnotes are to the FASB Accounting Standards Codification, referred to as the codification or (“ASC”).

Revenue Recognition: The Company’s revenue is derived primarily from the sale of software licenses to end users and customization and implementation of the related software. Generally included within the price of the license fees are services for ongoing customer support, software maintenance, and software upgrades. Provided that no uncertainties regarding customer acceptance exist and collection of the related receivable is probable, revenue is recognized as follows:

- Software customization revenue is recognized over the period the customizations are performed.
- Implementation revenue is recognized on a straight-line basis over the life of the contract
- Usage based revenue for software licenses are recognized based on usage over the term of the related license.
- Non-usage based revenue for software licenses are generally recognized on a straight-line basis over the term of the related license.
- Training revenue is recognized over the period the training is provided.

Revenues are recognized when control of these services is transferred to our customers, in an amount that reflects the consideration that we expect to be entitled to in exchange for those services. All revenue recognized in the statements of income is considered to be revenue from contracts with customers. Sales and usage-based taxes are excluded from revenues.

Cash and Equivalents: The Company considers all investment instruments with a maturity of three months or less to be cash equivalents.

Certificates of Deposit: The Company’s certificates of deposit are invested with federally insured institutions and generally have a duration of twelve months. The Company’s investments in certificates of deposit are carried at initial cost plus accrued interest.

1. Summary of Significant Accounting Policies, Continued:

Accounts Receivable: Generally, the Company does not require collateral to support its accounts receivable. The Company evaluates the need for an allowance for doubtful accounts for uncollectible fees receivable. In establishing the amount of the allowance, if any, customer-specific information is considered related to delinquent accounts, including historical loss experience and current economic conditions. As of December 31, 2017, the Company has determined that the likelihood of non-collection is low and that an allowance is unnecessary.

Property and Equipment: Property and equipment are stated at cost less accumulated depreciation and amortization. The costs of major improvements are capitalized, while the costs of normal maintenance and repairs are charged to expense as incurred. Depreciation of furniture and equipment is computed using the straight-line method based on estimated useful lives of the depreciable assets. Leasehold improvements are amortized on a straight-line basis over their estimated economic useful lives or the remaining lease term, whichever is shorter. Improvements are capitalized, while repairs and maintenance costs are charged to operations as incurred. Assets are reviewed for recoverability whenever events or circumstances indicate the carrying value may not be recoverable. At December 31, 2017, management has determined that these assets are not impaired.

Internally Developed Software for Internal Use: Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Maintenance and training costs are expensed as incurred. Internally developed software is amortized on a straight-line basis over its estimated useful life. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

There were no impairments of internally developed software during the year ended December 31, 2017.

Intangible Assets: Intangible assets are recorded at cost less accumulated amortization. Costs of domain name and trademarks are amortized on a straight-line basis over a 15 year period. Intangible assets are reviewed for impairment whenever events or changes in circumstances may affect the recoverability of the net assets. Such reviews include an analysis of current results and take into consideration the undiscounted value of projected operating cash flows. No intangible asset impairment charges have been recorded for the year ended December 31, 2017.

1. Summary of Significant Accounting Policies, Continued:

Operating Leases: In certain circumstances, the Company enters into leases with free rent periods, rent escalations or lease incentives over the term of the lease. In such cases, the Company calculates the total payments over the term of the lease and records them ratably as rent expense over that term.

Recent Accounting Pronouncements: In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers,” which amends the existing accounting standards for revenue recognition, and all subsequent ASUs that modified Topic 606. This standard is effective for financial statements issued by private companies for annual and interim periods beginning after December 15, 2018. However, the Company decided to adopt this guidance for the Company's fiscal year beginning January 1, 2018.

The Company’s adoption of ASU 2014-09 will result in an increase to retained earnings of $877,536 as of January 1, 2018. This adjustment consist of $410,775 relating to activity during the year ended December 31, 2017 and $466,761 for cumulative activity through December 31, 2016.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326)". This update significantly changes the way that entities will be required to measure credit losses. The new standard requires that entities estimate credit losses based upon an "expected credit loss" approach rather than the "incurred loss" approach, which is currently used. The new approach will require entities to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable forecasts of collectability. The change in approach is anticipated to impact the timing of recognition of credit losses. This ASU will become effective for beginning January 1, 2020. Early adoption is permitted for fiscal years beginning January 1, 2019. The Company is currently evaluating the potential impact of this guidance on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases.” This update amends the requirements for assets and liabilities recognized for all leases longer than twelve months. Lessees will be required to recognize a lease liability measured on a discounted basis, which is the lessee’s obligation to make lease payments arising from the lease, and a right-of-use (“ROU”) asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. The Company will adopt the new standard on its effective date of January 1, 2019 using the cumulative-effect adjustment transition method with certain available transitional practical expedients.

The standard will have a material impact on our balance sheets and related disclosures but will not have a material impact on our statements of income. The most significant impact will be the recognition of ROU assets and lease liabilities for operating leases

1. Summary of Significant Accounting Policies, Continued:

The Company currently estimates adoption of ASU 2016-02 will result in the recognition of ROU assets and lease liabilities for operating leases of approximately $2,123,000 and $2,286,000, respectively, as of January 1, 2019. The difference between the ROU assets and lease liabilities primarily represents the existing deferred rent liabilities, resulting from historical straight-lining of operating leases, which was reclassified upon adoption to reduce the measurement of the ROU assets.

Management Estimates: Management of the Company has made certain estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Areas requiring the use of management estimates relate to estimating uncollectible receivables, revenue recognition, intangible and other long-lived assets, uncertain tax positions and sales tax liabilities. Actual results could differ materially from those estimates.

Income Taxes: Effective July 1, 2006, the Company elected under the Internal Revenue Code to be an S Corporation. In lieu of corporate income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. As a result, the Company does not incur any income tax obligations, unless there is a substantial sale of the assets of the Company that could cause the Company to incur a built-in gains tax based on the excess of the sale price over the fair market value of the assets sold as of the date of the S election. Any possible liability of a built-in gains tax decreases ratably over a period expiring 10 years after the effective date of the S election. As of December 31, 2017, the Company is no longer subject to U.S. Federal tax examinations for year-ends prior to December 31, 2014. With limited exceptions, the Company is no longer subject to income tax examinations for the years prior to December 31, 2013.

The Company follows authoritative guidance related to how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Company management has analyzed the tax positions the Company has taken and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

1. Summary of Significant Accounting Policies, Continued:

Concentrations and Credit Risk: Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, certificates of deposit and receivables. The Company maintains its cash in multiple financial institutions with balances that regularly exceed federally insured limits. Certificates of deposit are held with multiple financial institutions to mitigate credit risk. Receivables, consisting principally of trade accounts receivable, result from contracts with customers in the United States. Credit is extended to customers after an evaluation for credit worthiness. At December 31, 2017, two customers accounted for 27% of accounts receivable. For the year ended December 31, 2017, one customer accounted for 11% of total revenue.

Advertising Costs: Advertising costs are expensed as incurred and are included in operating expenses in the accompanying statements of income. Advertising costs were $321,710 for the year ended December 31, 2017.

Subsequent Events: Management has evaluated subsequent events through June 14, 2019, the date the financial statements were available for issuance. In November 2018, the Company acquired approximately 27% of the outstanding membership interests of a privately held company for cash consideration of $1,200,000. In accordance with the agreement, the Company is required to make future capital contributions of $1,200,000 and $1,100,000 in 2019 and 2020, respectively, subject to certain conditions. On March 14, 2019, the Company entered into a merger agreement (the “Merger Agreement”) with Envestnet, Inc. (“Envestnet”). Pursuant to the Merger Agreement, PIEtech will merge with and into Envestnet, with Envestnet continuing as the surviving corporation. This transaction closed on May 1, 2019.

2. Revenue:

Contract Balances: The Company records contract liabilities (deferred revenue) when cash payments are received in advance of its performance. For the majority of its arrangements, the Company requires advance quarterly payments before the services are delivered to the customer.

Deferred revenue primarily consists of implementation fees, professional services, and subscription fee payments received in advance from customers.

Unbilled receivables, which are not classified as contract assets, represent arrangements in which revenues have been recorded prior to billing and right to payment is unconditional.

2. Revenue, Continued:

The opening and closing balances of the Company's billed receivables, unbilled receivables and deferred revenues are as follows:

	Receivables, which are included in accounts receivable	Unbilled receivables, which are included in accounts receivable	Deferred Revenue (current)	Deferred Revenue (non-current)
Opening balance as of January 1, 2017	$ 798,461	$ 144,839	$ 7,113,726	$ 896,729
Increase (decrease), net	(134,140)	261,683	1,253,906	(30,014)
Ending balance as of December 31, 2017	$ 664,321	$ 406,522	$ 8,367,632	$ 866,715

The change in receivables is primarily a result of growth in revenue and the timing of payments on software licenses during the year ended December 31, 2017.

The increase in unbilled receivables is primarily driven by revenue recognized in excess of billings related to subscription-based services during the year ended December 31, 2017.

The increase in deferred revenue is primarily the result of increased subscription-based services during the year ended December 31, 2017, most of which will be recognized over the course of the next twelve months.

The amount of revenue recognized that was included in the opening deferred revenue balance was $7,113,726 for the year ended December 31, 2017. The amount of revenue recognized from performance obligations satisfied in prior periods was not material.

3. Prepaid Expenses and Other Current Assets:

Prepaid expenses and other current assets consist of the following at December 31, 2017:

Prepaid technology	$ 312,229
Prepaid insurance	165,460
Prepaid taxes	21,814
Other prepaid expenses	293,106
Total	$ 792,609

4. Property and Equipment:

Property and equipment consist of the following at December 31, 2017:

	Estimated Useful Life		
Cost:			
Land	not applicable	$	2,873,762
Building	39 years		2,663,979
Furniture and fixtures	7 years		746,327
Computer equipment and software	3 years		2,220,346
Office equipment	5 years		224,234
Automotive equipment	5 years		270,309
Building improvements	7-39 years		2,195,371
Leasehold improvements	Shorter of the lease term or useful life of the asset		1,536,225
			12,730,553
Less: accumulated depreciation and amortization			(4,892,707)
Total		$	7,837,846

Depreciation and amortization expense for the year ended December 31, 2017 was $708,516.

5. Internally Developed Software:

Internally developed software consists of the following at December 31, 2017:

	Estimated Useful Life		
Internally developed software	3 years	$	6,533,940
Less: accumulated depreciation and amortization			(2,489,767)
Total		$	4,044,173

Amortization expense for the year ended December 31, 2017 was $1,598,373.

6. Intangible Assets:

The Company's intangible assets consisted of the following at December 31, 2017:

	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite lived intangible assets:				
Domain name	15 years	$ 81,886	$ (13,693)	$ 68,193
Trademarks	15 years	32,861	(5,495)	27,366
Patents	not applicable	3,207	—	3,207
		$ 117,954	$ (19,188)	$ 98,766

Amortization expense for the year ended December 31, 2017 was $7,668.

On January 1, 2016, the domain name with a net carrying amount of $79,156 was transferred to the Company from a related party. Amortization expense amounted to $5,459 for 2017. Estimated amortization for the next five years is $5,459 per year with remaining amortization of $40,898 thereafter.

On January 1, 2017, the trademark with a net carrying amount of $29,575 was transferred to the Company from a related party. Amortization expense amounted to $2,209 for 2017. Estimated amortization for the next five years is $2,191 per year with remaining amortization of $16,411 thereafter.

On January 1, 2017, the patent with gross carrying amount of $3,207 was transferred to the Company from a related party. The patent is pending as of December 31, 2017. It will start amortizing over 15 years after the patent is issued.

7. Accrued Expenses:

Accrued expenses consist of the following at December 31, 2017:

Accrued compensation and related taxes	$ 226,641
Accrued rent expense	100,882
Accrued sales taxes	152,620
Interest payable to former stockholder	12,109
Other accrued expenses	27,507
Total	$ 519,759

8. Note Payable to Former Stockholder:

During 2017, the Company entered into a note payable with a former stockholder for the redemption of stock described in Note 9 for $1,468,739. The note bears interest at a rate of 2.12% per annum and requires three equal annual payments of principal in the amount of $489,580 plus all accrued interest, with a final payment due on April 1, 2019. The Company incurred interest expense on the note payable for the year ended December 31, 2017 of $12,109.

9. Related Party Transactions:

MoneyGuide Advisory, Inc., an affiliated company, owed the Company $11,870 as of December 31, 2017. MoneyGuide Solutions, Inc., an affiliated company, owed the Company $22,370 at December 31, 2017. Amounts totaling $17,728 were due from other related parties at December 31, 2017. These balances are non-interest bearing.

The Company had a note receivable due from a stockholder in the amount of $1,500,000 at December 31, 2016 which was for the purchase of Company stock. Interest was charged at 1.81% per annum and amounted to $6,811 for 2017. The stockholder was required to repay the outstanding principal amount and interest without demand on or before January 1, 2024. On April 1, 2017, the Company repurchased the stock for $3,002,700 through retirement of the note receivable including accrued interest and issuance of a note payable to the former stockholder as described in Note 8. The repurchased stock was retired in 2017.

10. Fair Value Measurements:

The Company follows ASC 825-10, Financial Instruments, which provides companies the option to report selected financial assets and liabilities at fair value. ASC 825-10 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the Company's choice to use fair value on its earnings. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheets. The Company has not elected the ASC 825-10 option to report selected financial assets and liabilities at fair value.

Financial assets and liabilities recorded at fair value in the balance sheets are categorized based upon a fair value hierarchy established by GAAP, which prioritizes the inputs used to measure fair value into the following levels:

Level I: Inputs based on quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level II: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or inputs that are observable and can be corroborated by observable market data.

10. Fair Value Measurements, Continued:

Level III: Inputs reflect management's best estimates and assumptions of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the valuation of the instruments.

Fair Value on a Recurring Basis

The following tables set forth the fair value of the Company's financial assets measured at fair value in the balance sheets as of December 31, 2017, based on the three-tier fair value hierarchy:

	December 31, 2017			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Money market funds and other (1)	$ 12,829,492	$ 12,829,492	$ —	$ —
Certificates of deposit (2)	2,682,595	—	2,682,595	—
Total assets	$ 15,512,087	$ 12,829,492	$ 2,682,595	$ —

(1) The fair values of the Company's investments in money-market funds are based on the daily quoted market prices for the net asset value of the various money market funds and time deposit accounts which mature on a daily basis.
(2) The fair value of the Company's certificates of deposit are based on the initial investment, plus accrued interest, which approximates fair value due to the short duration before maturity.

The Company's fair value measurement of assets and liabilities include money-market funds and certificates of deposit not insured by the Federal Deposit Insurance Corporation ("FDIC"). The Company periodically invests excess cash in money-market funds not insured by the FDIC. The Company believes that the investments in money market funds are on deposit with creditworthy financial institutions and that the funds are highly liquid. These money-market funds are considered Level 1 and are included in cash and cash equivalents in the balance sheets.

11. Employee Retirement Plan:

The Company has an employee retirement plan under Section 401(k) of the Internal Revenue Code. The plan provides for salary reduction contributions by eligible employees and for Company matching contributions, subject to certain limitations. The plan also provides for discretionary Company contributions as determined annually by the Board of Directors. Total Company contributions were $359,566 for 2017.

12. Commitments and Contingencies:

During 2015, the Company entered into a lease agreement for office space that includes scheduled rent increases and was expected to expire in January 2020. This lease was terminated as of December 19, 2017 and the Company entered into a new lease agreement for additional office space that also includes scheduled rent increases and expires in December 2022. Rent expense amounted to $405,185 in 2017.

During 2016, the Company entered into two lease agreements for certain vehicles requiring monthly payments of $1,234 and $1,323, respectively, and expiring in March 2019 and May 2019, respectively.

At December 31, 2017, the approximate minimum commitments for the lease agreements are as follows:

Year	Amount
2018	$ 540,002
2019	599,826
2020	604,247
2021	619,353
2022	634,837
	$ 2,998,265

The Company entered into agreements with employees which allow for an annual bonus equal to a 1% share of the Company's estimated distributions made to stockholders, plus any related income taxes. The employees share only in the excess of the minimum distributions allocated for stockholders to pay federal and state income taxes on the Company's net income. The agreement will terminate automatically upon the employee's termination of employment, death, a change in control of the Company, or an initial public offering of the Company's securities. Under this agreement, the Company paid $24,000 in 2017. These costs are expensed as incurred and recorded as a component of operating expenses in the accompanying statement of income.

12. Commitments and Contingencies, Continued:

The Company is involved in legal proceedings arising in the ordinary course of its business. Legal fees and other costs associated with such actions are expensed as incurred. The Company will record a provision for these claims when it is both probable that a liability has been incurred and the amount of the loss, or a range of the potential loss, can be reasonably estimated. These provisions are reviewed regularly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information or events pertaining to a particular case. Legal proceedings accruals are recorded when and if it is determined that a loss is both probable and reasonably estimable. For litigation matters where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established, but if the matter is material, it is subject to disclosures. The Company believes that liabilities associated with any claims, while possible, are not probable, and therefore has not recorded any accrual for any claims as of December 31, 2017. Further, while any possible range of loss cannot be reasonably estimated at this time, the Company does not believe that the outcome of any of these proceedings, individually or in the aggregate, would, if determined adversely to it, have a material adverse effect on its financial condition or business, although an adverse resolution of legal proceedings could have a material adverse effect on the Company's results of operations or cash flow in a particular quarter or year.

Certain of the Company's revenues are subject to sales and use taxes in certain jurisdictions where it conducts business in the United States. During 2017, the Company estimated that a sales and use tax liability of $152,620 related to multiple taxing jurisdictions with respect to revenues in the year ended December 31, 2017, and prior years was probable. This amount is included in accrued expenses on the accompanying balance sheet.

Additional future information obtained from the applicable jurisdictions may affect the Company's estimate of its sales and use tax liability, but such change in the estimate cannot currently be made.

Exhibit 99.3

Unaudited Pro Forma Financial Information For
Envestnet and PIEtech, Inc.
(all numbers are in thousands except share and per share information unless otherwise indicated)

On May 1, 2019, pursuant to an agreement and plan of merger (the "Merger Agreement"), dated as of March 14, 2019, between Envestnet, Inc. ("Envestnet"), PIEtech, Inc., a Virginia corporation ("PIEtech"), the persons listed on Appendix A thereto, as the sellers (the "Sellers"), Robert D. Curtis, as the Sellers' representative, and Pecan Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Envestnet ("Merger Sub"), Envestnet completed the merger of PIEtech with and into Merger Sub, with Merger Sub continuing as the surviving corporation (the "Merger") and a wholly owned direct subsidiary of Envestnet. Merger Sub has been renamed Envestnet MoneyGuide. The completion of the acquisition (the "PIEtech Acquisition") on May 1, 2019 followed the receipt of all necessary regulatory approvals and third party consents.

In connection with the PIEtech Acquisition, Envestnet paid $299,370 in cash, subject to the working capital adjustments set forth in the Merger Agreement, and (ii) issued 3,184,713 shares of common stock, par value $0.005 per share, of Envestnet common shares to certain PIEtech employees in the Merger. Envestnet funded the PIEtech Acquisition with available cash resources and borrowings under its revolving credit facility.

The foregoing summary of the Merger Agreement does not purport to be a complete description and is subject to, and qualified in its entirety by, the full text of the Merger Agreement, a copy of which was filed as Exhibit 2.1 to Envestnet's Form 8-K filed on March 14, 2019.

In connection with the Merger, Envestnet adopted the Envestnet, Inc. 2019 Acquisition Equity Incentive Plan (the "Equity Plan") in order to make inducement grants to certain PIEtech employees who will join Envestnet MoneyGuide. Envestnet agreed to grant at future dates, not earlier than the sixty day anniversary of the Merger, up to 301,469 shares of Envestnet common stock in the form of restricted stock units ("RSUs") and performance stock units ("PSUs") pursuant to the Equity Plan.

The foregoing summary of the Equity Plan does not purport to be a complete description and is subject to, and qualified in its entirety by, the full text of the Equity Plan, a copy of which was filed as Exhibit 10.1 to Envestnet's Form 8-K filed on May 1, 2019.

Envestnet has made cash retention payments of approximately $8,800 to certain legacy PIEtech employees who joined Envestnet MoneyGuide. Envestnet has also granted two PIEtech executives membership interests with an estimated fair market value of $8,900 in certain Envestnet equity method investments.

The following unaudited pro forma condensed combined statement of operations for the year ended December 31, 2018 combine the historical consolidated statements of operations of Envestnet, the PortfolioCenter Business of Performance Technologies, Inc., a wholly owned subsidiary of The Charles Schwab Corporation ("PortfolioCenter"), which was acquired by Envestnet on April 1, 2019 (the "PortfolioCenter Acquisition"), and PIEtech, giving effect to the PortfolioCenter Acquisition and the PIEtech Acquisition as if these acquisitions had occurred on January 1, 2018.

The unaudited pro forma condensed combined balance sheet as of December 31, 2018 combines the historical consolidated balance sheets of Envestnet, PortfolioCenter and PIEtech, giving effect to the PortfolioCenter Acquisition and the PIEtech Acquisition as if these acquisitions had occurred on December 31, 2018.

The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (i) directly attributable to the PIEtech Acquisition, (ii) factually supportable and (iii) with respect to the condensed combined statements of operations, expected to have a continuing impact on the combined company's results. The unaudited pro forma condensed combined financial statements should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the unaudited pro forma condensed combined financial information was based on, and should be read in conjunction with:

- the audited consolidated financial statements and related notes of Envestnet contained in Envestnet's Annual report on Form 10-K for the year ended December 31, 2018;

- the audited consolidated financial statements and related notes of PIEtech as of and for the year ended December 31, 2018, which are included as Exhibit 99.1 to this Current Report on Form 8-K/A; and

- the audited abbreviated financial statements and related notes of the PortfolioCenter Business of Performance Technologies, Inc. as of and for the years ended December 31, 2018 and 2017, which are included as Exhibit 99.1 to Envestnet's Current Report on Form 8-K/A filed with the Securities and Exchange Commission ("SEC") on June 7, 2019.

The unaudited pro forma condensed combined financial information has been prepared by Envestnet using the acquisition method of accounting in accordance with U.S. generally accepted accounting principles ("GAAP"). Envestnet has been treated as the acquirer in the PIEtech Acquisition for accounting purposes. The acquisition accounting, including certain valuation and other studies, is in progress and is not yet at the point where there is sufficient information for a definitive measurement. The assets and liabilities of PIEtech have been measured based on various preliminary estimates using assumptions that Envestnet believes are reasonable based on information that is currently available to it. Differences between these preliminary estimates and the final acquisition accounting may occur, and those differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position. The pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial statements prepared in accordance with the rules and regulations of the SEC.

Envestnet has commenced the necessary valuation and other studies required to complete the acquisition accounting and will finalize the acquisition accounting as soon as reasonably practicable within the required measurement period prescribed by FASB Accounting Standards Codification® (“ASC”) 805, *Business Combinations,* but no later than one year following completion of the PIEtech Acquisition.

The unaudited pro forma condensed combined financial information has been presented for informational purposes only. The unaudited pro forma condensed combined financial information does not purport to represent the actual results of operations that Envestnet, PortfolioCenter and PIEtech would have achieved had the companies been combined during the periods presented in the unaudited pro forma condensed combined financial statements and is not intended to project the future results of operations that the combined company may achieve after the PIEtech Acquisition. The unaudited pro forma condensed combined financial information does not reflect any potential cost savings that may be realized as a result of the PIEtech Acquisition and also does not reflect any restructuring or integration-related costs, if any, to achieve those potential cost savings. The PortfolioCenter Business and PIEtech have historically transacted with Envestnet and/or its subsidiaries. These transactions have been eliminated in the unaudited pro forma condensed combined financial statements.

Envestnet, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet of Envestnet and PIEtech, Inc.
As of December 31, 2018
(in thousands)

	Historical		Pro Forma		
	Condensed combined pro forma total for Envestnet and PortfolioCenter (1)	PIEtech (2)	Adjustments		Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 271,845	$ 23,894	$ (186,904)	(a)	$ 108,835
Fees receivable, net	68,050	1,793	(36)	(b)	69,807
Prepaid expenses and other current assets	23,557	801	—		24,358
Total current assets	363,452	26,488	(186,940)		203,000
Property and equipment, net	44,991	8,269	(2,389)	(c)	50,871
Internally developed software, net	38,209	4,485	(4,485)	(d)	38,209
Intangible assets, net	317,641	91	216,909	(e)	534,641
Goodwill	533,708	—	349,561	(f)	883,269
Other non-current assets	25,298	2,656	(1,137)	(g)	26,817
Total assets	$ 1,323,299	$ 41,989	$ 371,519		$ 1,736,807
Liabilities and Equity					
Current liabilities:					
Accrued expenses and other liabilities	$ 133,298	$ 535	$ 7,025	(h),(j)	$ 140,858
Accounts payable	19,219	485	(36)	(i)	19,668
Convertible Notes due 2019	165,711	—	—		165,711
Note payable	—	490	(490)	(j)	—
Contingent consideration	732	—	—		732
Deferred revenue	25,588	10,702	(5,458)	(k)	30,832
Total current liabilities	344,548	12,212	1,041		357,801
Convertible Notes due 2023	294,725	—	—		294,725
Revolving credit facility	—	—	130,000	(a)	130,000
Contingent consideration	8,300	—	—		8,300
Deferred revenue	6,910	818	(417)	(k)	7,311
Deferred rent and lease incentive	17,569	—	—		17,569
Deferred tax liabilities, net	640	—	40,271	(l)	40,911
Other non-current liabilities	18,005	—	—		18,005
Total liabilities	690,697	13,030	170,895		874,622
Stockholders' equity:					
Common stock and additional paid in capital	761,434	1,650	220,834	(m)	983,918
Accumulated deficit and accumulated other comprehensive loss	(59,876)	27,309	(20,210)	(n)	(52,777)
Treasury stock	(67,858)	—	—		(67,858)
Total stockholders' equity	633,700	28,959	200,624		863,283
Non-controlling interest	(1,098)	—	—		(1,098)
Total equity	632,602	28,959	200,624		862,185
Total liabilities and equity	$ 1,323,299	$ 41,989	$ 371,519		$ 1,736,807

(1) Based on calculations set forth in the unaudited pro forma condensed combined statement of operations for Envestnet, including PortfolioCenter, included elsewhere in this Exhibit 99.3.
(2) Certain reclassifications were made to conform to Envestnet's financial statement presentation. These reclassifications primarily consist of certificates of deposits being reclassified to cash and cash equivalents and equity in joint venture being reclassified to other non-current assets.

See notes to the unaudited pro forma condensed combined financial statements.

Envestnet, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations of Envestnet and PIEtech, Inc.
Year Ended December 31, 2018
(in thousands, except share and per share information)

	Historical		Pro Forma		
	Condensed combined pro forma total for Envestnet and PortfolioCenter (1)	PIEtech	Adjustments		Combined
Revenues	$ 825,777	$ 43,868	$ (398)	(o)	$ 869,247
Operating expenses:					—
Cost of revenues	263,292	—	(398)	(o)	262,894
Compensation and benefits	323,448	14,577	2,278	(p)	340,303
General and administration	142,880	9,085	—		151,965
Depreciation and amortization	79,848	2,847	22,793	(d),(e)	105,488
Total operating expenses	809,468	26,509	24,673		860,650
Income from operations	16,309	17,359	(25,071)		8,597
Other income (expense), net	(23,327)	196	(10,416)	(g),(q)	(33,547)
Income (loss) before income tax benefit	(7,018)	17,555	(35,487)		(24,950)
Income tax benefit	(12,762)	—	(1,058)	(r)	(13,820)
Net income (loss)	5,744	17,555	(34,429)		(11,130)
Add: Net loss attributable to non-controlling interest	1,745	—	—		1,745
Net income (loss) attributable to Envestnet, Inc.	$ 7,489	$ 17,555	$ (34,429)		$ (9,385)
Net income (loss) per share:					
Basic	$ 0.17				$ (0.19)
Diluted	$ 0.16				$ (0.19)
Weighted average common shares outstanding:					
Basic	45,268,002		3,184,713	(s)	48,452,715
Diluted	47,384,085		1,068,630	(s)	48,452,715

(1) Based on calculations set forth in the unaudited pro forma condensed combined statement of operations for Envestnet, including PortfolioCenter, included elsewhere in this Exhibit 99.3.

See notes to the unaudited pro forma condensed combined financial statements

1. Description of Transaction

On May 1, 2019, pursuant to an agreement and plan of merger (the "Merger Agreement"), dated as of March 14, 2019, between Envestnet, Inc. ("Envestnet"), PIEtech, Inc., a Virginia corporation ("PIEtech"), the persons listed on Appendix A thereto, as the sellers (the "Sellers"), Robert D. Curtis, as the Sellers' representative, and Pecan Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Envestnet ("Merger Sub"), Envestnet completed the merger of PIEtech with and into Merger Sub, with Merger Sub continuing as the surviving corporation (the "Merger") and as a wholly-owned subsidiary of Envestnet. Merger Sub has been renamed Envestnet MoneyGuide. The completion of the acquisition (the "PIEtech Acquisition") on May 1, 2019 followed the receipt of all necessary regulatory approvals and third party consents.

In connection with the PIEtech Acquisition, Envestnet paid $299,370 in cash, subject to the working capital adjustments set forth in the Merger Agreement, and (ii) issued 3,184,713 shares of Envestnet common stock, par value $0.005 per share, to certain PIEtech employees in the Merger. Envestnet funded the PIEtech Acquisition with available cash resources and borrowings under its revolving credit facility.

The foregoing summary of the Merger Agreement does not purport to be a complete description and is subject to, and qualified in its entirety by, the full text of the Merger Agreement, a copy of which was filed as Exhibit 2.1 to Envestnet's Form 8-K filed on March 14, 2019.

In connection with the Merger, Envestnet adopted the Envestnet, Inc. 2019 Acquisition Equity Incentive Plan (the "Equity Plan") in order to make inducement grants to certain PIEtech employees who will join Envestnet MoneyGuide. Envestnet agreed to grant at future dates, not earlier than the sixty day anniversary of the Merger, up to 301,469 shares of Envestnet common stock in the form of restricted stock units ("RSUs") and performance stock units ("PSUs") pursuant to the Equity Plan.

The foregoing summary of the Equity Plan does not purport to be a complete description and is subject to, and qualified in its entirety by, the full text of the Equity Plan, a copy of which was filed as Exhibit 10.1 to Envestnet's Form 8-K filed on May 1, 2019.

Envestnet also made cash retention payments of approximately $8,800 to certain legacy PIEtech employees who joined Envestnet MoneyGuide. Envestnet has also granted two PIEtech executives membership interests with an estimated fair market value of $8,900 in certain Envestnet equity method investments.

2. Basis of Presentation

The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting and are based on the historical consolidated financial statements of Envestnet, PortfolioCenter and PIEtech. The acquisition method of accounting is based on ASC 805, *Business Combinations*, and uses the fair value concepts defined in ASC 820, *Fair Value Measurements*. The unaudited pro forma combined financial statements set forth below includes the pro forma impact of the acquisition of PortfolioCenter on April 1, 2019 as this transaction was deemed significant in accordance with SEC Regulation S-K.

ASC 805 requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. In addition, ASC 805 requires that the consideration transferred be measured at the date the acquisition was completed at the then-current market price.

ASC 820 defines the term "fair value," sets forth the valuation requirements for any asset or liability measured at fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. As a result of these standards, Envestnet may be required to record the fair value of assets which are not intended to be used or sold and/or to value assets at fair value measures that do not reflect Envestnet's intended use of those assets. Many of these fair value measurements can be highly subjective, and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Under the acquisition method of accounting, the assets acquired and liabilities assumed will be recorded, as of the completion of the PIEtech Acquisition, primarily at their respective fair values and added to those of Envestnet. Financial statements and reported results of operations of Envestnet issued after the completion of the PIEtech Acquisition will reflect these values, but will not be retroactively restated to reflect the historical financial position or results of operations of PIEtech.

Under ASC 805, acquisition-related transaction costs (e.g., advisory, legal, valuation and other professional fees) are not included as a component of consideration transferred but are accounted for as expenses in the periods in which such costs are incurred. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2018 are required to exclude non-recurring costs and costs directly related to the PIEtech Acquisition.

The unaudited pro forma condensed combined balance sheet as of December 31, 2018 is required to include adjustments which give effect to events that are directly attributable to the PIEtech Acquisition regardless of whether they are expected to have a continuing impact on the combined results or are non-recurring. Therefore, acquisition-related transaction costs expected to be incurred by Envestnet and PIEtech subsequent to December 31, 2018 of approximately $7,031, are reflected as a pro forma adjustment to the unaudited pro forma condensed combined balance sheet as of December 31, 2018 as an increase to accrued expenses and accumulated deficit.

The unaudited pro forma condensed combined financial statements do not reflect the impacts of approximately $17,700 of estimated expenses relating to retention or compensation agreements entered into by legacy employees and executives of PIEtech with Envestnet as these items have been deemed to be non-recurring expenses that do not represent the ongoing costs of the fully integrated combined organization.

The unaudited pro forma condensed combined financial statements do not reflect any projected realization of cost savings following the completion of the PIEtech Acquisition. These cost savings opportunities are primarily related to administrative cost savings. Although Envestnet projects that cost savings will result from the PIEtech Acquisition, there can be no assurance that these cost savings will be achieved. The unaudited pro forma condensed combined financial statements do not reflect any potential restructuring and integration-related costs associated with the projected cost savings. Such restructuring and integration-related costs will be expensed in the appropriate accounting periods after completion of the PIEtech Acquisition. In addition, the unaudited pro forma condensed combined financial statements do not reflect any potential debt repayments.

3. Accounting Policies

At the completion of the PIEtech Acquisition, Envestnet reviewed PIEtech's accounting policies and did not identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements. Therefore, the unaudited pro forma condensed combined financial statements assume there are no differences in accounting policies.

4. Consideration Transferred

The following is a summary of the estimated preliminary consideration transferred to effect the acquisition of PIEtech:

Cash consideration	$	299,370
Stock consideration		222,484
Total consideration paid		521,854
Less: cash acquired		(6,360)
Total estimated fair value of consideration transferred, net of cash acquired	$	515,494

5. Estimate of Assets to be Acquired and Liabilities to be Assumed

The following is a preliminary estimate of the assets acquired and the liabilities assumed by Envestnet in the PIEtech Acquisition:

Total tangible assets acquired, net of cash acquired	$	9,957
Total liabilities assumed		(61,024)
Identifiable intangible assets		217,000
Goodwill		349,561
Total estimated preliminary consideration allocation	$	515,494

Identifiable intangible assets are required to be measured at fair value, and these acquired assets could include assets that are not intended to be used or sold or that are intended to be used in a manner other than their highest and best use. For purposes of these unaudited pro forma condensed combined financial statements and consistent with ASC 820's requirements for fair value measurements, it is assumed that all acquired assets will be used in a manner that represents the highest and best use of those acquired assets, but it is not assumed that any market participant synergies will be achieved.

The fair value of identifiable intangible assets is determined primarily using variations of the “income approach,” which is based on the present value of the future after-tax cash flows attributable to each identifiable intangible asset. Other valuation methods, including the market approach and cost approach, were also considered in estimating the fair value. Goodwill is calculated as the difference between the acquisition-date fair value of the total consideration transferred and the aggregate values assigned to the assets acquired and liabilities assumed.

As of the date of this Form 8-K/A filing, Envestnet has not finalized the calculation of the estimated fair values of PIEtech’s identifiable intangible assets. Some of the more significant assumptions inherent in the development of intangible asset values, from the perspective of a market participant, include, but are not limited to: the amount and timing of projected future cash flows (including revenue and profitability); the discount rate selected to measure the risks inherent in the future cash flows; the assessment of the asset’s life cycle; and the competitive trends impacting the asset. For purposes of these unaudited pro forma condensed combined financial statements, the fair value of PIEtech’s identifiable intangible assets and their useful lives have been preliminarily estimated as follows:

		Estimated Fair Value	Estimated Useful Life in Years
Customer lists	$	181,000	10-16
Proprietary technologies		25,000	5
Trade names		11,000	8
Total intangible assets acquired	$	217,000	

These preliminary estimates may be different from the amounts included in the final acquisition accounting, and the difference could have a material impact on the accompanying unaudited pro forma condensed combined financial statements. Once Envestnet has completed the final valuation of PIEtech’s intangible assets, additional insight will be gained that could impact (i) the estimated total value assigned to identifiable intangible assets, (ii) the estimated allocation of value between finite-lived and indefinite-lived intangible assets (as applicable) and/or (iii) the estimated weighted-average useful life of each category of intangible assets. The combined effect of any such changes to these estimated fair values could then also result in a significant increase or decrease to Envestnet’s estimate of associated amortization expense.

6. Pro Forma Adjustments

The pro forma adjustments included in the unaudited pro forma condensed combined financial statements are as follows:

(a) To reflect the cash consideration amount of $299,370 funded by borrowings of $130,000 and the use of $169,370 of available cash in order to fund the PIEtech Acquisition. In accordance with the Merger Agreement, the Seller's retained $17,534 of PIEtech's available cash.

(b) To eliminate the historical accounts receivable of $36 related to services provided by a subsidiary of Envestnet to PIEtech.

(c) To eliminate $2,389 of PIEtech land not acquired by Envestnet. No further adjustments have been made to property and equipment as the estimated fair value of PIEtech's property and equipment acquired by Envestnet approximated their net book value. Accordingly, no change was made to PIEtech's historical depreciation expense for the year ended December 31, 2018

(d) To eliminate historical PIEtech internally developed software of $4,485 as of December 31, 2018 and to eliminate historical amortization of $2,049 for the year ended December 31, 2018.

(e) To eliminate historical PIEtech intangible assets of $91 as of December 31, 2018 and to eliminate historical intangible amortization of $8 for the year ended December 31, 2018.

To record the estimated fair value of PIEtech intangible assets as of December 31, 2018 and estimated amortization expense associated with the new intangible assets for the year ended December 31, 2018.

	Estimated Fair Value	Estimated Useful Life in Years	Amortization For the Year Ended December 31, 2018
Customer lists	$ 181,000	10-16	$ 18,475
Proprietary technologies	25,000	5	5,000
Trade names	11,000	8	1,375
Total intangible assets acquired	$ 217,000		$ 24,850

Amortization expense related to the customer relationships are amortized on an accelerated method and proprietary technology and trade name and domains are amortized on a straight-line method. A 5% increase or decrease in each of the intangible asset fair values would result in an approximate increase or decrease of $1,243 in the estimated amortization expense for the year ended December 31, 2018

(f) To record the estimated fair value of goodwill of $349,561 for this merger.

(g) To eliminate $1,137 related to a PIEtech equity method investment not acquired by Envestnet. Additionally, to eliminate $63 of losses recorded from this equity method investment in 2018.

(h) To record estimated transaction costs totaling $7,031. The estimated transaction costs are not reflected in the unaudited pro forma condensed combined statements of operations as these costs are non-recurring and are directly related to the acquisition.

(i) To eliminate historical accounts payable of $36 related to services provided by a subsidiary of Envestnet to PIEtech.

(j) To eliminate the note payable of $490 and related accrued interest expense of $6, both paid in full by PIEtech prior to transaction closing. Additionally, to eliminate interest expense of $15 in 2018 related to the note payable (refer to tickmark (q) below).

(k) To record the fair value adjustment to deferred revenues acquired from PIEtech. The fair value of deferred revenue represents an amount equivalent to the estimated cost plus a reasonable profit margin to perform services based on deferred revenue balances of PIEtech as of December 31, 2018. The fair value adjustment to deferred revenue will reduce revenues during a period of time following the merger; however this adjustment has not been included in the pro forma condensed combined statement of operations because it is non-recurring in nature.

(l) To eliminate the Company's domestic deferred tax asset valuation allowance of $14,130 and to recognize $54,401 of deferred tax liabilities related to acquired intangible assets that are amortizable on a GAAP basis. Because PIEtech will be included in Envestnet's consolidated tax return, Envestnet has determined that the deferred tax liabilities related to the PIEtech Acquisition provide sufficient taxable income to realize Envestnet's domestic deferred tax assets of $14,130. However, the income tax benefit of $14,130 related to the reduction in Envestnet's domestic deferred valuation allowance is not reflected in the unaudited pro forma condensed combined statement of operations because it will not have a continuing impact.

(m) To eliminate PIEtech 's historical common stock and additional paid-in capital and to record the stock portion of the merger consideration totaling $222,484.

(n) To eliminate PIEtech 's historical retained earnings of $27,309 and to record accrued transaction costs of $7,031, offset by the reversal of Envestnet's historical domestic deferred tax asset valuation allowance of $14,130.

(o) To eliminate 2018 intercompany revenue of $398 related to an Envestnet subsidiary's sales to PIEtech.

(p) Envestnet granted restricted stock units to certain former PIEtech employees upon commencement of their employment with Envestnet. The restricted stock units ("RSUs") vest one-third on the first anniversary of the grant date and quarterly over the next two years. To record stock-based compensation for the issuance of the restricted stock units net of estimated forfeitures:

	For the Year Ended December 31, 2018
Non-cash compensation expense for new RSU grants	$ 1,610
Non-cash compensation expense for new PSU grants	668
Non-cash compensation expense adjustment	$ 2,278

(q) To record estimated interest expense related to additional borrowings on Envestnet's credit facility related to the acquisition, the estimated interest income foregone and to eliminate PIEtech's historical interest expense:

	For the Year Ended December 31, 2018
Estimated interest expense on revolving credit facility	$ 6,699
Estimated foregone interest income	3,795
Less: historical interest expense on PIEtech note payable	(15)
Net interest expense adjustment	$ 10,479

The calculation of interest expense on the credit facility assumes no repayment of principal for the periods presented and an assumed annual interest rate of 5.23%. An increase or decrease in the average annual interest rate of 0.125% would result in an approximate increase or decrease of $163 in the estimated interest expense for the year ended December 31, 2018.

(r) As explained in Note (l) above, the acquisition of PIEtech will result in the reversal of Envestnet's valuation allowance on its domestic deferred tax assets, thus enabling the combined entity to record a benefit on its pretax losses. This pro forma adjustment reflects the additional income tax benefit related to the combined pro forma pretax loss during the year ended December 31, 2018, based on a blended statutory tax rate of 25%.

(s) The adjustments to basic earnings per share ("EPS") for the year ended December 31, 2018 are summarized as follows:

	For the Year Ended December 31, 2018
Envestnet weighted average shares used to compute basic EPS	45,268,002
Envestnet shares issued to acquire PIEtech	3,184,713
Pro forma weighted average basic shares outstanding	48,452,715

The adjustments to diluted EPS for the year ended December 31, 2018 are summarized as follows:

	For the Year Ended December 31, 2018
Envestnet weighted average shares used to compute diluted EPS	47,384,085
Less: common equivalent shares no longer dilutive	-2,116,083
Envestnet shares issued to acquire PIEtech	3,184,713
Total adjustment	1,068,630
Pro forma weighted average diluted shares outstanding	48,452,715

Unaudited Pro Forma Financial Information for
Envestnet and the PortfolioCenter Business of Performance Technologies, Inc.
(all numbers are in thousands except share and per share information unless otherwise indicated)

On April 1, 2019, pursuant to an asset purchase agreement (the "Merger Agreement"), dated as of February 21, 2019, between Envestnet Inc. ("Envestnet"), Tamarac, Inc. ("Tamarac"), a wholly owned subsidiary of Envestnet, Performance Technologies, Inc. ("Seller"), a wholly owned subsidiary of The Charles Schwab Corporation ("Schwab"), and Schwab, Tamarac completed the acquisition (the "Acquisition") of certain assets, primarily consisting of intangible assets, and the assumption of certain liabilities, of the Sellers' PortfolioCenter Business (the "PortfolioCenter Business"). The PortfolioCenter Business provides investment advisors and investment advisory service providers with desktop, hosted and outsourced multicustodial software solutions. These solutions provide data-management and performance-measurement tools, as well as customizable accounting, reporting, and billing functions delivered through the commercial software application products known as PortfolioCenter Desktop, PortfolioCenter Hosted, PortfolioServices and Service Bureau. The PortfolioCenter Business operates in the United States.

In connection with the Acquisition, Tamarac paid $17,500 in cash and assumed certain liabilities. Tamarac funded the Acquisition with available cash resources. The Seller is also entitled to an earn-out payment ("contingent consideration") that will be based on certain PortfolioCenter Business' customer revenues for the twelve-month period beginning on April 1, 2020.

The following unaudited pro forma condensed combined balance sheet as of December 31, 2018 combines the historical consolidated balance sheets of Envestnet and the PortfolioCenter Business, giving effect to the Acquisition as if it had occurred on December 31, 2018**.**

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2018 combines the historical consolidated statements of operations of Envestnet and the PortfolioCenter Business, giving effect to the Acquisition as if it had occurred on January 1, 2018.

The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (i) directly attributable to the Acquisition, (ii) factually supportable, and (iii) with respect to the condensed combined statement of operations, expected to have a continuing impact on the combined company's results. The unaudited pro forma condensed combined financial statements should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the unaudited pro forma condensed combined financial information was based on, and should be read in conjunction with:

- the audited consolidated financial statements and related notes of Envestnet contained in Envestnet's Annual Report on Form 10-K for the year ended December 31, 2018;

- the audited abbreviated financial statements and related notes of the PortfolioCenter Business of Performance Technologies, Inc. as of and for the years ended December 31, 2018 and 2017, which are included as Exhibit 99.1 to the Current Report on Form 8-K/A filed with the SEC on June 7, 2019.

Prior to the Acquisition, the Seller did not maintain separate discrete financial information for the PortfolioCenter Business necessary to prepare complete financial statements. As a result, the audited abbreviated financial statements omitted certain costs not directly involved in the revenue producing activities of the PortfolioCenter Business. These omitted costs include costs related to corporate overhead, such as executive management, risk management, accounting, tax, legal, compliance, human resources, information technology management and other general support functions. Therefore, the audited abbreviated financial statements are not intended to be a complete presentation of the PortfolioCenter Business' assets or liabilities, nor of its revenue and expenses. Accordingly, the historical operating results of the PortfolioCenter Business may not be indicative of the results that might have been achieved had the PortfolioCenter Business been a stand-alone entity. As a result, the unaudited pro forma condensed combined financial statements are not indicative of the financial condition or results of operations of the acquired business going forward due to potential changes in the business and the omission of various operating expenses.

The unaudited pro forma condensed combined financial information has been prepared by Envestnet using the acquisition method of accounting in accordance with U.S. generally accepted accounting principles ("GAAP"). Envestnet has been treated as the acquirer in the Acquisition for accounting purposes. The acquisition accounting, including certain valuation and other studies, is in progress and is not yet at the point where there is sufficient information for a definitive measurement. The assets and liabilities of PortfolioCenter Business have been measured based on various preliminary estimates using assumptions that Envestnet believes are reasonable based on information that is currently available to it. Differences between these preliminary estimates and the final acquisition accounting may occur, and those differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position. The pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial statements prepared in accordance with the rules and regulations of the Securities and Exchange Commission.

Envestnet will finalize the acquisition accounting as soon as reasonably practicable within the required measurement period prescribed by Accounting Standards Codification ("ASC") 805, *Business Combinations,* but no later than one year following the completion of theAcquisition.

The unaudited pro forma condensed combined financial information has been presented for informational purposes only. The unaudited pro forma condensed combined financial information does not purport to represent the actual results of operations that Envestnet and the PortfolioCenter Business would have achieved had the companies been combined during the periods presented in the unaudited pro forma condensed combined financial statements and is not intended to project the future results of operations that the combined company may achieve after the Acquisition. The unaudited pro forma condensed combined financial information does not reflect any potential cost savings that may be realized as a result of the Acquisition and also does not reflect any restructuring or integration-related costs, if any, to achieve those potential cost savings. The PortfolioCenter Business has historically provided certain services to Tamarac. These transactions have been eliminated in the unaudited pro forma condensed combined financial statements.

Envestnet, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet of Envestnet
and the PortfolioCenter Business of Performance Technologies, Inc.
As of December 31, 2018
(in thousands)

	Historical		Pro Forma		
	Envestnet	PortfolioCenter	Adjustments		Combined
Assets:					
Current assets:					
Cash and cash equivalents	$ 289,345	$ —	$ (17,500)	(a)	$ 271,845
Fees and other receivables, net	68,004	394	(348)	(b)	68,050
Prepaid expenses and other current assets	23,557	—	—		23,557
Total current assets	380,906	394	(17,848)		363,452
Property and equipment, net	44,991	—	—		44,991
Internally developed software, net	38,209	—	—		38,209
Intangible assets, net	305,241	—	12,400	(c)	317,641
Goodwill	519,102	3,229	11,377	(d)	533,708
Other non-current assets	25,298	—	—		25,298
Total assets	$ 1,313,747	$ 3,623	$ 5,929		$ 1,323,299
Liabilities and Equity:					
Current liabilities:					
Accrued expenses	$ 133,298	$ —	$ —		$ 133,298
Accounts payable	19,567	—	(348)	(b)	19,219
Convertible Notes due 2019	165,711	—	—		165,711
Deferred revenue	23,988	3,965	(2,365)	(e)	25,588
Contingent Consideration	732	—	—		732
Total current liabilities	343,296	3,965	(2,713)		344,548
Convertible notes	294,725	—	—		294,725
Contingent consideration	—	—	8,300	(f)	8,300
Deferred revenue	6,910	—	—		6,910
Deferred rent and lease incentive	17,569	—	—		17,569
Deferred tax liabilities, net	640	—	—	(j)	640
Other non-current liabilities	18,005	—	—		18,005
Total liabilities	681,145	3,965	5,587		690,697
Equity:					
Total Stockholders' equity	633,700	(342)	342	(g)	633,700
Non-controlling interest	(1,098)	—	—		(1,098)
Total liabilities and equity	$ 1,313,747	$ 3,623	$ 5,929		$ 1,323,299

See notes to the unaudited pro forma condensed combined financial statements.

Envestnet, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations of Envestnet
and the PortfolioCenter Business of Performance Technologies, Inc.
Year Ended December 31, 2018
(in thousands, except share and per share information)

	Historical		Pro Forma		
	Envestnet	PortfolioCenter	Adjustments		Combined
Revenues	$ 812,363	$ 18,790	$ (5,376)	(h)	$ 825,777
Operating expenses:					
Cost of revenues	263,400	3,812	(3,920)	(h)	263,292
Compensation and benefits	317,188	6,425	(165)	(i)	323,448
General and administration	139,984	1,816	1,080	(f)	142,880
Depreciation and amortization	77,626	—	2,222	(c)	79,848
Total operating expenses	798,198	12,053	(783)		809,468
Income from operations	14,165	6,737	(4,593)		16,309
Other expense, net	(23,327)	—	—		(23,327)
Income (loss) before income tax benefit	(9,162)	6,737	(4,593)		(7,018)
Income tax provision (benefit)	(13,172)	—	410	(j)	(12,762)
Net income	4,010	6,737	(5,003)		5,744
Add: net loss attributable to non-controlling interest	1,745	—	—		1,745
Net income attributable to Envestnet, Inc.	$ 5,755	$ 6,737	$ (5,003)		$ 7,489
Net income per share:					
Basic	$ 0.13	—	—		$ 0.17
Diluted	$ 0.12	—	—		$ 0.16
Weighted average common shares outstanding:					
Basic	45,268,002	—	—		45,268,002
Diluted	47,384,085	—	—		47,384,085

See notes to the unaudited pro forma condensed combined financial statements.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Description of Transaction

On April 1, 2019, pursuant to an asset purchase agreement (the "Merger Agreement"), dated as of February 21, 2019, between Envestnet, Tamarac, Inc. ("Tamarac"), a wholly owned subsidiary of Envestnet, Performance Technologies, Inc. ("Seller"), a wholly owned subsidiary of The Charles Schwab Corporation ("Schwab"), and Schwab, Tamarac completed the acquisition (the "Acquisition") of certain assets, primarily consisting of intangible assets, and the assumption of certain liabilities, of the Sellers' PortfolioCenter Business. The PortfolioCenter Business provides investment advisors and investment advisory service providers with desktop, hosted and outsourced multicustodial software solutions. These solutions provide data-management and performance-measurement tools, as well as customizable accounting, reporting, and billing functions delivered through the commercial software application products known as PortfolioCenter Desktop, PortfolioCenter Hosted, PortfolioServices and Service Bureau. The PortfolioCenter Business operates in the United States.

In connection with the Acquisition, Tamarac paid $17,500 in cash and assumed certain liabilities. Tamarac funded the Acquisition with available cash resources. The Seller is also entitled to contingent consideration which is based on certain PortfolioCenter Business' customer revenues for the twelve-month period beginning on April 1, 2020.

2. Basis of Presentation

The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting and are based on the historical consolidated financial statements of Envestnet and the abbreviated financial statements of the Seller. The acquisition method of accounting is based on ASC 805, *Business Combinations*, and uses the fair value concepts defined in ASC 820, *Fair Value Measurements.*

ASC 805 requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. In addition, ASC 805 requires that the consideration transferred be measured at the time the Acquisition was completed at the then-current market price.

ASC 820 defines the term "fair value," sets forth the valuation requirements for any asset or liability measured at fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. As a result of these standards, Envestnet may be required to record the fair value of assets which are not intended to be used or sold and/or to value assets at fair value measures that do not reflect Envestnet's intended use of those assets. Many of these fair value measurements can be highly subjective, and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Under the acquisition method of accounting, the assets acquired and liabilities assumed will be recorded, as of the completion of the Acquisition, primarily at their respective fair values and added to those of Envestnet. Financial statements of Envestnet issued after the completion of the Acquisition will reflect these values, but will not be retroactively restated to reflect the Seller's historical financial position or results of operations.

Under ASC 805, acquisition-related transaction costs (e.g., advisory, legal, valuation and other professional fees) are not included as a component of consideration transferred but are accounted for as expenses in the periods in which such costs are incurred. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2018 are required to exclude non-recurring costs and costs directly related to the Acquisition. Acquisition-related transaction costs incurred by Envestnet and the PortfolioCenter Business were not material.

The unaudited pro forma condensed combined balance sheet as of December 31, 2018 is required to include adjustments which give effect to events that are directly attributable to the Acquisition regardless of whether they are expected to have a continuing impact on the combined results or are non-recurring.

The unaudited pro forma condensed combined financial statements do not reflect any projected realization of cost savings following completion of the Acquisition. These cost savings opportunities are primarily related to administrative cost savings. Although Envestnet projects that cost savings will result from the Acquisition, there can be no assurance that these cost savings will be achieved. The unaudited pro forma condensed combined financial statements do not reflect any potential restructuring and integration-related costs associated with the projected cost savings. Such restructuring and integration-related costs, if any, will be expensed in the appropriate accounting periods after completion of the Acquisition.

3. Accounting Policies

At completion of the Acquisition, Envestnet reviewed the PortfolioCenter Business' accounting policies and did not identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements. Therefore, the unaudited pro forma condensed combined financial statements assume there are no differences in accounting policies.

4. Consideration Transferred

The following is a summary of preliminary consideration transferred to effect the acquisition of the PortfolioCenter Business:

Base consideration	$	17,500
Estimated contingent consideration (see footnote 6(f))		8,300
Total estimated fair value of consideration transferred	$	25,800

5. Estimate of Assets to be Acquired and Liabilities to be Assumed

The following is a preliminary estimate of the assets acquired and the liabilities assumed by Envestnet in the Acquisition:

Total tangible assets acquired	$	394
Total liabilities assumed		(1,600)
Identifiable intangible assets		12,400
Goodwill		14,606
Total estimated preliminary consideration allocation	$	25,800

Identifiable intangible assets are required to be measured at fair value, and these acquired assets could include assets that are not intended to be used or sold or that are intended to be used in a manner other than their highest and best use. For purposes of these unaudited pro forma condensed combined financial statements and consistent with ASC 820's requirements for fair value measurements, it is assumed that all acquired assets will be used in a manner that represents the highest and best use of those acquired assets, but it is not assumed that any market participant synergies will be achieved.

The fair value of identifiable intangible assets is determined primarily using variations of the “income approach,” which is based on the present value of the future after-tax cash flows attributable to each identifiable intangible asset. Other valuation methods, including the market approach and cost approach, were also considered. Goodwill is calculated as the difference between the acquisition-date fair value of the total consideration transferred and the aggregate values assigned to the assets acquired and liabilities assumed.

As of the date of this Form 8-K/A filing, Envestnet has not finalized the calculation of the estimated fair values of PortfolioCenter Business' identifiable intangible assets. Some of the more significant assumptions inherent in the development of intangible asset values, from the perspective of a market participant, include, but are not limited to: the amount and timing of projected future cash flows (including revenue and profitability); the discount rate selected to measure the risks inherent in the determination of future cash flows; the assessment of the asset’s life cycle; and the competitive trends impacting the asset. For purposes of these unaudited pro forma condensed combined financial statements, the fair value of PortfolioCenter Business' identifiable intangible assets and their useful lives have been preliminarily estimated as follows:

		Estimated Fair Value	Estimated Useful Life in Years
Customer list	$	9,100	10
Proprietary technology		3,300	4
Total intangible assets acquired	$	12,400	

These preliminary estimates of fair values and useful lives may be different from the amounts included in the final acquisition accounting, and the difference could have a material impact on the accompanying unaudited pro forma condensed combined financial statements. Once Envestnet has completed the final valuation of PortfolioCenter Business' intangible assets, additional insight will be gained that could impact (i) the estimated total value assigned to identifiable intangible assets, (ii) the estimated allocation of value between finite-lived and indefinite-lived intangible assets (as applicable) and/or (iii) the estimated useful life of each category of intangible assets. The combined effect of any such changes to these estimated fair values could then also result in a significant increase or decrease to Envestnet's estimate of associated amortization expense.

6. Pro Forma Adjustments

The pro forma adjustments included in the unaudited pro forma condensed combined financial statements are as follows:

(a) To reflect the cash consideration amount of$17,500 paid with available cash.

(b) To eliminate the historical intercompany receivable/payable of$348 related to services provided to Tamarac from the PortfolioCenter Business.

(c) To record the estimated fair value ofPortfolioCenter Business' intangible assets and the resulting amortization expense:

				Amortization	
		Estimated Fair Value	Estimated Useful Life in Years	For the year ended December 31, 2018	
Customer relationship	$	9,100	10	$	1,397
Proprietary technology		3,300	4		825
Total intangible assets acquired	$	12,400		$	2,222

Amortization expense related to customer relationships are amortized on a modified accelerated method and proprietary technology is amortized on a straight-line method. A five percent increase or decrease in each of the intangible asset fair values would result in an approximate increase or decrease of $111 in the estimated amortization expense for the year ended December 31, 2018

(d) To record the estimated fair value of goodwill of$14,606 for the Acquisition and to eliminate PortfolioCenter Business' historic goodwill of $3,229.

(e) To record the fair value adjustment of$2,365 to deferred revenue acquired from PortfolioCenter Business in accordance with ASC 820. The fair value of deferred revenue represents the amount equivalent to the estimated cost plus a reasonable profit margin to perform services based on deferred revenue balances of PortfolioCenter Business as of December 31, 2018.

(f) To record the fair value of contingent consideration of$8,300 as of December 31, 2018 and accretion expense of$1,080 for the year ended December 31, 2018, using an assumed discount rate of 11.8%.

(g) To eliminate PortfolioCenter's historical accumulated deficit of $342.

(h)To eliminate 2018 intercompany revenue of $3,920 related to PortfolioCenter Business sales to Tamarac and to eliminate $1,456 of related party revenue between the PortfolioCenter Business and Schwab that will not continue subsequent to the date of the Acquisition.

(i) Envestnet issued restricted stock units to certain legacyPortfolioCenter employees in conjunction with the Acquisition. The restricted stock units vest one third on the first anniversary of the grant date and quarterly thereafter. To record stock-based compensation for the issuance of the restricted shares and to eliminate stock-based compensation recorded by PortfolioCenter Business for the historical periods presented:

	For the year ended December 31, 2018
Stock compensation expense for new RSU grants	$ 63
Less: Historical PortfolioCenter Business RSU stock compensation expense	(228)
Net	$ (165)

(j) Envestnet has a valuation allowance on its net deferred tax assets. As a result of the Acquisition, Envestnet will recognize tax expense related to state taxes and goodwill amortization which are not offset by the valuation allowance.