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

FORM 8-K

CURRENT REPORT

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

Date of Report: December 6, 2019

Date of Earliest Event Reported: December 6, 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 Current Report on Form 8-K is being filed by Envestnet, Inc. (‘Envestnet”) for the purpose of (i) providing unaudited pro forma financial information through September 30, 2019, which incorporates the operating results of the PortfolioCenter Business of Portfolio Technologies, Inc. (the "PortfolioCenter Business") which was acquired by Envestnet on April 1, 2019 and the operating results of PIEtech, Inc. and Subsidiaries ("PIEtech") which was acquired by Envestnet on May 1, 2019 and (ii) unaudited abbreviated financial statements of the PortfolioCenter Business as of March 31, 2019 and for the three months ended March 31, 2019 and 2018 and unaudited condensed consolidated financial statements of PIEtech as of March 31, 2019 and for the three months ended March 31, 2019 and 2018.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of business acquired.

The following financial statements of the PortfolioCenter Business and of PIEtech, respectively, are being filed as an exhibit to this Current Report on Form 8-K and are included herein:

Exhibit 99.1 — Unaudited abbreviated financial statements of the PortfolioCenter Business of Performance Technologies, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and 2018.

Exhibit 99.2 — Unaudited PIEtech, Inc. and Subsidiaries condensed consolidated financial statements as of March 31, 2019 andfor the three months ended March 31, 2019 and 2018.

Pursuant to a letter dated March 14, 2019 from the staff of the Division of Corporation Finance of the Securities and Exchange Commission, the staff stated that it would not object to the filing of the Abbreviated Combined Financial Statements in satisfaction of Rule 3-05 of Regulation S-X as described in Note 1 to the Abbreviate Combined Financial Statements included as Exhibit 99.1 to this Current Report on Form 8-K.

(b) Unaudited pro forma financial information.

The following pro forma financial information is being filed as an exhibit to this Current Report on Form 8-K and is included herein:

Exhibit 99.3 — Unaudited pro forma condensed combined financial statements and explanatory notes for Envestnet, Incfor the nine months ended September 30, 2019.

(d) Exhibits.

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

Exhibit No.	Description
99.1	Unaudited abbreviated financial statements of the PortfolioCenter Business of Performance Technologies, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and 2018.
99.2	Unaudited condensed consolidated financial statements of PIEtech, Inc. and Subsidiaries as of March 31, 2019 and for the three months ended March 31, 2019 and 2018.
99.3	Unaudited pro forma condensed combined financial statements and explanatory notes for Envestnet, Inc. for the nine months ended September 30, 2019.

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: December 6, 2019

ENVESTNET, INC.

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

EXHIBIT INDEX

Exhibit No.	Description
99.1	Unaudited abbreviated financial statements of the PortfolioCenter Business of Performance Technologies, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and 2018.
99.2	Unaudited condensed consolidated financial statements of PIEtech, Inc. and Subsidiaries as of March 31, 2019 and for the three months ended March 31, 2019 and 2018.
99.3	Unaudited pro forma condensed combined financial statements and explanatory notes for Envestnet, Inc. for the nine months ended September 30, 2019.

Exhibit 99.1

PortfolioCenter Business of Performance Technologies, Inc.

(A business of The Charles Schwab Corporation)

Abbreviated Financial Statements

As of and for the Three Months Ended March 31, 2019 and 2018

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PortfolioCenter Business of Performance Technologies, Inc.

Statements of Assets Acquired and Liabilities Assumed
(in thousands)
(Unaudited)

	March 31, 2019	December 31, 2018
Assets acquired		
Current assets:		
Fees receivable	$ 13	$ 394
Total current assets	**13**	**394**
Intangible assets, net	—	—
Goodwill	3,229	3,229
Total assets acquired	**$ 3,242**	**$ 3,623**
Liabilities assumed		
Current liabilities:		
Deferred revenue	$ 3,725	$ 3,965
Total current liabilities	**3,725**	**3,965**
Total liabilities assumed	**$ 3,725**	**$ 3,965**
Assets acquired and liabilities assumed, net	**$ (483)**	**$ (342)**

The accompanying notes are an integral part of these abbreviated financial statements.

Statements of Revenues and Direct Expenses
(in thousands)
(Unaudited)

Three Months Ended March 31,	**2019**	**2018**
Revenues	$ 4,466	$ 4,770
Direct expenses:		
Cost of revenues	1,094	802
Compensation and benefits	1,461	1,640
General and administration	412	410
Total direct expenses	2,967	2,852
Revenues less direct expenses	**$ 1,499**	**$ 1,918**

The accompanying notes are an integral part of these abbreviated financial statements.

Notes to the Abbreviated Financial Statements
(in thousands)
(Unaudited)

(1) Description of the Transaction, Description of the Business, and Basis of Presentation

Description of the transaction

On February 21, 2019, Performance Technologies, Inc., a wholly-owned subsidiary of The Charles Schwab Corporation ("Schwab"), entered into an Asset Purchase Agreement (the "Agreement") with Envestnet, Inc. and Tamarac Inc. to sell certain assets and liabilities of its portfolio management and reporting technology solution business (the "PortfolioCenter Business" or the "Business") to Tamarac Inc.

Description of the Business

The PortfolioCenter Business is a solution set owned by Performance Technologies, Inc. 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 (collectively the "PortfolioCenter Products"). The PortfolioCenter Business operates in the United States.

Basis of presentation

The accompanying abbreviated financial statements were prepared to present the assets acquired and liabilities assumed and revenues and direct expenses for the Business in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The statements of assets acquired and liabilities assumed and statements of revenues and direct expenses were prepared for the purpose of complying with the rules and regulations of Rule 3-05 of Regulation S-X of the U.S. Securities and Exchange Commission and are not intended to be a complete presentation of the Business' assets, liabilities, revenues and expenses. These interim abbreviated financial statements should be read in conjunction with the 2018 annual abbreviated financial statements and notes thereto.

Historically, stand-alone financial statements related to the Business have not been prepared, as Schwab did not maintain separate discrete financial information for the Business. Therefore, it is not practical to provide complete financial statements. These abbreviated financial statements represent the PortfolioCenter Business subject to sale under the Agreement, and were derived from the accounting records of Schwab. The abbreviated financial statements include the assets acquired and liabilities assumed in accordance with the Agreement. The abbreviated financial statements also include certain allocations of direct expenses from Schwab, such as software, infrastructure, certain compensation-related costs for product development and application maintenance, other compensation-related costs for employees directly supporting the Business, and certain general and administration costs, which are directly associated with the revenue-generating activities of the Business. Direct expenses are allocated by Schwab to the Business primarily based on specific identification, relative proportion of Business costs to Schwab costs, and headcount on a full-time equivalent basis. Management believes the direct expenses allocated and the methodologies used to allocate such direct expenses are reasonable and appropriate. The abbreviated financial statements do not include corporate overhead costs, such as executive management, risk management, accounting, tax, legal, compliance, human resources, information technology management, and other general support functions, as these costs are not directly associated with the revenue-generating activities of the Business. The financial information presented herein may not be indicative of the results that would have been achieved if the Business operated as a separate, stand-alone entity during the periods presented. In addition, the abbreviated financial statements may not be indicative of the financial condition or results of operations of the Business going forward.

The Business' cash activities have historically been comingled with Schwab's, and are therefore not separately identifiable. All cash flow requirements of the Business were historically funded by Schwab, and cash management functions were not performed at the PortfolioCenter Business level. The preparation of complete statements of cash flows was therefore not practicable, as the Business did not maintain a separate cash balance.

(2) Summary of Significant Accounting Policies

Use of estimates

The preparation of the abbreviated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts in the accompanying abbreviated financial statements and in the related disclosures. These estimates are based on information available as of the date of the abbreviated financial statements. While management makes its best judgment, actual amounts or results could differ from those estimates. In the opinion of management, all normal, recurring adjustments have been included for a fair statement of this interim financial information.

Revenue recognition

The Business' accounting policies for revenue recognition are discussed in Note 3.

Cost of revenues

Cost of revenues represents costs of technology and infrastructure used to provide the PortfolioCenter Products. These costs include direct compensation-related costs for product development and application maintenance, software costs and other infrastructure costs that are either specifically identifiable to the Business or allocated by Schwab based on relative proportion of specifically identified costs.

Compensation and benefits

Compensation and benefits includes direct compensation and employee benefits for employees of the Business, excluding certain compensation-related costs for product development and application maintenance. Such costs are either specifically identifiable to the Business or allocated by Schwab primarily based on headcount. Compensation and benefits includes certain employee benefits provided by Schwab, which are described below.

Stock option plan

Schwab grants stock options to employees for the purchase of shares of common stock. Options are granted at an exercise price not less than market value on the date of grant, and expire ten years from the date of grant. Options generally vest annually over a one- to four-year period from the date of grant.

Restricted stock units

Restricted stock units are awards that entitle the holder to receive shares of Schwab's common stock following a vesting period. Restricted stock units are restricted from transfer or sale and generally vest annually over a one- to four-year period. The fair value of restricted stock units is based on the market price of Schwab's stock on the date of grant. Since the underlying stock is Schwab's and not the Business' stock, the Business settles the allocated amounts in cash through the process of payment and settlement with Schwab or its affiliates.

Retirement plan

Schwab sponsors a qualified retirement plan, the SchwabPlan® Retirement Savings and Investment Plan, in which certain employees of the Business participate. Schwab may match certain employee contributions or make additional contributions to this plan at its discretion.

Compensation expense related to the retirement plan amounted to $73 and $88 for the three months ended March 31, 2019 and 2018, respectively.

General and administration

General and administration represents direct expenses for bank card processing charges, professional services charges for offshore support, travel and entertainment, communication, and other general and administration expenses which were either specifically identifiable to the Business or allocated by Schwab primarily based on headcount.

Goodwill

Goodwill represents the fair value of acquired businesses in excess of the fair value of the individually identified net assets acquired. Goodwill is not amortized but is tested for impairment annually or whenever indications of impairment exist. Impairment exists when the carrying amount of goodwill exceeds its implied fair value, resulting in an impairment charge for this excess. The Business can elect to qualitatively assess goodwill for impairment if it is more likely than not that the fair value of a reporting unit exceeds its carrying value.

If the Business elects to bypass qualitatively assessing goodwill, or it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, management estimates the fair value of each reporting unit (defined as the businesses for which financial information is available and reviewed regularly by management) and compares it to the carrying values. The Business performed the annual impairment analysis as of December 31, 2018. The Business concluded it has one reporting unit. The estimated fair value of the reporting unit is established using a market approach wherein management estimates the fair value based on market multiples of revenues and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting unit and recent market transactions. The Business did not recognize any goodwill impairment in any of the periods presented.

Notes to the Abbreviated Financial Statements
(in thousands)
(Unaudited)

New accounting standards

Standard	Description	Date of adoption	Effects on the abbreviated financial statements or other significant matters
Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)" and related ASUs	Clarifies that revenue from contracts with clients should be recognized in a manner that depicts the timing of the related transfer of goods or performance of services at an amount that reflects the expected consideration. Adoption allows either full or modified retrospective transition. Full retrospective transition requires a cumulative effect adjustment to retained earnings as of the earliest comparative period presented. Modified retrospective transition requires a cumulative effect adjustment to retained earnings as of the beginning of the reporting period in which the entity first applies the new guidance.	January 1, 2018	The Business adopted the new revenue recognition guidance using the full retrospective method, which applies the new revenue recognition standard to each prior reporting period presented. There were no significant impacts to the timing, recognition, or presentation of the Business' revenue upon adoption of this guidance.

(3) Revenue Recognition

Disaggregated revenue

The following table presents the Business' revenue by major source.

Three Months Ended March 31,		**2019**		**2018**
PortfolioCenter Desktop	$	1,807	$	2,092
Service Bureau		1,165		1,078
PortfolioCenter Hosted		815		774
PortfolioServices		647		788
Other		32		38
Total revenues	**$**	**4,466**	**$**	**4,770**

PortfolioCenter Desktop

The PortfolioCenter desktop application is offered as desktop software and related maintenance services, including support and unspecified updates and upgrades. The desktop software license is a separate performance obligation to the customer, which is satisfied at the point in time the customer takes control of the software license. The maintenance services are a separate performance obligation, which is satisfied ratably over the annual service period. The Business earns a fixed fee for the license and maintenance services, which is billed annually and collected in advance and does not contain a significant financing component. The Business allocates the total transaction price to the license and maintenance based upon standalone selling price, which is equal to the stated list price.

Service Bureau

The Business licenses the PortfolioCenter software system to third-party service providers (service bureaus) who wish to utilize the software to offer their own customers outsourced data management, performance reporting, and billing in a hosted solution. The Service Bureau contract contains a time-based software license and related maintenance services, including support and unspecified updates and upgrades. The software license is a separate performance obligation to the customer, which is satisfied at the point in time the customer takes control of the software license. The Business earns a fixed fee for this solution which is billed and collected at the beginning of the service period and recognized upfront. The Business also receives ongoing usage-based royalties for the use of the license, which is collected and recognized monthly as the usage occurs. The maintenance services are a separate performance obligation which is satisfied ratably over the service period. The Business earns a fixed quarterly fee for providing these maintenance services, which is billed and collected in advance and recognized ratably over the service period. The Business allocates the total transaction price to the license and maintenance based upon standalone selling price, which is equal to the stated list price.

PortfolioCenter Hosted

PortfolioCenter Hosted is offered as a hosted online solution. The hosting arrangement is a single performance obligation to the customer, which is satisfied over time. The Business earns a fixed fee for this solution, which is billed and collected monthly in advance. The fixed fee is recognized ratably over the service period.

Notes to the Abbreviated Financial Statements
(in thousands)
(Unaudited)

PortfolioServices

PortfolioServices is a web-based portfolio management and performance reporting solution that is managed for customers by a dedicated service team at the PortfolioCenter Business. The professional services are a single performance obligation to the customer, which is satisfied over time. The Business earns a quarterly fee for providing these professional services based on the number of accounts for each customer, which is billed and collected in advance and recognized ratably over the service period.

Fees receivable

Fees receivable is comprised of billed and unbilled receivables from customers primarily related to Service Bureau contracts. The Business evaluates the need for an allowance for doubtful accounts for potentially 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 March 31, 2019 and December 31, 2018, there was no allowance for doubtful accounts recorded.

Deferred revenue

The Business records deferred revenue when cash payments are received in advance of contract performance. For the majority of its arrangements, the Business requires advance payments before services are delivered to the customer. Substantially all deferred revenue relates to performance obligations in which the contract term is twelve months or less. The amount of revenue recognized that was included in the opening deferred revenue balance was $1,661 and $1,852 for the three months ended March 31, 2019 and 2018, respectively.

(4) Related Party Transactions

Schwab may offer discounts to certain customers of the Business for services provided by the Business as a result of existing relationships between Schwab and those customers. The Business provides the discounts to its customers at the direction of Schwab. Schwab in turn reimburses the Business for those discounts provided, and the discount reimbursement is included within revenues in the statements of revenues and direct expenses. Reimbursements from Schwab for these discounts are detailed below:

Three Months Ended March 31,		**2019**		**2018**
PortfolioCenter Desktop	$	216	$	256
PortfolioCenter Hosted		72		67
PortfolioServices		39		65
Other		5		3
Total reimbursement from Schwab included in revenues	**$**	**332**	**$**	**391**

(5) Contingencies and Concentration Risks

The Business may get involved in claims that arise from time to time in the ordinary course of its business. The Business records a provision when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. There were no outstanding claims that warranted expense recognition or disclosure in the abbreviated financial statements for the periods presented.

Revenues from one customer, Tamarac Inc., represented greater than 10% of total revenues for the three months ended March 31, 2019 and 2018. Tamarac Inc. is the buyer of the PortfolioCenter Business under the Agreement. No other customer represented more than 10% of total revenues.

(6) Subsequent Event

On April 1, 2019, Tamarac Inc. completed the acquisition of the PortfolioCenter Business.

Exhibit 99.2

PIETECH, INC.

Interim Financial Statements (Unaudited)

As of March 31, 2019 and for the three months ended

March 31, 2019 and 2018

PIETECH, INC.

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PIETECH, INC.

Balance Sheet
(Unaudited)

	March 31, 2019
Assets	
Current assets:	
Cash and cash equivalents	$ 23,342,066
Certificates of deposit	3,082,729
Accounts receivable	2,697,839
Prepaid expenses and other current assets	976,954
Total current assets	30,099,588
Property and equipment, net	5,660,024
Internally developed software, net	4,564,570
Right-of-use asset, net	1,999,581
Intangible assets, net	89,262
Equity in joint venture	981,273
Other non-current assets	1,463,403
	$ 44,857,701
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	$ 2,004,849
Accrued expenses	575,365
Deferred revenue, current	13,128,547
Operating lease obligation, current	527,981
Total current liabilities	16,236,742
Long-term liabilities:	
Deferred revenue, non-current	715,303
Operating lease obligation, non-current	1,631,928
Total liabilities	18,583,973
Stockholders' equity:	
Common stock, no par value, 25,000 shares authorized, 11,481 shares issued and outstanding	1,649,981
Retained earnings	24,623,747
Total stockholders' equity	26,273,728
	$ 44,857,701

See accompanying Notes to Interim Financial Statements (Unaudited).

PIETECH, INC.

Statements of Income
Three Months Ended March 31, 2019 and 2018
(Unaudited)

	2019	2018
Revenue:		
Software license fees	$ 11,605,491	$ 9,035,373
Software customization fees	332,709	517,637
Software training fees	198,458	108,209
Total revenue	12,136,658	9,661,219
Operating expenses:		
Compensation and benefits	3,589,727	3,639,210
General and administration	2,252,926	1,621,133
Depreciation and amortization	851,658	681,717
Total operating expenses	6,694,311	5,942,060
Income from operations	5,442,347	3,719,159
Other income (expense):		
Interest income	113,097	39,582
Interest expense	(2,594)	(5,189)
Loss from unconsolidated joint venture	(155,233)	—
Total other income (expense), net	(44,730)	34,393
Net income	$ 5,397,617	$ 3,753,552

See accompanying Notes to Interim Financial Statements (Unaudited).

PIETECH, INC.

Statements of Changes in Stockholders' Equity
Three Months Ended March 31, 2019 and 2018
(Unaudited)

	Common Stock	Retained Earnings	Total Stockholders' Equity
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	—	(1,850,235)	(1,850,235)
Net income	—	3,753,552	3,753,552
Balance at March 31, 2018	$ 1,649,981	$ 23,971,311	$ 25,621,292
Balance at December 31, 2018	$ 1,649,981	$ 27,309,472	$ 28,959,453
Distributions to stockholders	—	(8,083,342)	(8,083,342)
Net income	—	5,397,617	5,397,617
Balance at March 31, 2019	$ 1,649,981	$ 24,623,747	$ 26,273,728

See accompanying Notes to Interim Financial Statements (Unaudited).

PIETECH, INC.

Statements of Cash Flows
Three Months Ended March 31, 2019 and 2018
(Unaudited)

	2019	2018
Cash flows from operating activities:		
Net income	$ 5,397,617	$ 3,753,552
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	851,658	681,717
Interest reinvested in certificates of deposit	(11,730)	(6,553)
Loss from unconsolidated joint venture	155,233	—
Non-cash lease expense	160,328	—
Change in operating assets and liabilities:		
Accounts receivable	(904,835)	(386,003)
Prepaid expenses and other current assets	(175,806)	(40,890)
Other non-current assets	54,827	(84,905)
Accounts payable	1,519,730	(253,349)
Accrued expenses	40,414	545,593
Deferred revenue, current	2,426,334	3,734,190
Deferred revenue, non-current	(102,361)	(96,472)
Net cash provided by operating activities	9,411,409	7,846,880
Cash flows from investing activities:		
Purchase of property and equipment	(36,719)	—
Capitalization of internally developed software	(672,058)	(622,520)
Proceeds from sale of property and equipment	2,389,068	—
Net cash provided by (used in) investing activities	1,680,291	(622,520)
Cash flows from financing activities:		
Due from related party	—	18,033
Payments on note payable - former stockholder	(489,580)	—
Distributions to stockholders	(8,083,342)	(1,850,235)
Net cash used in financing activities	(8,572,922)	(1,832,202)
Net change in cash and cash equivalents	2,518,778	5,392,158
Cash and cash equivalents - beginning of period	20,823,288	16,896,364
Cash and cash equivalents - end of period	$ 23,342,066	$ 22,288,522

See accompanying Notes to Interim Financial Statements (Unaudited).

PIETECH, INC.

Statements of Cash Flows, Continued
Three Months Ended March 31, 2019 and 2018
(Unaudited)

	2019	2018
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ 7,784	$ —

See accompanying notes to Interim Financial Statements (Unaudited).

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.

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.

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").

The accompanying unaudited financial statements of the Company as of March 31, 2019 and for the three months ended March 31, 2019 and 2018 have not been audited by an independent registered public accounting firm. These unaudited financial statements have been prepared on the same basis as our audited financial statements for the year ended December 31, 2018 and reflect all normal recurring adjustments which are, in the opinion of management, necessary to present fairly the Company's financial position as of March 31, 2019 and the results of operations for the periods presented herein. The unaudited financial statements include the accounts of the Company.

The results of operation for the three months ended March 31, 2019 are not necessarily indicative of the operating results to be expected for other interim periods or for the full fiscal year.

The unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2018.

1. Summary of Significant Accounting Policies, continued:

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.

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 March 31, 2019, the Company has determined that the likelihood of non-collection is low and that an allowance is unnecessary.

1. Summary of Significant Accounting Policies, continued:

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.

There were no impairments of property and equipment during the three months ended March 31, 2019 and 2018.

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 three months ended March 31, 2019 and 2018.

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 three months ended March 31, 2019 and 2018.

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 statements of income.

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 three months ended March 31, 2019.

Recent Accounting Pronouncements: 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 adopted the new standard on its effective date of January 1, 2019 using the cumulative-effect adjustment transition method with certain available transitional practical expedients (see Note 12 Leases).

1. Summary of Significant Accounting Policies, continued:

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 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 the 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 March 31, 2019, 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.

The Company follows authoritative guidance related to how uncertain tax positions should be recognized, measured, disclosed and presented in the 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 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.

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 March 31, 2019, one customer accounted for 24% of accounts receivable. For the three months ended March 31, 2019 and 2018, one customer accounted for 8% and 10% 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 three months ended March 31, 2019 and 2018, advertising costs were $158,560 and $68,069, respectively.

Subsequent Events: Management has evaluated subsequent events through December 6, 2019, the date the financial statements were available for issuance. On April 26, 2019, the Company sold its investment in the joint venture to two stockholders. No gain or loss was recognized on this sale.

As disclosed in Note 1, the Company was acquired 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 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.

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.

2. Revenue, continued:

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

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 March 31, 2019:

Years ending December 31,	
Remainder of 2019	27,258,541
2020	29,428,830
2021	9,566,064
2022	5,843,558
2023	1,097,500
Total	73,194,493

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

2. Revenue, continued:

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.

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, 2019	$ 998,942	$ 794,062	$ 10,702,213	$ 817,664
Increase (decrease), net	1,120,931	(216,096)	2,426,334	(102,361)
Ending balance as of March 31, 2019	$ 2,119,873	$ 577,966	$ 13,128,547	$ 715,303

The increase in accounts receivable is primarily a result of growth in revenue and the timing of payments on software licenses during the three months ended March 31, 2019.

The decrease in unbilled receivables is primarily driven by revenue billed in excess of revenue recognized related to software licenses during the three months ended March 31, 2019.

2. Revenue, continued:

The increase in deferred revenue is primarily the result of increased subscription-based services during the three months ended March 31, 2019, 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 $5,887,494 and $4,324,546 for the three months ended March 31, 2019 and 2018, respectively. The amount of revenue recognized from performance obligations satisfied in prior periods was not material.

Deferred sales incentive compensation: Deferred sales incentive compensation was $969,698 as of March 31, 2019. Amortization expense for deferred sales incentive compensation was $98,427 and $53,039 for the three months ended March 31, 2019 and 2018, respectively. 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 sheet 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:

	March 31, 2019
Prepaid technology	$ 394,231
Prepaid insurance	138,549
Other prepaid expenses	444,174
Total	$ 976,954

4. Property and Equipment:

Property and equipment consist of the following:

	Estimated Useful Life	March 31, 2019
Cost:		
Land	not applicable	$ 484,695
Building	39 years	2,640,586
Furniture and fixtures	7 years	789,327
Computer equipment and software	3 years	2,837,531
Office equipment	5 years	293,684
Automotive equipment	5 years	270,309
Building improvements	7-39 years	2,205,321
Leasehold improvements	Shorter of the lease term or useful life of the asset	2,069,444
		11,590,897
Less: accumulated depreciation and amortization		(5,930,873)
Total		$ 5,660,024

Depreciation and amortization expense for the three months ended March 31, 2019 and 2018 was $256,928 and $186,622, respectively.

5. Internally Developed Software:

Internally developed software consists of the following:

	Estimated Useful Life	March 31, 2019
Internally developed software	3 years	$ 9,696,080
Less: accumulated depreciation and amortization		(5,131,510)
Total		$ 4,564,570

Amortization expense for the three months ended March 31, 2019 and 2018 was $592,876 and $493,183, respectively.

6. Intangible Assets:

The Company's intangible assets consisted of the following at March 31, 2019:

	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite lived intangible assets:				
Domain name	15 years	$ 81,886	$ (20,475)	$ 61,411
Trademarks	15 years	32,861	(8,217)	24,644
Patents	not applicable	3,207	—	3,207
		$ 117,954	$ (28,692)	$ 89,262

Amortization expense for the three months ended March 31, 2019 and 2018 was $1,854 and $1,912, 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 $1,323 and $1,364 for the three months ended March 31, 2019 and 2018, respectively. Estimated amortization for the next five years is $5,459 per year with remaining amortization of $34,116 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 $531 and $548 for the three months ended March 31, 2019 and 2018, respectively. Estimated amortization for the next five years is $2,191 per year with remaining amortization of $13,689 thereafter.

6. Intangible Assets, continued:

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 March 31, 2019. 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 March 31, 2019 and for the three months ended March 31, 2019:

Total assets	$	1,582,578
Total liability	$	376
Total equity	$	1,582,202
Revenues	$	—
Net loss	$	(582,050)
Company's share of net loss	$	(155,233)

8. Other Non-Current Assets:

Other non-current assets consist of the following:

		March 31, 2019
Unbilled contract revenue	$	493,705
Deferred sales incentive compensation		969,698
Total	$	1,463,403

9. Accrued Expenses:

Accrued expenses consist of the following:

	March 31, 2019
Accrued compensation and related taxes	$ 401,494
Accrued sales and use taxes	47,510
Interest payable to former stockholder	865
Other accrued expenses	125,496
Total	$ 575,365

10. Note Payable to Former Stockholder:

During 2017, the Company entered into a note payable to a former stockholder for the redemption of stock 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 three months ended March 31, 2019 and 2018 of $2,594 and $5,189, respectively. This note was paid off during the three months ended March 31, 2019.

11. 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 sheet. 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 sheet 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.

11. 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.

The following tables set forth the fair value of the Company's financial assets measured at fair value in the balance sheet as of March 31, 2019, based on the three-tier fair value hierarchy:

	March 31, 2019			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Money market funds and other (1)	$ 22,276,458	$ 22,276,458	$ —	$ —
Certificates of deposit (2)	3,082,729	—	3,082,729	—
Total assets	$ 25,359,187	$ 22,276,458	$ 3,082,729	$ —

(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 I and are included in cash and cash equivalents in the balance sheet.

12. Leases:

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.

On January 1, 2019, the Company adopted ASU 2016-02 and all subsequent ASUs that modified Topic 842 ("ASC 842") using the effective date transition method. We elected the available package of practical expedients. The Company has elected to apply the short-term lease exemption to all of its classes of underlying assets.

The standard had a material impact on the Company's balance sheet, but did not have an impact on the Company's statements of income. The most significant impact was the recognition of right-of-use ("ROU") asset and lease liabilities for operating leases. Adoption of the standard had no impact on the previously reported results.

At inception, the Company determines if an arrangement is a lease. Operating leases are included in ROU asset, current lease liability and non-current lease liability on the balance sheet. The Company does not have finance leases.

ROU assets represent the Company's right to use an asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the remaining lease term. As none of the Company's leases provide the implicit rate, the Company estimates an estimated incremental borrowing rate based on information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes prepaid payments and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain the Company will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has entered into an operating lease for corporate offices effective December 19, 2017. This lease includes a one-time option to terminate the lease in month 39 with 120 days prior written notice. Terms of the Company's leases may change from time to time. This lease expires in December 2022.

This lease has both lease and non-lease components. The Company has elected the practical expedient to account for non-lease components as part of the lease component for all asset classes.

12. Leases, continued:

Rent expense amounted to $142,819 for each of the three months ended March 31, 2019 and 2018, respectively. The discount rate was determined to be 3.53%. Cash paid for amounts included in the measurement of the operating lease liability was $146,240 and $107,359 for the three months ended March 31, 2019 and 2018, respectively.

Future minimum lease payments as of March 31, 2019, are as follows:

Year	Amount
Remainder of 2019	$ 397,471
2020	604,247
2021	619,353
2022	634,837
Total future minimum lease payments	2,255,908
Less imputed interest	(95,999)
Total operating lease liability	$ 2,159,909

13. Commitments and Contingencies:

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 did not make any payments for the three months ended March 31, 2019 and 2018, respectively. When payments are made, these costs are expensed as incurred and recorded as a component of operating expenses in the accompanying statements of income.

13. 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 March 31, 2019. 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. As of March 31, 2019, the Company estimated that a sales and use tax liability of $47,510 related to multiple taxing jurisdictions with respect to revenues in the three months ended March 31, 2019, 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, PortfolioCenter Business and PIEtech, Inc.
(all numbers are in thousands except share and per share information unless otherwise indicated)

The following pro forma financial statements, which incorporates the operating results of Envestnet, Inc. ("Envestnet" or the "Company"), the PortfolioCenter Business of Portfolio Technologies, Inc. (the "PortfolioCenter Business") and PIEtech, Inc. and Subsidiaries ("PIEtech"), are being provided for the purpose of providing (i) unaudited pro forma financial information through September 30, 2019 and (ii) unaudited abbreviated financial statements of the PortfolioCenter Business as of March 31, 2019 and for the three months ended March 31, 2019 and 2018 and unaudited condensed consolidated financial statements of PIEtech as of March 31, 2019 and for the three months ended March 31, 2019 and 2018.

PortfolioCenter Acquisition

On April 1, 2019, pursuant to an asset purchase agreement, dated as of February 21, 2019, between Envestnet, Tamarac, Inc. (“Tamarac”), a wholly-owned subsidiary of Envestnet, Performance Technologies, Inc. (“PTI”), a wholly-owned subsidiary of The Charles Schwab Corporation (“Schwab”), and Schwab, Tamarac completed the acquisition (the “PortfolioCenter Acquisition”) of certain assets, primarily consisting of intangible assets, and the assumption of certain liabilities, of PTI's 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 PortfolioCenter Acquisition, Tamarac paid $17,500 in cash and assumed certain liabilities. Tamarac funded the PortfolioCenter Acquisition with available cash resources. PTI 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.

PIEtech Acquisition

On May 1, 2019, pursuant to an agreement and plan of merger (the “PIEtech Merger Agreement”), dated as of March 14, 2019, between Envestnet, PIEtech, a Virginia corporation, the persons listed on Appendix A thereto, as the sellers (the “PIEtech Sellers”), Robert D. Curtis, as the PIEtech 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 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 PIEtech Merger Agreement, and (ii) issued 3,184,713 shares of common stock, par value $0.005 per share, of Envestnet common shares to certain legacy PIEtech employees. Envestnet funded the PIEtech Acquisition with available cash resources and borrowings under its revolving credit facility.

The foregoing summary of the PIEtech 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 PIEtech Merger Agreement, a copy of which was filed as Exhibit 2.1 to Envestnet's Form 8-K filed on May 1, 2019.

In connection with the PIEtech Acquisition, Envestnet adopted the Envestnet, Inc. 2019 Acquisition Equity Incentive Plan (the “2019 Equity Plan”) in order to make inducement grants to certain legacy PIEtech employees who joined 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 2019 Equity Plan.

The foregoing summary of the 2019 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 2019 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 nine months ended September 30, 2019 combines the historical consolidated statements of operations of Envestnet, the PortfolioCenter Business and PIEtech, giving effect to the PortfolioCenter Acquisition and the PIEtech Acquisition (together, "the Acquisitions") as if the Acquisitions 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 Acquisitions, (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 unaudited consolidated financial statements and related notes of Envestnet contained in Envestnet's Quarterly Report on Form 10-Q for the nine months ended September 2019 filed with the SEC on November 8, 2019;

- the unaudited abbreviated financial statements and related notes of the PortfolioCenter Business of Performance Technologies, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and 2018, which are included as Exhibit 99.1 to this Current Report on Form 8-K; and

- the unaudited consolidated financial statements and related notes of PIEtech, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and 2018, which are included as Exhibit 99.2 to this Current Report on Form 8-K.

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 of the Acquisitions 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 and 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 Acquisitions.

Prior to the PortfolioCenter Acquisition, PTI did not maintain separate discrete financial information for the PortfolioCenter Business necessary to prepare complete financial statements. As a result, the unaudited 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 unaudited 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.

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 Acquisitions. The unaudited pro forma condensed

combined financial information does not reflect any potential cost savings that may be realized as a result of the Acquisitions 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 Statement of Operations
of Envestnet, PortfolioCenter Business and PIEtech, Inc.
Nine Months Ended September 30, 2019
(in thousands, except share and per share information)

	Historical					Historical			
	Envestnet [1]	Portfolio-Center [2]	Adjust-ments		Condensed combined pro forma total for Envestnet and PortfolioCenter	PIEtech [3]	Adjust-ments		Condensed combined pro forma total
Revenues	$ 660,191	$ 4,466	$ (1,412)	(a)	$ 663,245	$ 16,247	$ (137)	(f)	$ 679,355
Operating expenses:									—
Cost of revenues	205,595	1,094	(1,066)	(a)	205,623	—	(137)	(f)	205,486
Compensation and benefits	285,590	1,461	(41)	(b)	287,010	4,740	(12,031)	(g,h)	279,719
General and administration	124,961	412	44	(c,d)	125,417	3,248	(7,797)	(i)	120,868
Depreciation and amortization	73,167	—	521	(e)	73,688	1,129	7,224	(j)	82,041
Total operating expenses	689,313	2,967	(542)		691,738	9,117	(12,741)		688,114
Income from operations	(29,122)	1,499	(870)		(28,493)	7,130	12,604		(8,759)
Other income (expense), net	(23,088)	—	—		(23,088)	55	(3,355)	(k,l)	(26,388)
Income (loss) before income tax benefit	(52,210)	1,499	(870)		(51,581)	7,185	9,249		(35,147)
Income tax benefit	(31,591)	—	—		(31,591)	—	19,360	(m)	(12,231)
Net income (loss)	(20,619)	1,499	(870)		(19,990)	7,185	(10,111)		(22,916)
Add: Net loss attributable to non-controlling interest	247	—	—		247	—	—		247
Net income (loss) attributable to Envestnet, Inc.	$ (20,372)	$ 1,499	$ (870)		$ (19,743)	$ 7,185	$ (10,111)		$ (22,669)
Net income (loss) per share:									
Basic	$ (0.40)				$ (0.39)				$ (0.44)
Diluted	$ (0.40)				$ (0.39)				$ (0.44)
Weighted average common shares outstanding:									
Basic	50,414,427				50,414,427		1,411,539	(n)	51,825,966
Diluted	50,414,427				50,414,427		1,411,539	(n)	51,825,966

(1) Amounts reflect the condensed consolidated statement of operations of Envestnet as reported in Envestnet's Quarterly Report on Form 10-Q for the nine months ended September 30, 2019, filed with the SEC on November 8, 2019.
(2) Amounts reflect the statement of revenues and direct expenses of PortfolioCenter as reported in the PortfolioCenter Business of Performance Technologies, Inc.'s unaudited abbreviated financial statements for the three months ended March 31, 2019, filed within exhibit 99.1 to this Current Report on Form 8-K.
(3) Amounts reflect operating results of PIEtech for the four months ended April 30, 2019.

See notes to the unaudited pro forma condensed combined financial statements

1. Description of Transactions

PortfolioCenter Acquisition

On April 1, 2019, pursuant to an asset purchase agreement (the "PortfolioCenter Merger Agreement"), dated as of February 21, 2019, between Envestnet, Inc. ("Envestnet"), Tamarac, Inc. ("Tamarac"), a wholly owned subsidiary of Envestnet, Performance Technologies, Inc. ("PortfolioCenter Seller"), a wholly owned subsidiary of The Charles Schwab Corporation ("Schwab"), and Schwab, Tamarac completed the acquisition (the "PortfolioCenter Acquisition") of certain assets, primarily consisting of intangible assets, and the assumption of certain liabilities, of the PortfolioCenter Seller's 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. PortfolioCenter Business operates in the United States.

In connection with the PortfolioCenter Acquisition, Tamarac paid $17,500 in cash and assumed certain liabilities. Tamarac funded the PortfolioCenter Acquisition with available cash resources. The PortfolioCenter 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.

PIEtech Acquisition

On May 1, 2019, pursuant to an agreement and plan of merger (the "PIEtech Merger Agreement"), dated as of March 14, 2019, between Envestnet, PIEtech, Inc., a Virginia corporation ("PIEtech"), the persons listed on Appendix A thereto, as the sellers (the "PIEtech Sellers"), Robert D. Curtis, as the PIEtech 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 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 PIEtech Merger Agreement, and (ii) issued 3,184,713 shares of Envestnet common stock, par value $0.005 per share, to certain PIEtech employees involved with the PIEtech Acquisition. Envestnet funded the PIEtech Acquisition with available cash resources and borrowings under its revolving credit facility.

The foregoing summary of the PIEtech 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 PIEtech 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 PIEtech Acquisition, Envestnet adopted the Envestnet, Inc. 2019 Acquisition Equity Incentive Plan (the "2019 Equity Plan") in order to make inducement grants to certain legacy PIEtech employees who joined 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 2019 Equity Plan.

The foregoing summary of the 2019 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 2019 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.*

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 each the PortfolioCenter Acquisition and the PIEtech Acquisition (together, "the Acquisitions"), 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 PortfolioCenter Acquisition and the PIEtech Acquisition will reflect these values, but will not be retroactively restated to reflect the historical financial position or results of operations of PortfolioCenter or PIEtech, respectively.

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 nine months ended September 30, 2019 are required to exclude non-recurring costs and costs directly related to the Acquisitions.

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 Acquisitions. These cost savings opportunities are primarily related to administrative cost savings. Although Envestnet projects that cost savings will result from the Acquisitions, 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 Acquisitions. In addition, the unaudited pro forma condensed combined financial statements do not reflect any potential debt repayments.

3. Accounting Policies

At the completions of each of the PortfolioCenter Acquisition and the PIEtech Acquisition, Envestnet reviewed PortfolioCenter's and PIEtech's accounting policies, respectively, 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 PortfolioCenter:

Cash consideration	$	17,500
Contingent consideration liability		8,300
Total estimated fair value of consideration transferred	$	25,800

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

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 byEnvestnet in the PortfolioCenter Acquisition:

Total tangible assets acquired	$	13
Total liabilities assumed		(1,600)
Identifiable intangible assets		12,400
Goodwill		14,987
Total estimated preliminary consideration allocation	$	25,800

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

Total tangible assets acquired, net of cash acquired	$	16,770
Total liabilities assumed		(70,955)
Identifiable intangible assets		217,000
Goodwill		352,679
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 Current Report on Form 8-K filing,Envestnet has not finalized the calculation of the estimated fair values of eachPortfolioCenter's or 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 PortfolioCenter's 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	5
Total intangible assets acquired	$ 12,400	

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	6
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 each PortfolioCenter's and PIEtech's intangible assets, respectively, additional insight will be gained that could impact the following for each acquisition: (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:

PortfolioCenter Acquisition

(a)To eliminate intercompany revenue of $1,066 for the three months ended March 31, 2019 related to PortfolioCenter Business sales to Tamarac and to eliminate $346 of related party revenue for the three months ended March 31, 2019 between the PortfolioCenter Business and Schwab that will not continue subsequent to the date of the Acquisition.

(b) Envestnet issued restricted stock units to certain legacy PortfolioCenter 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 three months ended March 31, 2019
Stock compensation expense for new RSU grants	$ 16
Less: Historical PortfolioCenter Business RSU stock compensation expense	(57)
Net	$ (41)

(c) To record accretion expense of $270 for the three months ended March 31, 2019, using an assumed discount rate of 11.8%, related to the fair value of contingent consideration of $8,300.

(d) To reverse $226 of non-recurring acquisition costs incurred for the PortfolioCenter Acquisition that are directly related to the PortfolioCenter Acquisition. This amount is reflected in the historical results of Envestnet for the nine months ended September 30, 2019

(e) To record the estimated amortization of intangible assets acquired upon the PortfolioCenter Acquisition for the three months ended March 31, 2019:

	Estimated Fair Value	Estimated Useful Life in Years	Amortization For the three months ended March 31, 2019
Customer relationship	$ 9,100	10	$ 315
Proprietary technology	3,300	4	206
Total intangible assets acquired	$ 12,400		$ 521

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 $16 in the estimated amortization expense for the three months ended March 31, 2019.

PIEtech Acquisition

(f) To eliminate intercompany revenue of $137 for the four months ended April 30, 2019 related to an Envestnet subsidiary's sales to PIEtech.

(g) Envestnet granted restricted stock units to certain former legacy 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 four months ended April 30, 2019
Non-cash compensation expense for new RSU grants	$ 540
Non-cash compensation expense for new PSU grants	222
Non-cash compensation expense adjustment	$ 762

(h) To reverse $9,093 of compensation expense, inclusive of payroll taxes, related to retention payments made to certain legacy PIEtech employees who joined Envestnet MoneyGuide and to reverse $3,700 of accretion expense related to membership interests in certain Envestnet equity method investments that were granted to two legacy PIEtech executives. These amounts are reflected in the historical results of Envestnet for the nine months ended September 30, 2019.

(i) To reverse $7,797 of non-recurring acquisition costs incurred for the PIEtech Acquisition that are directly related to the PIEtech Acquisition. This amount is reflected in the historical results of Envestnet for the nine months ended September 30, 2019.

(j) To eliminate historical PIEtech amortization expense of $788 for the four months ended April 30, 2019 related to pre-acquisition PIEtech intangibles and capitalized internally developed software costs.

To record the estimated amortization of intangible assets acquired upon the PIEtech Acquisition for the four months ended April 30, 2019:

	Estimated Fair Value	Estimated Useful Life in Years	Amortization For the four months ended April 30, 2019
Customer lists	$ 181,000	10-16	$ 5,734
Proprietary technologies	25,000	5	1,667
Trade names	11,000	6	611
Total intangible assets acquired	$ 217,000		$ 8,012

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 $401 in the estimated amortization expense for the four months ended April 30, 2019.

(k) To eliminate $92 of losses recorded for the four months ended April 30, 2019 from a pre-acquisition PIEtech equity method investment not acquired by Envestnet.

(l) 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 four months ended April 30, 2019
Estimated interest expense on revolving credit facility	$ 2,202
Estimated foregone interest income	1,248
Less: historical interest expense on PIEtech note payable	(3)
Net interest expense adjustment	$ 3,447

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 $54 in the estimated interest expense for the four months ended April 30, 2019.

(m) Assuming a January 1, 2018 acquisition date, the acquisition of PIEtech resulted in the elimination of the Company's deferred tax asset valuation allowance as of January 1, 2018. The benefit related to the release of the valuation allowance is reflected in Envestnet's historical financial statements for the nine months ended September 30, 2019. This proforma adjustment assumes that the valuation allowance reversed on January 1, 2018 and therefore no benefit is recorded for the nine months ended September 30, 2019 and records additional income tax benefit related to the combined pro forma pretax loss for the nine months ended September 30, 2019, based on an annual estimated effective tax rate of 34.8%.

(n) The adjustments to basic and diluted earnings per share ("EPS") for the nine months ended September 30, 2019 are summarized as follows:

	For the nine months ended September 30, 2019
Historical Envestnet weighted average shares used to compute basic and diluted EPS, as reported	50,414,427
Incremental PIEtech shares not included within historical Envestnet EPS calculation	1,411,539
Pro forma weighted average basic and diluted shares outstanding	51,825,966