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

FORM 8-K/A
(Amendment No. 1)

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

Date of Report (Date of earliest event reported): January 2, 2020

BRP Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-39095	61-1937225
(State or other jurisdiction of incorporation or organization)	(Commission File No.)	(I.R.S. Employer Identification No.)

4010 W. Boy Scout Blvd Suite 200 Tampa, Florida	33607
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code): (866) 279-0698

Not Applicable

(Former Name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ 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 each exchange on which registered
Class A Common Stock, par value $0.01 per share	**BRP**	**The Nasdaq Global Select Market**

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 x

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. c

Introductory Note

On December 17, 2019, BRP Group, Inc. ("BRP Group") filed a Current Report on Form 8-K reporting that its subsidiary, Baldwin Krystyn Sherman Partners, LLC ("BKS"), entered into an Asset Purchase Agreement (the "Lanier Purchase Agreement") to acquire substantially all of the assets of Lanier Upshaw, Inc. ("Lanier").

On December 17, 2019, BRP Group also filed a Current Report on Form 8-K reporting that its subsidiary, BRP Insurance Intermediary Holdings, LLC ("BRP Intermediary"), entered into an Asset Purchase Agreement (the "Highland Purchase Agreement" and together with the Lanier Purchase Agreement, the "Purchase Agreements") to acquire substantially all of the assets of Highland Risk Services LLC ("Highland").

On January 2, 2020, BRP Group filed a Current Report on Form 8-K (the "Original Form 8-K") reporting that BKS and BRP Intermediary (through its subsidiary BRP Specialty Wholesale, LLC) (collectively, the "BRP Purchasers") completed the acquisition of substantially all of the assets of Lanier and Highland (collectively, the "Partnerships"), respectively, with each acquisition being effective as of January 1, 2020.

As permitted under Item 9.01 of Form 8-K, BRP Group indicated in the Original Form 8-K that it would file the financial statements required to be filed under Item 9.01(a) and pro forma financial information required to be filed under Item 9.01(b) by an amendment on Form 8-K within 71 calendar days after the date on which the Original Form 8-K was required to be filed. This Amendment No. 1 on Form 8-K/A amends the Original Form 8-K to include the required financial statements and pro forma financial information.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The following financial statements of Lanier and Highland are being filed as exhibits hereto and are incorporated by reference herein:

Exhibit 99.1 — Lanier Upshaw, Inc.audited financial statements, including the independent auditor's report as of and for the years ended December 31, 2019 and 2018.

Exhibit 99.2 — Highland Risk Services LLC audited financial statements, including the independent auditor's report as of and for the years ended December 31, 2019 and 2018.

(b) Pro forma financial information.

The following pro forma financial information is being filed as an exhibit hereto and is incorporated by reference herein:

Exhibit 99.3 — Unaudited pro forma condensed combined financial statements and explanatory notes for BRP Group, Inc. as of September 30, 2019, for the nine months ended September 30, 2019 and for the year ended December 31, 2018.

(d) Exhibits

Exhibit No.	Description
99.1	Audited financial statements of Lanier Upshaw, Inc. as of and for the years ended December 31, 2019 and 2018 and the Independent Auditor's Report thereon.
99.2	Audited financial statements of Highland Risk Services LLC as of and for the years ended December 31, 2019 and 2018 and the Independent Auditor's Report thereon.
99.3	Unaudited pro forma condensed combined financial statements and explanatory notes for BRP Group, Inc. as of September 30, 2019, for the nine months ended September 30, 2019 and for the year ended December 31, 2018.

SIGNATURES

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

BRP GROUP, INC.

Date: March 17, 2020

By: /s/ Kristopher A. Wiebeck

Name: Kristopher A. Wiebeck

Title: *Chief Financial Officer*

LANIER UPSHAW, INC.

Financial Statements

December 31, 2019 and 2018

LANIER UPSHAW, INC.

Table of Contents

	Page
Report of Independent Auditors	3
Financial Statements	
Balance Sheets	4
Statements of Income	5
Statements of Stockholders' Equity	6
Statements of Cash Flows	7
Notes to Financial Statements	
1. Business and Basis of Presentation	8
2. Significant Accounting Policies	9
3. Revenue	12
4. Property and Equipment, Net	14
5. Long-Term Debt	14
6. Stockholders' Equity	15
7. Related Party Transactions	15
8. Profit-Sharing Plan	15
9. Employee Stock Option Plan	15
10. Commitments and Contingencies	16
11. Subsequent Events	16

DHG
DIXON HUGHES GOODMAN LLP

Independent Auditor's Report

To the Board of Directors and Stockholders of
Lanier Upshaw, Inc.

We have audited the accompanying financial statements of Lanier Upshaw, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018 and related statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018 and the results of its operations and its cash flows for the years then ended in accordance with U.S. GAAP.

/s/ Dixon Hughes Goodman LLP

Tampa, Florida
March 17, 2020

LANIER UPSHAW, INC.

Balance Sheets

	December 31,	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 3,155,534	$ 3,807,574
Premiums and commissions receivable	2,493,817	4,018,790
Prepaid expenses and other current assets	168,217	95,171
Total current assets	5,817,568	7,921,535
Property and equipment, net	306,771	159,496
Deferred commission expense	378,207	336,688
Deposits and other assets	45,953	54,398
Total assets	$ 6,548,499	$ 8,472,117
Liabilities and Stockholders' Equity		
Current liabilities:		
Premiums payable to insurance companies	$ 2,953,522	$ 4,272,848
Producer commissions payable, net	360,780	331,327
Contract liabilities	263,063	237,608
Accrued expenses	36,926	43,593
Current maturities of long-term debt	270,465	373,784
Total current liabilities	3,884,756	5,259,160
Long-term debt, less current maturities	1,014,425	1,284,290
Total liabilities	4,899,181	6,543,450
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Class A common stock, $0.01 par value, 10,000,000 shares authorized, 85,540 shares issued and outstanding at December 31, 2019 and 2018	855	855
Class B common stock, $0.01 par value, 20,000,000 shares authorized, 108,240 shares issued, 16,092 and 16,120 shares outstanding at December 31, 2019 and 2018, respectively	1,083	1,083
Additional paid-in capital	1,366,399	1,366,399
Retained earnings	8,437,843	8,714,541
Treasury stock at cost, 92,148 and 92,120 shares at December 31, 2019 and 2018, respectively	(8,156,862)	(8,154,211)
Total stockholders' equity	1,649,318	1,928,667
Total liabilities and stockholders' equity	$ 6,548,499	$ 8,472,117

See accompanying Notes to Financial Statements.

LANIER UPSHAW, INC.

Statements of Income

	For the Years Ended December 31,	
	2019	2018
Revenues:		
Commissions and fees	$ 8,324,161	$ 8,303,888
Operating expenses:		
Commissions, employee compensation and benefits	5,544,381	5,273,626
Other operating expenses	2,170,732	2,222,891
Depreciation expense	31,817	62,027
Total operating expenses	7,746,930	7,558,544
Operating income	577,231	745,344
Other income (expense):		
Other income, net	130,503	180,389
Interest expense, net	(59,432)	(86,718)
Total other income	71,071	93,671
Net income	$ 648,302	$ 839,015

See accompanying Notes to Financial Statements.

LANIER UPSHAW, INC.

Statements of Stockholders' Equity

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount	Shares	Amount			Shares	Amount	
Balance at January 1, 2018	85,540	$ 855	108,240	$ 1,083	$ 1,366,399	$ 8,800,526	(91,616)	$ (8,117,340)	$ 2,051,523
Net income	—	—	—	—	—	839,015	—	—	839,015
Distributions	—	—	—	—	—	(925,000)	—	—	(925,000)
Acquisition of treasury stock	—	—	—	—	—	—	(504)	(36,871)	(36,871)
Balance at December 31, 2018	85,540	855	108,240	1,083	1,366,399	8,714,541	(92,120)	(8,154,211)	1,928,667
Net income	—	—	—	—	—	648,302	—	—	648,302
Distributions	—	—	—	—	—	(925,000)	—	—	(925,000)
Acquisition of treasury stock	—	—	—	—	—	—	(28)	(2,651)	(2,651)
Balance at December 31, 2019	85,540	$ 855	108,240	$ 1,083	$ 1,366,399	$ 8,437,843	(92,148)	$ (8,156,862)	$ 1,649,318

See accompanying Notes to Financial Statements.

LANIER UPSHAW, INC.

Statements of Cash Flows

	For the Years Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net income	$ 648,302	$ 839,015
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	31,817	62,027
Gain on sale of assets	—	(77,600)
Changes in operating assets and liabilities:		
Premiums and commissions receivable	1,175,156	(79,258)
Prepaid expenses and other current assets	(73,046)	(36,825)
Deferred commission expense	(41,519)	(11,139)
Deposits and other assets	(24,104)	26,297
Premiums payable to insurance companies	(1,319,326)	1,126,612
Producer commissions payable, net	29,453	(34,198)
Contract liabilities	25,455	(122,420)
Accrued expenses	(6,667)	14,020
Reserve for policy cancellations	349,817	153,856
Net cash provided by operating activities	795,338	1,860,387
Cash flows from investing activities:		
Purchases of property and equipment	(179,092)	(18,966)
Proceeds from sale of assets	—	56,866
Payments received on notes receivable	32,549	23,574
Net cash provided by (used in) investing activities	(146,543)	61,474
Cash flows from financing activities:		
Payments on long-term debt	(373,184)	(360,490)
Distributions	(925,000)	(925,000)
Purchase of treasury stock	(2,651)	(36,871)
Net cash used in financing activities	(1,300,835)	(1,322,361)
Net increase (decrease) in cash and cash equivalents	(652,040)	599,500
Cash and cash equivalents at beginning of year	3,807,574	3,208,074
Cash and cash equivalents at end of year	$ 3,155,534	$ 3,807,574
Supplemental schedule of cash flow information:		
Cash paid during the year for interest	$ 82,864	$ 102,637

See accompanying Notes to Financial Statements.

1. Business and Basis of Presentation

Lanier Upshaw, Inc. (“Lanier Upshaw” or the “Company”) was founded in 1941 and incorporated in Florida in May 1956. The Company is a diversified insurance agency and services organization focused on writing healthcare, higher education, construction, property and non-profit business across the country, with particular focus throughout Florida and the southeastern United States. The Company is based in Florida with approximately 60 colleagues in offices in Lakeland and Tampa.

The financial statements of the Company have been prepared on the basis of accounting principles generally accepted in the United States of America (“GAAP”)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates underlying the accompanying financial statements include the application of guidance for revenue recognition and allowances for estimated policy cancellations.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Updates (“ASU”) No. 2016-02, *Leases* (Topic 842) (“ASU 2016-02”). The guidance in ASU 2016-02 supersedes the lease recognition requirements in Accounting Standards Codification (“ASC”) Topic 840, *Leases*. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. The FASB has subsequently issued several additional ASUs related to leases, which improved upon, and provided transition relief for, the guidance issued in ASU 2016-02 and extended the adoption date for nonpublic business entities. This guidance is effective for the fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the full effect that the adoption of this standard will have on its financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Statements* (“ASU 2016-13”), which amends the guidance for recognizing credit losses on financial instruments measured at amortized cost. ASU 2016-13 replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The FASB has subsequently issued several additional ASUs related to credit losses, which improved upon, and provided transition relief for, the guidance issued in ASU 2016-13 and extended the adoption date for nonpublic business entities. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the full effect that the adoption of this standard will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): *Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”). ASU 2016-15 provides guidance on the classification of contingent consideration payments made after a business combination and other cash receipts and payments. The Company adopted ASU 2016-15 effective January 1, 2018 and has determined there is currently no impact on the Company's statements of cash flows.

2. Significant Accounting Policies

Revenue Recognition

Effective January 1, 2017, the Company adopted ASU No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606") and all related amendments that established Topic 606.

The Company earns commission revenue by facilitating the arrangement between insurance carriers and individuals/businesses by providing insurance placement services to insureds with insurance carriers. Commission revenues are usually a percentage of the premium paid by clients and generally depend upon the type of insurance, the insurance carrier and the nature of the services provided. The Company controls the fulfillment of the performance obligation and its relationship with its insurance carriers and the outside agents. Commissions are earned at a point in time upon the effective date of bound insurance coverage as no performance obligation exists after coverage is bound.

For agency bill commission, the Company acts as an agent on behalf of the insured party for the term of the insurance policy, which is typically one year. The insured party pays the Company the full policy premium. The Company retains its commission and remits the remaining amount to the insurance carrier.

Commission revenue is recorded net of allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data.

The Company may receive a profit-sharing commission from an insurance carrier, which is based primarily on underwriting results, but may also contain considerations for volume, growth, loss performance, and/or retention. Profit-sharing commissions represent a form of variable consideration, which includes additional commissions over base commissions received from insurance carriers. Profit-sharing commissions associated with relatively predictable measures are estimated with a constraint applied and recognized at a point in time. The profit-sharing commissions are recorded as the underlying policies that contribute to the achievement of the metric are placed with any adjustments recognized when payments are received or as additional information that affects the estimate becomes available. Profit-sharing commissions associated with loss performance are uncertain and, therefore, are subject to significant reversal through catastrophic loss season and as loss data remains subject to material change. The constraint is relieved when management estimates revenue that is not subject to significant reversal, which often coincides with the earlier of written notice from the insurance carrier that the target has been achieved, or cash collection. Year-end amounts incorporate estimates based on confirmation from insurance carriers after calculation of potential loss ratios that are impacted by catastrophic losses. The financial statements include estimates based on constraints and incorporates information received from insurance carriers, and where still subject to significant changes in estimates due to loss ratios and external factors that are outside of the Company's control, a full constraint is applied.

Due to the relatively short time period between the information gathering phase and binding insurance coverage, the Company has determined that costs to fulfill contracts are not significant. Therefore, costs to fulfill a contract are expensed as incurred.

Cash and Cash Equivalents

The Company considers all highly liquid short-term instruments with original maturities of three months or less to be cash equivalents.

The Company earns interest income on its cash and cash equivalents, which is included as a component of interest expense, net in the statements of income. The Company recognized interest income of $23,000 and $16,000 for the years ended December 31, 2019 and 2018, respectively.

Premiums and Commissions Receivable, Net

In its capacity as an insurance agent or broker, the Company typically collects premiums from clients, and after deducting its authorized commissions, remits the net premiums to the appropriate insurance carriers. Premiums receivable reflect these amounts due from clients.

In direct bill situations, the insurance carriers collect the premiums directly from clients and remit the applicable commissions to the Company. Commissions receivable reflect these amounts due from insurance carriers and amounts due from insurance carriers for profit-sharing commissions.

Premiums and commissions receivable are reported net of allowances for estimated policy cancellations. The allowance for estimated policy cancellations was $504,000 and $154,000 at December 31, 2019 and 2018, respectively, which represents a reserve for future reversals in commission and fee revenues related to the potential cancellation of client insurance policies that were in force as of each year end.

Based on historical bad debt experience, the Company has determined that write-off of receivables to bad debt expense is not significant. Therefore, an allowance for doubtful accounts is not deemed necessary and the Company accounts for bad debt write-offs as they occur.

Property and Equipment, Net

Property and equipment is stated at cost. For financial reporting purposes, depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Leasehold improvements	7 - 9
Computer equipment	3 - 5
Office furniture and fixtures	7
Office equipment	7

Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful life or the reasonably assured lease term at inception of the lease. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The difference between the net book value of the assets and proceeds from disposal is recognized as a gain or loss on disposal, which is included in other expense, net in the statements of income. Routine maintenance and repairs are charged to expense as incurred, while costs of improvements and renewals are capitalized.

Repairs and maintenance costs are expensed as incurred. The Company recorded repairs and maintenance expense of $372,000 and $376,000 for the years ended December 31, 2019 and 2018, respectively.

Property and equipment is evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An asset is considered to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition does not exceed its carrying amount. The amount of the impairment loss, if any, is measured as the amount by which the carrying value of the asset exceeds its fair value. The Company did not incur any impairment losses during the years ended December 31, 2019 and 2018.

Deferred Commission Expense

The Company pays an incremental amount of compensation in the form of producer commissions on new business. These incremental costs are capitalized as deferred commission expense and amortized over five years, which represents management's estimate of the average period over which a client maintains its initial coverage relationship with the original insurance carrier. The Company has concluded that this period is consistent with the transfer to the customer of the services to which the asset relates.

Premiums Payable to Insurance Companies

In agency bill situations, the Company receives the full policy premium from the insured party. The Company retains its commission and remits the net amount to the insurance carrier. Premiums payable represent these amounts due to insurance carriers.

Producer Commissions Payable, Net

The Company shares commissions with other agents or brokers who have acted jointly with the Company in a transaction. Commissions shared with downstream agents or brokers are recorded in commissions, employee compensation and benefits in the statements of income. The Company records commissions due to agents and brokers as producer commissions payable on the balance sheets.

Long-Term Debt

The Company records long-term debt at cost.

Treasury Stock

Treasury stock purchases are accounted for under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock.

Employee Stock Ownership Plan

The cost of shares issued to the employee stock ownership plan, but not yet allocated to participants, is shown as a reduction to stockholders' equity. Compensation expense is recognized for the cash payments made to the employee stock ownership plan.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income and is not allowed a net operating carryover or carryback as a deduction. Instead, the stockholders are liable for federal income taxes on their respective shares of Company taxable income or may claim losses to offset other taxable income on their individual returns. Therefore, no provision or liability for federal income taxes is included in the financial statements.

The Company follow ASC Topic 740, *Income Taxes*. A component of this standard prescribes a recognition and measurement threshold of uncertain tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Advertising Expense

The Company expenses advertising costs as they are incurred. Advertising expense was $122,000 and $101,000 for the years ended December 31, 2019 and 2018, respectively. Advertising expense is included in other operating expenses in the statements of income.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial assets and liabilities, including cash and cash equivalents, premiums and commissions receivable, premiums payable to insurance companies, producer commissions payable and accrued expenses, approximate their fair values because of the short maturity and liquidity of these instruments.

The carrying amounts for notes receivable and long-term investments, which are included in deposits and other assets on the balance sheets, approximate their fair values and are considered Level 2 assets in the fair value hierarchy. The carrying amount for long-term debt approximates fair value and is considered a Level 3 liability in the fair value hierarchy.

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company manages this risk using high credit worthy financial institutions. Interest-bearing accounts and noninterest-bearing accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. Deposits exceeded amounts insured by the FDIC at December 31, 2019 and 2018. The Company has not experienced any losses from its deposits.

The Company's largest insurance carrier represented approximately 10% of the Company's commissions and fees for the year ended December 31, 2018. No single insurance carrier represented 10% or more of the Company's commissions and fees for the year ended December 31, 2019.

3. Revenue

The following table disaggregates commissions and fees revenue by major source:

	For the Years Ended December 31,	
	2019	2018
Direct bill revenue [1]	$ 5,073,633	$ 4,821,840
Agency bill revenue [2]	3,018,027	3,048,582
Profit-sharing revenue [3]	173,306	309,604
Other income	59,195	123,862
Total commissions and fees	$ 8,324,161	$ 8,303,888

(1) Direct bill revenue represents commission revenue earned by facilitating the arrangement between individuals/businesses and insurance carriers by providing insurance placement services to clients with insurance carriers, primarily for private risk management, commercial risk management and employee benefits.
(2) Agency bill revenue represents commission revenue earned through the distribution of insurance products to consumers using a network of agents and brokers on behalf of various insurance carriers. The Company acts as an agent on behalf of the insured for the term of the insurance policy.
(3) Profit-sharing revenue represents bonus-type revenue that is earned by the Company as a sales incentive provided by certain insurance carriers.

The application of Topic 606 requires the use of management judgment. The following are the areas of most significant judgment as it relates to Topic 606:

- The Company considers the policyholders as representative of its customers.
- The Company recognizes separately contracted commissions revenue at the effective date of insurance placement and considers any ongoing interaction with the customer to be immaterial in the context of the contract.
- Variable consideration includes estimates of direct bill commissions, a reserve for policy cancellations and an estimate of profit-sharing income.
- Due to the relatively short time period between the information gathering phase and binding insurance coverage, the Company has determined that costs to fulfill contracts are not significant. Therefore, costs to fulfill a contract are expensed as incurred.

Contract Assets and Liabilities

Contract assets arise when the Company recognizes revenue for amounts which have not yet been billed and contract liabilities relate to payments received in advance of performance under the contract before the transfer of a good or service to the customer. Contract assets are included in premiums and commissions receivable, net on the balance sheets. The balances of contract assets and liabilities arising from contracts with customers were as follows:

	December 31,	
	2019	**2018**
Contract assets	$ 2,354,085	$ 2,119,192
Contract liabilities	263,063	237,608

During the year ended December 31, 2019, the Company recognized revenue of $238,000 related to the contract liabilities balance at December 31, 2018.

Deferred Commission Expense

The Company pays an incremental amount of compensation in the form of producer commissions on new business. In connection with the adoption of ASC Topic 340, *Other Assets and Deferred Costs*, on January 1, 2017, these incremental costs are deferred and amortized over five years. Deferred commission expense represents employee commissions that are capitalized and not yet expensed.

The table below provides a rollforward of deferred commission expense:

	For the Years Ended December 31,	
	2019	**2018**
Balance at beginning of year	$ 336,688	$ 325,549
Costs capitalized	183,866	159,346
Amortization	(142,347)	(148,207)
Balance at end of year	$ 378,207	$ 336,688

4. Property and Equipment, Net

Property and equipment, net consists of the following:

	December 31,	
	2019	2018
Building improvements	$ 610,661	$ 438,696
Computer equipment	377,335	370,208
Office furniture and fixtures	332,345	332,345
Office equipment	150,972	150,972
Total property and equipment	1,471,313	1,292,221
Less: accumulated depreciation	(1,164,542)	(1,132,725)
Property and equipment, net	$ 306,771	$ 159,496

Depreciation expense recorded for property and equipment was $32,000 and $62,000 for the years ended December 31, 2019 and 2018, respectively.

5. Long-Term Debt

Long-term debt consists of the following:

	December 31,	
	2019	2018
6% unsecured note payable to former stockholder, payable in monthly installments of principal and interest of $8,406 through November 2025	$ 501,364	$ 569,910
6% unsecured note payable to former stockholder, payable in monthly installments of principal and interest of $7,339 through November 2025	437,722	497,567
6% unsecured note payable to former stockholder, payable in monthly installments of principal and interest of $16,534 through June 2020	97,489	283,929
Unsecured note payable to former stockholder, payable in monthly installments of $2,622, including interest based on January's Applicable Federal Rate each year, 2.85% and 2.16% at December 31, 2019 and 2018, respectively, through May 2026	185,532	211,515
6% unsecured note payable to former stockholder, payable in monthly installments of principal and interest of $1,119 through June 2025	62,783	72,140
6% unsecured note payable to former stockholder, payable in monthly installments of principal and interest of $2,621 through September 2019	—	23,013
Total long-term debt	1,284,890	1,658,074
Less current maturities	270,465	373,784
Long-term debt, less current maturities	$ 1,014,425	$ 1,284,290

The amounts and terms of the aforementioned debt to former stockholders is not necessarily indicative of the amounts and terms that the Company would have incurred had comparable transactions taken place with independent parties. The Company recorded interest expense on long-term debt of $83,000 and $103,000 for the years ended December 31, 2019 and 2018, respectively, which is included in interest expense, net in the statements of income.

Aggregate maturities of long-term debt during each of the next five years and thereafter are as follows:

Year Ending December 31,		Amount
2020	$	270,465
2021		182,768
2022		193,139
2023		204,123
2024		215,756
Thereafter		218,639
Total	$	1,284,890

6. Stockholders' Equity

The Company has 10,000,000 authorized Class A common shares with a par value of $0.01 per share, which have voting rights, and 20,000,000 authorized Class B common shares with a par value of $0.01 per share, which are non-voting. Except for the voting rights of the Class A common stock, shares of Class A common stock and Class B common stock are identical with respect to rights and privileges, including value and economic rights. In the event of voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, the holders of Class A common stock and Class B common stock share equally in the distributions.

7. Related Party Transactions

The Company leases office space in Lakeland, Florida from a related party under an operating lease agreement, which requires monthly payments of approximately $24,200 through May 2021, at which time monthly payments increase to $25,400. The lease expires in May 2026. The Company incurred related party rent expense in connection with this lease agreement of $310,000 for each of the years ended December 31, 2019 and 2018. Refer to Note 10 for additional information regarding the Company's operating leases.

8. Profit-Sharing Plan

The Company sponsors a profit-sharing plan that covers substantially all full-time employees. Contributions to the profit-sharing plan are made at the discretion of the Company's board of directors. There were no contributions to the profit-sharing plan for the years ended December 31, 2019 and 2018.

9. Employee Stock Ownership Plan

The Company sponsors a noncontributory employee stock ownership plan ("ESOP") for all employees who meet the eligibility requirements. Employees must be 21 years of age and have completed one year of service to become eligible. The Company makes discretionary contributions to the ESOP as determined annually by the board of directors. Contributions to the ESOP and shares released from the suspense account are allocated to participants based on relative eligible compensation. Benefits become 100% vested after six years of accredited service.

The Company recorded ESOP compensation expense of $120,000 during each of the years ended December 31, 2019 and 2018. The ESOP held 37,040 shares of the Company's Class A common stock at December 31, 2019 and 2018.

10. Commitments and Contingencies

Legal

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Operating Leases

The Company leases office space under two separate operating leases. The lease agreements provide for aggregate monthly payments of $32,000 and expiring in April 2020 and May 2026.

Approximate future minimum rental payments under the Company's operating lease agreements are as follows:

Year Ending December 31,	Amount [(1)]
2020	$ 321,044
2021	298,750
2022	305,000
2023	305,000
2024	305,000
Thereafter	432,083
Total	$ 1,966,877

(1) Future minimum rental payments have not been reduced by the amount of sublease rentals due in the future under the noncancelable sublease described below.

The Company subleases its office space to third parties under two separate noncancelable leases. The lease agreements currently provide for monthly rental receipts of $10,000 that expire through May 2022. Rental expense, net is comprised of the following:

	For the Years Ended December 31,	
	2019	2018
Rental expense	$ 418,035	$ 410,535
Less: sublease rental income	(130,434)	(123,457)
Net rental expense	$ 287,601	$ 287,078

11. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to December 31, 2019 as of March 17, 2020, the date the financial statements were available to be issued.

On December 17, 2019, the Company entered into an asset purchase agreement with an unrelated third party to sell significantly all its assets and liabilities for consideration consisting of $24.5 million of cash, 389,727 shares of the purchaser's Class A common stock and maximum potential contingent earnout consideration of $11.0 million. The transaction had an effective date of January 1, 2020 and resulted in a change in control.

The Company's long-term debt was settled on January 1, 2020 with funds from the asset purchase agreement.

On December 16, 2019, the Company entered into a redemption agreement for shares held by the ESOP, pursuant to which the Company redeemed 37,040 issued and outstanding shares for $10.0 million, subject to adjustment for a net working capital surplus or deficit related to the asset purchase agreement. The closing of the redemption agreement was contingent upon the closing of the asset purchase agreement, and therefore, had an effective date of January 1, 2020.

In January 2020, the Company amended its related party operating lease agreement previously discussed in Note 7 to extend the lease term so that the lease now expires in December 2030.

HIGHLAND RISK SERVICES, LLC

Financial Statements

December 31, 2019 and 2018

HIGHLAND RISK SERVICES, LLC

Table of Contents

	Page
Report of Independent Auditors	3
Financial Statements	
Balance Sheets	4
Statements of Income	5
Statements of Members' Equity	6
Statements of Cash Flows	7
Notes to Financial Statements	
1. Business and Basis of Presentation	8
2. Significant Accounting Policies	9
3. Revenue	12
4. Property and Equipment, Net	12
5. Stock Appreciation Rights	13
6. Commitments and Contingencies	13
7. Subsequent Events	13

DHG
DIXON HUGHES GOODMAN LLP

Independent Auditor's Report

To the Managing Members of
Highland Risk Services, LLC

We have audited the accompanying financial statements of Highland Risk Services, LLC (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and related statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018 and the results of its operations and its cash flows for the years then ended in accordance with U.S. GAAP.

/s/ Dixon Hughes Goodman LLP

Tampa, Florida
March 17, 2020

HIGHLAND RISK SERVICES, LLC

Balance Sheets

	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 1,961,639	$ 1,521,775
Premiums and commissions receivable	5,956,927	3,996,297
Prepaid expenses and other current assets	22,919	80,345
Total current assets	7,941,485	5,598,417
Property and equipment, net	49,210	—
Total assets	$ 7,990,695	$ 5,598,417
Liabilities and Members' Equity		
Current liabilities:		
Premiums payable to insurance companies	$ 6,374,008	$ 4,280,958
Producer commissions payable	40,905	45,301
Accrued expenses	17,352	94,457
Other current liabilities	875,588	478,921
Total current liabilities	7,307,853	4,899,637
Commitments and contingencies (Note 6)		
Members' equity:		
Members' capital	1,000	1,000
Retained earnings	681,842	697,780
Total members' equity	682,842	698,780
Total liabilities and members' equity	$ 7,990,695	$ 5,598,417

See accompanying Notes to Financial Statements.

HIGHLAND RISK SERVICES, LLC

Statements of Income

	For the Years Ended December 31,	
	2019	2018
Revenues:		
Commissions and fees	$ 13,172,952	$ 10,466,616
Operating expenses:		
Commissions, employee compensation and benefits	12,315,218	9,553,568
Other operating expenses	538,987	603,320
Total operating expenses	12,854,205	10,156,888
Operating income	318,747	309,728
Other income:		
Other income, net	1,808	390
Interest income, net	1,853	3,998
Total other income	3,661	4,388
Net income	$ 322,408	$ 314,116

See accompanying Notes to Financial Statements.

HIGHLAND RISK SERVICES, LLC

Statements of Members' Equity

	Members' Capital	Retained Earnings	Total
Balance at January 1, 2018	$ 1,000	$ 673,386	$ 674,386
Net income	—	314,116	314,116
Distributions	—	(289,722)	(289,722)
Balance at December 31, 2018	1,000	697,780	698,780
Net income	—	322,408	322,408
Distributions	—	(338,346)	(338,346)
Balance at December 31, 2019	$ 1,000	$ 681,842	$ 682,842

See accompanying Notes to Financial Statements.

HIGHLAND RISK SERVICES, LLC

Statements of Cash Flows

	For the Years Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net income	$ 322,408	$ 314,116
Changes in operating assets and liabilities:		
Premiums and commissions receivable	(1,960,630)	(1,848,401)
Prepaid expenses and other current assets	57,426	(74,057)
Premiums payable to insurance companies	2,093,050	2,380,429
Producer commissions payable	(4,396)	(19,146)
Accrued expenses	(77,105)	70,580
Other current liabilities	396,667	191,951
Net cash provided by operating activities	827,420	1,015,472
Cash flows from investing activities:		
Purchases of property and equipment	(49,210)	—
Net cash used in investing activities	(49,210)	—
Cash flows from financing activities:		
Distributions	(338,346)	(289,722)
Net cash used in financing activities	(338,346)	(289,722)
Net increase in cash and cash equivalents	439,864	725,750
Cash and cash equivalents at beginning of year	1,521,775	796,025
Cash and cash equivalents at end of year	$ 1,961,639	$ 1,521,775

See accompanying Notes to Financial Statements.

1. Business and Basis of Presentation

Highland Risk Services, LLC ("Highland" or the "Company") was founded in 2007 and incorporated in Illinois. The Company is a diversified insurance agency focused on providing insurance information and programs to those who serve the healthcare industry, the professional liability needs of real estate firms, and cyber insurance needs across a wide range of industries. The Company is based in Illinois with approximately 15 colleagues in offices in Northfield, Illinois.

The financial statements of the Company have been prepared on the basis of accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates underlying the accompanying financial statements include the application of guidance for revenue recognition and allowances for estimated policy cancellations.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU") No. 2016-02, *Leases* (Topic 842) ("ASU 2016-02"). The guidance in ASU 2016-02 supersedes the lease recognition requirements in Accounting Standards Codification ("ASC") Topic 840, *Leases*. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. The FASB has subsequently issued several additional ASUs related to leases, which improved upon, and provided transition relief for, the guidance issued in ASU 2016-02 and extended the adoption date for nonpublic business entities. This guidance is effective for the fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the full effect that the adoption of this standard will have on its financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Statements* ("ASU 2016-13"), which amends the guidance for recognizing credit losses on financial instruments measured at amortized cost. ASU 2016-13 replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The FASB has subsequently issued several additional ASUs related to credit losses, which improved upon, and provided transition relief for, the guidance issued in ASU 2016-13 and extended the adoption date for nonpublic business entities. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the full effect that the adoption of this standard will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): *Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 provides guidance on the classification of contingent consideration payments made after a business combination and other cash receipts and payments. The Company adopted ASU 2016-15 effective January 1, 2018 and has determined there is currently no impact on the Company's statements of cash flows.

2. Significant Accounting Policies

Revenue Recognition

Effective January 1, 2017, the Company adopted ASU No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606") and all related amendments that established Topic 606.

The Company earns commission revenue by facilitating the arrangement between insurance carriers and individuals/businesses by providing insurance placement services to insureds with insurance carriers. Commission revenues are usually a percentage of the premium paid by clients and generally depend upon the type of insurance, the insurance carrier and the nature of the services provided. The Company controls the fulfillment of the performance obligation and its relationship with its insurance carriers and the outside agents. Commissions are earned at a point in time upon the effective date of bound insurance coverage as no performance obligation exists after coverage is bound.

For agency bill commission, the Company acts as an agent on behalf of the insured party for the term of the insurance policy, which is typically one year. The insured party pays the Company the full policy premium. The Company retains its commission and remits the remaining amount to the insurance carrier.

Commission revenue is recorded net of allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data.

Due to the relatively short time period between the information gathering phase and binding insurance coverage, the Company has determined that costs to fulfill contracts are not significant. Therefore, costs to fulfill a contract are expensed as incurred.

Cash Equivalents

The Company considers all highly liquid short-term instruments with original maturities of three months or less to be cash equivalents.

Premiums and Commissions Receivable, Net

In its capacity as an insurance agent or broker, the Company typically collects premiums from clients, and after deducting its authorized commissions, remits the net premiums to the appropriate insurance carriers. Premiums receivable reflect these amounts due from clients.

In direct bill situations, the insurance carriers collect the premiums directly from clients and remit the applicable commissions to the Company. Commissions receivable reflect these amounts due from insurance carriers and amounts due from insurance carriers for profit-sharing commissions.

Premiums and commissions receivable are reported net of allowances for estimated policy cancellations. The allowance for estimated policy cancellations was $19,000 and $8,500 at December 31, 2019 and 2018, respectively, which represents a reserve for future reversals in commission and fee revenues related to the potential cancellation of client insurance policies that were in force as of each year end.

Based on historical bad debt experience, the Company has determined that write-off of receivables to bad debt expense is not significant. Therefore, an allowance for doubtful accounts is not deemed necessary and the Company accounts for bad debt write-offs as they occur.

Property and Equipment, Net

Property and equipment is stated at cost. For financial reporting purposes, depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Office furniture and fixtures	7
Office equipment	7
Automobile	5

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The difference between the net book value of the assets and proceeds from disposal is recognized as a gain or loss on disposal, which is included in other expense, net in the statements of income. Routine maintenance and repairs are charged to expense as incurred, while costs of improvements and renewals are capitalized.

Repairs and maintenance costs are expensed as incurred. The Company recorded repairs and maintenance expense of $1,400 and $17,000 for the years ended December 31, 2019 and 2018, respectively.

Property and equipment is evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An asset is considered to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition does not exceed its carrying amount. The amount of the impairment loss, if any, is measured as the amount by which the carrying value of the asset exceeds its fair value. The Company did not incur any impairment losses during the years ended December 31, 2019 and 2018.

Premiums Payable to Insurance Companies

In agency bill situations, the Company receives the full policy premium from the insured party. The Company retains its commission and remits the net amount to the insurance carrier. Premiums payable represent these amounts due to insurance carriers.

Producer Commissions Payable, Net

The Company shares commissions with other agents or brokers who have acted jointly with the Company in a transaction. Commissions shared with downstream agents or brokers are recorded in commissions, employee compensation and benefits in the statements of income. The Company records commissions due to agents and brokers as producer commissions payable on the balance sheets.

Stock Appreciation Rights

The Company has a cash-settled share-based compensation plan that includes performance based stock appreciation rights ("SARs"). The fair value of the amount payable to employees in respect of cash-settled share-based payments is recognized as compensation expense, recorded in commissions, employee compensation and benefits in the statements of income, with a corresponding increase in liabilities, recorded in other current liabilities in the balance sheets, when it is probable that the performance conditions will be met. Fair value is based on the asset purchase agreement price, discussed in Note 7, since a change in control was probable and imminent at December 31, 2019. The liability is remeasured at each reporting date and at settlement date. Any changes in fair value of the liability are recognized as compensation expense.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the members. The members are liable for federal income taxes on their respective shares of Company taxable income or may claim losses to offset other taxable income on their individual returns. Therefore, no provision or liability for federal income taxes is included in the financial statements.

The Company follow ASC Topic 740, *Income Taxes*. A component of this standard prescribes a recognition and measurement threshold of uncertain tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. Management has evaluated the Company’s tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Advertising Expense

The Company expenses advertising costs as they are incurred. Advertising expense was $21,900 and $51,100 for the years ended December 31, 2019 and 2018, respectively. Advertising expense is included in operating expenses in the statements of income.

Fair Value of Financial Instruments

The carrying amounts of the Company’s financial assets and liabilities, including cash and cash equivalents, premiums and commissions receivable, premiums payable to insurance companies, producer commissions payable and accrued expenses, approximate their fair values because of the short maturity and liquidity of these instruments.

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company manages this risk using high credit worthy financial institutions. Interest-bearing accounts and noninterest-bearing accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. Deposits exceeded amounts insured by the FDIC at December 31, 2019 and 2018. The Company has not experienced any losses from its deposits.

The Company's two largest insurance carriers represented approximately 34% and 12% of the Company's commissions and fees for the year ended December 31, 2019. The Company's two largest insurance carriers represented approximately 31% and 12% of the Company's commissions and fees for the year ended December 31, 2018.

3. Revenue

The following table disaggregates commissions and fees revenue by major source:

	For the Years Ended December 31,	
	2019	2018
Agency bill revenue [(1)]	$ 13,166,982	$ 10,449,716
Direct bill revenue [(2)]	5,970	16,900
Total commissions and fees	$ 13,172,952	$ 10,466,616

(1) Agency bill revenue represents commission revenue earned through the distribution of insurance products to consumers using a network of agents and brokers on behalf of various insurance carriers. The Company acts as an agent on behalf of the insured for the term of the insurance policy.
(2) Direct bill revenue represents commission revenue earned by facilitating the arrangement between individuals/businesses and insurance carriers by providing insurance placement services to clients with insurance carriers, primarily for private risk management, commercial risk management and employee benefits.

The application of Topic 606 requires the use of management judgment. The following are the areas of most significant judgment as it relates to Topic 606:

- The Company considers the policyholders as representative of its customers.
- The Company recognizes separately contracted commissions revenue at the effective date of insurance placement and considers any ongoing interaction with the customer to be immaterial in the context of the contract.
- Variable consideration includes estimates of direct bill commissions and a reserve for policy cancellations.
- Due to the relatively short time period between the information gathering phase and binding insurance coverage, the Company has determined that costs to fulfill contracts are not significant. Therefore, costs to fulfill a contract are expensed as incurred.

4. Property and Equipment, Net

Property and equipment, net consists of the following:

	December 31,	
	2019	2018
Office furniture and fixtures	$ 64,741	$ 64,741
Office equipment	54,147	54,147
Automobile	49,210	—
Total property and equipment	168,098	118,888
Less: accumulated depreciation	(118,888)	(118,888)
Property and equipment, net	$ 49,210	$ —

No depreciation expense was recorded for property and equipment for the years ended December 31, 2019 and 2018.

5. Stock Appreciation Rights

Effective January 1, 2017, the Company approved the SARs Plan (the "Plan"). SARs available for grant under the Plan at no time can exceed twenty percent of the Company's total issued and outstanding shares of stock. There are no service requirements or a maximum contractual term under the Plan. SARs granted under the Plan vest upon change in control as defined in the Plan. The SARs are forfeited in the event the grantee leaves prior to the date of change in control.

Stock appreciation rights activity is as follows:

	Stock Appreciation Rights
Outstanding at December 31, 2017	—
Granted	60
Outstanding at December 31, 2018	60
Granted	30
Outstanding at December 31, 2019	90

As of December 31, 2019, a change of control event was considered probable and imminent and therefore the Company recognized $747,000 of compensation expense, which is included in commissions, employee compensation and benefits in the statements of income for the year ended December 31, 2019. There was no compensation expense recognized during 2018 related to SARs because a change of control as not considered probable at that time.

6. Commitments and Contingencies

Legal

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company’s financial position, results of operations or liquidity.

Operating Leases

The Company leases office space under three separate operating leases. The lease agreements provide for aggregate monthly payments of $13,500 and expire through May 2020 and July 2020. The Company recorded rent expense of $152,000 and $160,000 for the years ended December 31, 2019 and 2018, respectively.

Approximate future minimum rental payments under the Company's operating lease agreements total $80,194 for the year ending December 31, 2020.

7. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to December 31, 2019 as of March 17, 2020, the date the financial statements were available to be issued.

On December 17, 2019, the Company entered into an asset purchase agreement with an unrelated third party to sell significantly all its assets and liabilities for consideration consisting of $6.5 million of cash, 286,624 shares of the purchaser's Class B common stock and maximum potential contingent earnout consideration of $2.45 million. The transaction had an effective date of January 1, 2020. All outstanding stock appreciation rights as of December 31, 2019 were exercised upon this consummation of this transaction.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information is based on the historical financial information of BRP Group, Inc. ("BRP Group" or the "Company"), Lanier Upshaw, Inc. ("Lanier") and Highland Risk Services LLC ("Highland"), and has been prepared to reflect the acquisition of Lanier by Baldwin Krystyn Sherman Partners, LLC ("BKS"), a subsidiary of BRP Group, effective January 1, 2020 and the acquisition of Highland by BRP Insurance Intermediary Holdings, LLC ("BRP Intermediary"), a subsidiary of BRP Group, effective January 1, 2020 (collectively, the "Lanier and Highland Partnerships").

BRP Group was formed as a Delaware corporation on July 1, 2019 and, as of September 30, 2019, had not conducted any activities other than those incident to its formation. The Reorganization Transactions (as defined below) and the preparation of our Prospectus as filed with the Securities and Exchange Commission occurred on October 25, 2019 (the "Prospectus"). As such, the following unaudited pro forma condensed consolidated financial information sets forth summary historical financial and other data of Baldwin Risk Partners, LLC ("BRP LLC") for the periods presented.

The unaudited pro forma condensed consolidated statements of income (loss) for the year ended December 31, 2018 and the nine months ended September 30, 2019 give effect to (i) the Lanier and Highland Partnerships; (ii) the acquisition of Town and Country Insurance Agency, Inc. ("T&C Insurance"), Lykes Insurance, Inc. ("Lykes") and Millennial Specialty Insurance LLC ("MSI"), which are referred to collectively as the "Significant Historical Businesses Acquired" and (iii) the Offering Adjustments (as defined below) as if each had occurred on January 1, 2018.

The unaudited pro forma condensed consolidated balance sheet as of September 30, 2019 gives effect to the Partnership adjustments and the Offering Adjustments (as defined below) as if the Lanier and Highland Partnerships and BRP Group's initial public offering of its Class A common stock completed on October 28, 2019 (the "Offering") occurred on September 30, 2019.

The unaudited pro forma financial information has been prepared by our management and is based on BRP LLC's historical financial statements and the assumptions and adjustments described in the notes to the unaudited pro forma financial information below. The presentation of the unaudited pro forma financial information is prepared in conformity with Article 11 of Regulation S-X.

Our historical financial information as of and for the nine months ended September 30, 2019 has been derived from BRP LLC's unaudited financial statements and accompanying notes included in BRP Group's Quarterly Report on Form 10-Q as filed with the Securities and Exchange Commission on December 2, 2019. Our historical financial information for the year ended December 31, 2018 has been derived from BRP LLC's audited financial statements and accompanying notes included in our Prospectus.

The pro forma adjustments are based on available information and on assumptions that the Company believes are reasonable under the circumstances in order to reflect, on a pro forma basis, the impact of the relevant transactions on the historical financial information of BRP LLC. See the notes to unaudited pro forma financial information below for a discussion of assumptions made. The pro forma adjustments that were made represent only those transactions which are directly attributable to the Lanier and Highland Partnerships, the Offering (as defined below) and the Significant Historical Businesses Acquired, factually supportable and expected to have a continuing impact on our results of operations. The unaudited pro forma financial information does not purport to be indicative of our results of operations or financial position had the relevant transactions occurred on the dates assumed and does not project our results of operations or financial position for any future period or date.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed consolidated financial statements. In addition, the unaudited pro forma condensed consolidated financial information was based on and should be read in conjunction with the following historical consolidated financial statements and accompanying notes:

- audited historical consolidated financial statements of BRP Group for the year ended December 31, 2018, and the related notes included in the Company's Prospectus;
- unaudited historical interim condensed consolidated financial statements of BRP Group as of, and for the nine months ended, September 30, 2019 and the related notes included in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019;
- audited historical financial statements of Lanier for the years ended December 31, 2019 and 2018, and the related notes included as exhibit 99.1 to this Current Report on Form 8-K; and

- audited historical financial statements of Highland for the years ended December 31, 2019 and 2018, and the related notes included as exhibit 99.2 to this Current Report on Form 8-K.

The pro forma adjustments for the Lanier and Highland Partnerships and the acquisition of the Significant Historical Businesses Acquired are described in the notes to the unaudited pro forma condensed consolidated financial information, and principally include adjustments to the unaudited pro forma condensed consolidated statements of income (loss) to give effect to such acquisitions as if they occurred on January 1, 2018 and reflect pro forma adjustments to transaction expenses for such acquisitions.

The pro forma adjustments related to the Offering, which are referred to as the "Offering Adjustments," are described in the notes to the unaudited pro forma condensed consolidated financial information, and principally include the following:

- adjustments for a series of transactions entered into by BRP Group and BRP LLC to implement an internal reorganization (the "Reorganization Transactions") and the entry into the Tax Receivable Agreement;
- the issuance of 18,859,300 shares of our Class A common stock, including 2,459,300 shares pursuant to the underwriters' over-allotment option that subsequently settled on November 26, 2019, to the purchasers in the Offering in exchange for net proceeds of approximately $246.2 million, after deducting underwriting discounts and commissions but before deducting offering expenses;
- the application by BRP Group of the net proceeds from the Offering to acquire 14,000,000 newly-issued LLC Units from BRP LLC, 1,800,000 LLC Units from Lowry Baldwin, our Chairman, and 600,000 LLC Units from The Villages Invesco, LLC ("Villages Invesco") at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after underwriting discounts and commissions, and the cancellation of the corresponding number of shares of Class B common stock;
- the recognition of a noncontrolling interest in BRP LLC held by the owners of BRP LLC Units prior to the Offering (the "Pre-IPO LLC Members");
- the application by BRP LLC of a portion of the proceeds of the sale of LLC Units to BRP Group to pay fees and expenses of $4.8 million in connection with the Offering;
- the application by BRP LLC of a portion of the proceeds of the sale of LLC Units to BRP Group to repay in full $88.4 million of related party debt; and
- the grant of restricted shares of Class A common stock under our Omnibus Incentive Plan ("Incentive Plan") in connection with the Offering.

As a result of the foregoing, immediately following the completion of the Offering, the ownership percentage represented by LLC Units held by noncontrolling interests will be 69.6%, and the net income attributable to LLC Units representing noncontrolling interests will accordingly be allocated 69.6% of BRP LLC's net income upon completion of the Offering.

As a public company, the Company is implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. The Company expects to incur additional annual expenses related to these steps, including additional directors' and officers' liability insurance, director fees, reporting requirements of the Securities and Exchange Commission, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. The Company has not included any pro forma adjustments relating to these expenses.

The unaudited pro forma condensed consolidated financial information is presented for informational purposes only and is not intended to reflect the results of operations or the financial position of the consolidated company that would have resulted had the Lanier and Highland Partnerships been effective during the periods presented or the results that may be obtained by the consolidated company in the future. The unaudited pro forma condensed consolidated financial information as of and for the periods presented does not reflect future events that may occur after the Lanier and Highland Partnerships, including, but not limited to, synergies or revenue enhancements arising from the Lanier and Highland Partnerships. Future results may vary significantly from the results reflected in the unaudited pro forma condensed consolidated financial information.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2019

(in thousands)	Historical: Baldwin Risk Partners, LLC	Historical: Lanier	Historical: Highland	Pro Forma Partnership Related Adjustments		Pro Forma Offering Adjustments		Pro Forma BRP Group, Inc.
	A	A	A					(1)
Assets								
Current assets:								
Cash and cash equivalents	$ 11,106	$ 4,619	$ 2,140	$ (30,975)	B	$ 124,762	H	$ 111,652
Restricted cash	6,404	—	—	—		—		6,404
Premiums, commissions and fees receivable, net	45,235	3,497	12,258	—		—		60,990
Prepaid expenses and other current assets	5,664	55	51	—		(3,151)	I	2,619
Due from related parties	44	—	—	—		—		44
Total current assets	68,453	8,171	14,449	(30,975)		121,611		181,709
Property and equipment, net	2,794	142	—	—		—		2,936
Deposits and other assets	11,744	380	—	—		(6,324)	N	5,800
Deferred tax assets	—	—	—	—		—	M	—
Intangible assets, net	92,393	—	—	13,681	C	—		106,074
Goodwill	170,816	—	—	24,883	C	—		195,699
Total assets	$ 346,200	$ 8,693	$ 14,449	$ 7,589		$ 115,287		$ 492,218
Liabilities, Mezzanine Equity and Stockholders'/Members' Equity (Deficit)								
Current liabilities:								
Premiums payable to insurance companies	$ 42,889	$ 3,524	$ 11,955	$ —		$ —		$ 58,368
Producer commissions payable	7,127	461	45	—		—		7,633
Accrued expenses and other current liabilities	13,216	179	1,250	—		—	M	14,645
Current portion of long-term debt	2,647	—	—	—		—		2,647
Current portion of contingent earnout liabilities	—	316	—	—		—		316
Total current liabilities	65,879	4,480	13,250	—		—		83,609
Tax Receivable Agreement liability	—	—	—	—		—	M	—
Revolving lines of credit	105,000	—	—	—		—		105,000
Related party debt	88,425	—	—	—		(88,425)	N	—
Long-term debt, less current portion	—	1,059	—	—		—		1,059
Contingent earnout liabilities, less current portion	32,497	—	—	2,387	D	—		34,884
Other liabilities	3,447	—	—	—		(1,729)	G	1,718
Total liabilities	295,248	5,539	13,250	2,387		(90,154)		226,270
Mezzanine equity:								
Redeemable noncontrolling interest	82,608	—	—	—		(82,608)	G	—
Redeemable members' capital	172,238	—	—	—		(172,238)	L	—
Stockholders'/members' equity (deficit):								
Members' deficit	—	—	1	(1)	E	—		—
Class A common stock	—	1	—	3	E	190	K	194
Class B common stock	—	1	—	(1)	E	4	K	4
Notes receivable from stockholders/members	(240)	—	—	—		—		(240)
Additional paid-in capital	—	1,366	—	4,748	E	79,899	O	86,013
Retained earnings	(206,042)	9,940	1,198	(11,138)	F	204,120	P	(1,922)
Treasury stock	—	(8,154)	—	8,154	E	—		—
Noncontrolling interest	2,388	—	—	3,437	E	176,074	J	181,899
Total stockholders'/members' equity (deficit)	(203,894)	3,154	1,199	5,202		460,287		265,948
Total liabilities, mezzanine equity and stockholders'/members' equity (deficit)	$ 346,200	$ 8,693	$ 14,449	$ 7,589		$ 115,287		$ 492,218

(1) In accordance with Article 11 of Regulation S-X, these pro forma financial statements give effect to (i) the Lanier and Highland Partnerships and (iii) the Offering Adjustments as if each had occurred on September 30, 2019.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME (LOSS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

(in thousands, except per share data)	Historical					Transaction Adjustments					
	Baldwin Risk Partners, LLC	Lykes Ptnrshp (two months unowned)	MSI Ptnrshp (three months unowned)	Lanier Ptnrshp	Highland Ptnrshp	Lykes Ptnrshp	MSI Ptnrshp	Lanier Ptnrshp	Highland Ptnrshp	Offering Adjstmts	Pro Forma BRP Group, Inc.
	Q	Q	Q	Q	Q	Q	Q	Q	Q		(1)
Commissions and fees	$ 101,281	$ 2,825	$ 7,828	$ 6,756	$ 9,478	$ —	$ —	$ —	$ —	$ —	$ 128,168
Operating costs and expenses:											
Commissions, employee compensation and benefits	67,067	1,054	5,207	4,047	8,269	—	—	—	—	484 R	86,128
Operating expenses	16,711	262	470	1,512	399	(84) V	(240) V	—	—	—	19,030
Depreciation expense	460	—	9	25	—	—	—	—	—	—	494
Amortization expense	6,793	—	—	—	—	183 W	1,743 W	284 W	305 W	—	9,308
Change in fair value of contingent consideration	(3,222)	—	—	—	—	—	—	—	—	—	(3,222)
Total operating expenses	87,809	1,316	5,686	5,584	8,668	99	1,503	284	305	484	111,738
Operating income	13,472	1,509	2,142	1,172	810	(99)	(1,503)	(284)	(305)	(484)	16,430
Other income (expense):											
Interest income (expense), net	(8,998)	—	—	(44)	1	(558) X	(1,010) X	—	—	3,911 S	(6,698)
Other income, net	5	—	—	97	14	—	—	—	—	—	116
Total other income (expense)	(8,993)	—	—	53	15	(558)	(1,010)	—	—	3,911	(6,582)
Income (loss) before income taxes	4,479	1,509	2,142	1,225	825	(657)	(2,513)	(284)	(305)	3,427	9,848
Income tax provision (benefit)	—	—	—	—	—	—	—	—	—	— T	—
Net income (loss)	4,479	1,509	2,142	1,225	825	(657)	(2,513)	(284)	(305)	3,427	9,848
Net income (loss) attributable to non-controlling interest	3,873	—	—	—	—	—	(523)	(57)	(125)	3,686	6,854 U
Net income (loss) attributable to controlling interest	$ 606	$ 1,509	$ 2,142	$ 1,225	$ 825	$ (657)	$ (1,990)	$ (227)	$ (180)	$ (259)	$ 2,994
Pro forma net income per share data: Y											
Pro forma weighted-average shares of Class A common stock outstanding - basic and diluted											19,402
Pro forma net income available to Class A common stockholders per share - basic and diluted											$ 0.15

(1) In accordance with Article 11 of Regulation S-X, these pro forma financial statements give effect to (i) the Lanier and Highland Partnerships, (ii) the Significant Historical Businesses Acquired and (iii) the Offering Adjustments as if each had occurred on January 1, 2018.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2018

(in thousands, except per share data)	Historical						Transaction Adjustments						
	Baldwin Risk Partners, LLC	T&C Insurance Ptnrshp (four months unowned)	Lykes Ptnrshp	MSI Ptnrshp	Lanier Ptnrshp	Highland Ptnrshp	T&C Insurance Ptnrshp	Lykes Ptnrshp	MSI Ptnrshp	Lanier Ptnrshp	Highland Ptnrshp	Pro Forma Offering Adjstmts	Pro Forma BRP Group, Inc.
	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q		(1)
Commissions and fees	$79,880	$ 2,145	$11,590	$28,163	$8,304	$10,467	$ —	$ —	$ —	$ —	$ —	$ —	$140,549
Operating costs and expenses:													
Commissions, employee compensation and benefits	51,654	1,925	7,500	20,181	5,274	9,554	—	—	—	—	—	968 R	97,056
Operating expenses	14,379	437	2,660	2,127	2,223	603	(14) V	—	—	—	—	—	22,415
Depreciation expense	508	24	88	34	62	—	—	—	—	—	—	—	716
Amortization expense	2,582	50	147	—	—	—	63 W	549 W	6,974 W	371 W	1,053 W	—	11,789
Change in fair value of contingent consideration	1,228	—	—	—	—	—	—	—	—	—	—	—	1,228
Total operating expenses	70,351	2,436	10,395	22,342	7,559	10,157	49	549	6,974	371	1,053	968	133,204
Operating income	9,529	(291)	1,195	5,821	745	310	(49)	(549)	(6,974)	(371)	(1,053)	(968)	7,345
Other income (expense):													
Interest income (expense), net	(6,625)	8	(1)	1	(87)	4	(781) X	(3,157) X	(4,134) X	—	—	6,551 S	(8,221)
Other income (expense), net	(215)	—	118	—	181	—	—	—	—	—	—	—	84
Total other income (expense)	(6,840)	8	117	1	94	4	(781)	(3,157)	(4,134)	—	—	6,551	(8,137)
Income (loss) before income taxes	2,689	(283)	1,312	5,822	839	314	(830)	(3,706)	(11,108)	(371)	(1,053)	5,583	(792)
Income tax provision (benefit)	—	12	—	—	—	—	(12)	—	—	—	—	— T	—
Net income (loss)	2,689	(295)	1,312	5,822	839	314	(818)	(3,706)	(11,108)	(371)	(1,053)	5,583	(792)
Net income (loss) attributable to non-controlling interest	3,313	—	—	—	—	—	—	—	(2,092)	(74)	(432)	(1,266)	(551) U
Net income (loss) attributable to controlling interest	$ (624)	$ (295)	$ 1,312	$ 5,822	$ 839	$ 314	$ (818)	$(3,706)	$ (9,016)	$ (297)	$ (621)	$6,849	$ (241)
Pro forma net loss per share data: Y													
Pro forma weighted-average shares of Class A common stock outstanding - basic and diluted													19,402
Pro forma net loss available to Class A common stockholders per share - basic and diluted													$ (0.01)

(1) In accordance with Article 11 of Regulation S-X, these pro forma financial statements give effect to (i) the Lanier and Highland Partnerships, (ii) the Significant Historical Businesses Acquired and (iii) the Offering Adjustments as if each had occurred on January 1, 2018.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Description of Partnerships

On December 17, 2019, BKS, a subsidiary of BRP Group entered into an Asset Purchase Agreement to acquire substantially all of the assets of Lanier for consideration consisting of $24.5 million in cash, 389,727 shares of Class A common stock, $0.01 par value per share, and a maximum potential contingent earnout consideration of $11.0 million. The acquisition became effective as of January 1, 2020.

In addition, on December 17, 2019, BRP Intermediary, a subsidiary of BRP Group, entered into an Asset Purchase Agreement to acquire substantially all of the assets of Highland for consideration consisting of $6.5 million of cash, 286,624 membership interests of BRP, LLC (and the corresponding 286,624 shares of BRP Group’s Class B common stock, par value $0.0001) and a maximum potential contingent earnout consideration of $2.5 million. The acquisition became effective as of January 1, 2020.

2. Basis of Presentation

The unaudited pro forma condensed consolidated financial information was prepared using the acquisition method of accounting and was based on the historical financial statements of BRP LLC, Lanier and Highland. The acquisition method of accounting is based on the accounting guidance on business combinations and uses the fair value concepts defined in the accounting guidance on fair value measurements. The acquisition method of accounting requires, among other things, that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. In addition, the acquisition method of accounting requires that the consideration transferred be measured at the date the acquisition is completed at its then-current market price. Accordingly, the assets acquired and liabilities assumed are recorded as of the acquisition date at their respective fair values and added to those of BRP LLC. The financial statements and reported results of operations of BRP Group issued after completion of the Lanier and Highland Partnerships will reflect these values. Prior periods will not be retroactively restated to reflect the historical financial position or results of operations of Lanier and Highland.

Pro forma adjustments reflected in the unaudited pro forma condensed consolidated balance sheet are based on items that are directly attributable to the Lanier and Highland Partnerships and are factually supportable. Pro forma adjustments reflected in the unaudited pro forma condensed consolidated statements of income (loss) are based on items directly attributable to the Lanier and Highland Partnerships and financing transactions, factually supportable and expected to have a continuing impact on BRP Group. As a result, the unaudited pro forma condensed consolidated statements of income (loss) exclude acquisition costs and other costs that will not have a continuing impact on BRP Group, although these items are reflected in the unaudited pro forma condensed consolidated balance sheet.

The pro forma adjustments reflecting the Lanier and Highland Partnerships under the acquisition method of accounting are based on estimates and assumptions. The Company’s management believes that its assumptions provide a reasonable basis for presenting all of the significant effects of the Lanier and Highland Partnerships and that the pro forma adjustments give appropriate effect to those assumptions that are applied in the unaudited pro forma condensed consolidated financial statements.

Certain amounts in Lanier and Highland's historical balance sheet and statements of income have been conformed to BRP LLC's presentation.

3. Accounting Policies

Lanier and Highland are in the process of being integrated with the Company. This integration includes a review by BRP Group of Lanier and Highland's accounting policies. As a result of that review, BRP Group may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the consolidated financial statements. At this time, BRP Group is not aware of any differences that would have a material impact on the consolidated financial statements that have not been adjusted for in the pro forma financial information. Accounting policy differences may be identified after completion of the integration.

4. Purchase Price

The purchase price of the Lanier and Highland Partnerships is as follows:

Consideration Transferred (in thousands)	Lanier	Highland
Cash paid to owners	$ 24,475	$ 6,500
Class A common stock (389,727 shares)	6,119	—
Class B common stock (286,624 shares)	—	3,437
Fair value of contingent earnout consideration	1,599	788
Total consideration transferred	$ 32,193	$ 10,725

5. Unaudited Pro Forma Condensed Consolidated Balance Sheet Adjustments

A BRP Group was incorporated as a Delaware corporation on July 1, 2019 and had no material assets or results of operations until the completion of the Offering and therefore its historical financial position is not shown in a separate column in this unaudited pro forma condensed consolidated balance sheet. This column represents the consolidated historical financial statements of BRP LLC, the predecessor for accounting purposes.

During January 2020, the Company entered into an asset purchase agreement to purchase certain assets and intellectual and intangible rights and assume certain liabilities of Lanier for cash consideration of $24.5 million and fair value of noncontrolling interest of $6.1 million. The Partnership was made to expand the Company's private risk management business presence in Florida. The maximum potential contingent earnout consideration available to be earned by Lanier is $11.0 million.

During January 2020, the Company entered into an asset purchase agreement to purchase certain assets and intellectual and intangible rights and assume certain liabilities of Highland for cash consideration of $6.5 million and fair value of noncontrolling interest of $3.4 million. The Partnership was made to expand the Company's specialty in the healthcare wholesale space. The maximum potential contingent earnout consideration available to be earned by Highland is $2.5 million.

B Reflects the funding of the Lanier and Highland Partnerships, which consisted of cash of $24.5 million and $6.5 million paid to Lanier and Highland, respectively.

C Reflects allocation of purchase price to record intangible assets and goodwill at their estimated fair value assuming the Lanier and Highland Partnerships occurred on September 30, 2019. Reflects the pro forma allocations to intangible assets, which include $6.3 million of purchased customer accounts for Lanier and $7.4 million of purchased customer account, carrier relationships and trade names for Highland. Reflects the pro forma allocations to goodwill, which include $22.7 million and $2.2 million related to the Lanier Partnership and the Highland Partnership, respectively. Management has performed a preliminary allocation of the purchase price to major assets and liabilities in the accompanying unaudited pro forma condensed consolidated financial statements based on estimates. The final allocation of purchase price may differ significantly from the pro forma amounts included herein.

D Represents the pro forma adjustments to reflect the estimated contingent earnout consideration exchanged in the Lanier and Highland Partnerships.

E Reflects the elimination of Lanier's historical stockholders' common stock, treasury stock and additional paid-in capital and Highland's historical members' capital, offset by the issuance of Class A common stock to Lanier and Class B common stock to Highland as a form of rollover equity consideration:

(in thousands)	Lanier	Highland
Eliminate Lanier's historical common stock, treasury stock and additional paid-in capital and Highland's historical members' capital	$ 6,786	$ (1)
Record adjustment to Class A common stock for commons stock issuance	4	—
Record adjustment to Class B common stock for commons stock issuance	—	—
Record adjustment to additional paid-in capital for Class A common stock issuance	6,115	—
Record adjustment to noncontrolling interest for Class B common stock issuance	—	3,437
Total adjustments to common stock, treasury stock, additional paid-in capital, members' capital and noncontrolling interest	$ 12,905	$ 3,436

F Reflects the elimination of Lanier and Highland's historical retained earnings at September 30, 2019.

G Prior to the Offering, BRP LLC held an indirect controlling interest in a number of subsidiaries in which a noncontrolling interest was held by pre-acquisition owners or joint venture partners. Many of the noncontrolling interests represent redeemable equity and are classified in mezzanine equity in BRP LLC's historical financial statements. BRP LLC consummated the Reorganization Transactions, pursuant to which BRP LLC issued LLC Units to equity holders of its subsidiaries in exchange for all of the equity interests in its subsidiaries not held by BRP LLC prior to such exchange. In addition, the BRP LLC agreement was amended and restated to, among other things, modify the BRP LLC capital structure by reclassifying the interests previously held by the Pre-IPO LLC Members into LLC Units. The LLC Units do not meet the definition of redeemable equity and were reclassified to permanent equity.

In addition, BRP Group issued Class A shares, subject to certain selling restrictions, to settle a portion of the obligation of BRP LLC under the advisor incentive and participation unit ownership plans, which is included within other liabilities on the unaudited pro forma condensed consolidated balance sheet.

(in thousands, except share and per share data)	Amount
Value of advisor incentive liability	$ 1,418
Value of participation unit ownership plan	311
Value of obligations settled in Class A common stock	1,729
Price per share	$ 14.00
Number of shares of Class A common stock	123,537

H For purposes of the unaudited pro forma financial information, the Company has reflected the issuance of 18,859,300 shares of Class A common stock, which includes the underwriters' option to purchase 2,459,300 shares of Class A common stock at the initial offering price per share of $14.00.

(in thousands, except share and per share data)		Amount
Initial public offering price per share	$	14.00
Shares of Class A common stock issued in the Offering		18,859,300
Gross proceeds	$	264,030
Less: acquisition of LLC units from Lowry Baldwin and Villages Invesco		31,332
Less: underwriting discounts and commissions		17,822
Less: offering expenses (including amounts previously deferred)		4,840
Plus: offering expenses previously deferred (included above)		3,151
Net cash proceeds		213,187
Less: payment of long-term debt		88,425
Cash proceeds after paydown of debt	$	124,762

I The Company is deferring certain costs associated with the Offering, including certain legal, accounting and other related expenses, which have been recorded in prepaid expenses and other current assets on this unaudited pro forma condensed consolidated balance sheet. Upon completion of the Offering, these deferred costs will be charged against the proceeds from the Offering with a corresponding reduction to additional paid-in capital.

J Upon completion of the Reorganization Transactions, BRP Group became the sole managing member of BRP LLC. Although BRP Group has a minority economic interest in BRP LLC, BRP Group has the sole voting interest in, and controls the management of, BRP LLC. As a result, BRP Group consolidates the financial results of BRP LLC and reports a noncontrolling interest related to the LLC Units held by the Pre-IPO LLC Members on its consolidated balance sheet. The computation of the noncontrolling interest following the consummation of the Offering, based on the initial public offering price of $14.00, is as follows:

	Units	%
Interest in BRP LLC held by BRP Group	18,859,300	30.4%
Noncontrolling interest in BRP LLC held by Pre-IPO LLC Members	43,188,235	69.6%
Total	62,047,535	100%

The computation of the pro forma Offering Adjustment to noncontrolling interest is below

(in thousands, except percentages)		Amount
Beginning members' deficit	$	(206,042)
Member note receivable		(240)
Noncontrolling interest previously in subsidiaries of BRP LLC		2,388
Proceeds from the Offering, net of underwriting discounts		246,208
Purchase of units in BRP LLC from Lowry Baldwin and Villages Invesco		(31,332)
Offering expenses		(4,840)
Conversion of certain incentive plans to Class A common stock		1,729
Reclassification of mezzanine equity		254,846
Total members' equity	$	262,717
Continuing members' economic interest in BRP LLC		69.6%
Noncontrolling interest upon completion of the Offering	$	182,864
Write-off of deferred financing fees relating to noncontrolling interest post-Offering		(4,402)
Noncontrolling interest prior to effect of noncontrolling interest previously in subsidiaries		178,462
Less: noncontrolling interest previously in subsidiaries of BRP LLC		(2,388)
Noncontrolling interest pro forma Offering Adjustment	$	176,074

Following the consummation of the Offering, the LLC Units held by the Pre-IPO LLC Members, representing the noncontrolling interest, will be redeemable at the election of the members, for shares of Class A common stock on a one-for-one basis.

K In connection with the Offering, the Company issued 43,188,235 shares of Class B common stock with a par value of $0.0001 to the Pre-IPO LLC Members, on a one-to-one basis with the number of LLC Units they own, for nominal consideration. In addition, the Company issued 18,859,300 shares of Class A common stock with a par value of $.01 in connection with the Offering, inclusive of the underwriter's option to purchase 2,459,300 shares of Class A common stock and and 123,537 shares of Class A common stock to settle a portion of the obligation of BRP LLC under the advisor incentive and participation unit ownership plans, all of which were outstanding following the Offering.

L Prior to the Offering two minority founders of BRP LLC held voting common units that required redemption upon death; however, the controlling founder had the unilateral right to effect a change in control with drag-along rights that terminate the redemption provision. The Company concluded that the controlling founder’s rights represent a conditional future event that scopes the two minority founders’ voting common units out of the guidance pertaining to mandatorily redeemable instruments. The voting common units of two minority holders also contained certain put and call rights in conjunction with termination at the greater of fair value or a floor; thus, the voting common units were presented in redeemable members’ capital in the consolidated balance sheet of BRP LLC. The Company consummated the Reorganization Transactions pursuant to which BRP LLC issued LLC Units to the two minority founding members to replace the previous voting common units. The LLC Units do not meet the definition of redeemable equity and were reclassified to permanent equity.

M As part of the Reorganization Transactions, BRP Group entered into the Tax Receivable Agreement, pursuant to which BRP Group will pay to the Pre-IPO LLC Members 85% of the amount of cash savings, if any, in U.S. federal, state, and local income tax or franchise tax that it actually realizes (or is deemed to realize in certain circumstances) in periods after the Offering as (i) any increase in tax basis in BRP LLC’s assets resulting from (a) acquisitions by BRP Group of LLC Units from Lowry Baldwin, our Chairman, and Villages Invesco in connection with the Offering, (b) the acquisition of LLC Units using the net proceeds from any future offering, (c) redemptions or exchanges by the Pre-IPO LLC Members of LLC Units and the corresponding number of shares of Class B common stock for shares of our Class A common stock or cash or (d) payments under the Tax Receivable Agreement, and (ii) tax benefits related to imputed interest resulting from payments made under the Tax Receivable Agreement.

BRP Group is subject to U.S. federal income taxes, in addition to state, local and foreign taxes. The Company is required to evaluate the realizability of deferred tax assets. After considering the history of losses, as well as other available positive and negative evidence impacting the future realization of our deferred tax assets, the Company has concluded it is more likely than not the deferred tax assets arising from the Reorganization Transactions and the Offering will not be realized. Therefore, a valuation allowance has been recorded against all of these deferred tax assets. In turn, any liability under the Tax Receivable Agreement reflects the expected future realization of such tax benefits. Amounts payable under the Tax Receivable Agreement are contingent upon, among other things, (i) generation of sufficient future taxable income during the term of the Tax Receivable Agreement and (ii) future changes in tax laws. As a result, the unaudited pro forma condensed consolidated balance sheet does not reflect an adjustment for deferred taxes or the Tax Receivable Agreement obligation.

N Reflects adjustments to related party debt and deferred financing costs from repayment in full of $88.4 million of related party debt and the write-off of $6.3 million of deferred financing costs relating to this debt, 69.6% of which, or $4.4 million, relates to noncontrolling interests and the remaining $1.9 million relates to controlling interest.

O The computation of pro forma Offering Adjustment to additional paid-in-capital is below:

(in thousands)	Amount
Proceeds from offering net of underwriting discounts	$ 246,208
Purchase of units in BRP LLC from Lowry Baldwin and Villages Invesco	(31,332)
Offering expenses	(4,840)
Reclassification of members' deficit	(206,042)
Conversion of certain incentive plans to Class A common stock	1,729
Reclassification of mezzanine equity to Class B common stock	254,846
Reclassification of noncontrolling interest of BRP LLC to Class B common stock	2,388
Par value of Class A common stock	(190)
Par value of Class B common stock	(4)
Noncontrolling interest	(182,864)
Additional paid-in-capital pro forma Offering Adjustment	$ 79,899

P The computation for pro forma accumulated deficit takes into account the portion related to the controlling interest of the write-off of deferred financing fees associated with the paydown of the related party debt, which occurred post-offering. The rollforward of the pro forma accumulated deficit is below:

(in thousands)	Amount
Beginning members' deficit	$ (206,042)
Reclassification of members' deficit to additional paid-in capital in connection with the Offering	206,042
Write-off of deferred financing fees relating to controlling interest post-Offering	(1,922)
Accumulated deficit	$ (1,922)

6. Unaudited Pro Forma Condensed Consolidated Statements of Income (Loss) Adjustments

Q BRP Group was incorporated as a Delaware corporation on July 1, 2019 and had no material assets or results of operations until the completion of the Offering and therefore its historical financial position is not shown in a separate column in this unaudited pro forma condensed consolidated statements of income (loss). This column represents the consolidated financial statements of BRP LLC, the predecessor for accounting purposes.

During May 2018, the Company entered into an asset purchase agreement to purchase certain assets and intellectual and intangible rights and assume certain liabilities of T&C Insurance for cash of $14.4 million and fair value of contingent earnout consideration of $2.9 million. The Partnership was made to gain access to the Houston market and expand the Company's presence in the private risk management, employee benefits, and commercial insurance distribution marketplace. As a result of the Partnership, the Company recognized goodwill in the amount of $13.8 million. The factors contributing to the recognition of the amount of goodwill are based on strategic benefits that are expected to be realized from acquiring T&C Insurance's assembled workforce in addition to other synergies gained from integrating T&C Insurance's operations into the Company's consolidated structure.

During March 2019, the Company entered into an asset purchase agreement to purchase certain assets and intellectual and intangible rights and assume certain liabilities of Lykes for cash consideration of $36.0 million and fair value of noncontrolling interest of $1.0 million. The Partnership was made to expand the Company's Middle Market business presence in Florida. As a result of the Lykes Partnership, the Company recognized goodwill in the amount of $28.7 million.

During April 2019, the Company entered into a securities purchase agreement with an unrelated third party to purchase certain assets and intellectual and intangible rights and assume certain liabilities of MSI for cash of $45.5 million, fair value of contingent earnout consideration of $25.6 million, fair value of noncontrolling interest of $31.0 million and a trust balance adjustment of $1.1 million. The Partnership was made to obtain access to certain technology and invest in executive talent for building and growing the MGA of the Future, and to apply its functionality to other insurance placement products, as well as to expand the Company's market share in specialty renter's insurance. MGA of the Future is a national renter's insurance product distributed via sub-agent partners and property management software providers, which has expanded distribution capabilities for new products through the Company's wholesale and retail networks. As a result of the MSI Partnership, the Company recognized goodwill in the amount of $53.8 million. The maximum potential contingent earnout consideration available to be earned by MSI is $61.5 million.

During January 2020, the Company entered into an asset purchase agreement to purchase certain assets and intellectual and intangible rights and assume certain liabilities of Lanier for cash consideration of $24.5 million and fair value of noncontrolling interest of $6.1 million. The Partnership was made to expand the Company's private risk management business presence in Florida. The maximum potential contingent earnout consideration available to be earned by Lanier is $11.0 million.

During January 2020, the Company entered into an asset purchase agreement to purchase certain assets and intellectual and intangible rights and assume certain liabilities of Highland, a Specialty Partner, for cash consideration of $6.5 million and fair value of noncontrolling interest of $3.4 million. The Partnership was made to expand the Company's specialty in the healthcare wholesale space. The maximum potential contingent earnout consideration available to be earned by Highland is $2.5 million.

R This adjustment represents the total increase in compensation expense the Company expects to incur in conjunction with the completion of the Offering as a result of the grant of restricted stock units of Class A common stock that cliff-vest after four years under our Incentive Plan. This adjustment reflects compensation expense associated with this grant had it occurred on January 1, 2018.

S Reflects an adjustment to interest expense from repayment in full of $88.4 million of related party debt using a portion of the proceeds from the Offering, which includes removing the pro forma interest related to related party debt as a result of the Significant Historical Businesses Acquired by BRP LLC.

T BRP LLC has been, and will continue to be, treated as a partnership for U.S. federal and state income tax purposes. As such, income generated by BRP LLC will flow through to its partners, including BRP Group, and is generally not subject to tax at the BRP LLC level. Following the Reorganization Transactions, the Company will be subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income of BRP LLC. A valuation allowance has been recorded against all deferred income taxes as management has concluded it is more likely than not the deferred tax assets arising from the Reorganization Transactions and the Offering will not be realized. As a result, the unaudited pro forma condensed consolidated statements of income (loss) reflect no adjustment to our income tax expense.

U Upon completion of the Reorganization Transactions, BRP Group became the sole managing member of BRP LLC through the Amended LLC Agreement. The BRP LLC capital structure was modified by reclassifying the interests currently held by the Pre-IPO LLC Members into a single new class of non-voting common interest units. In addition, the Amended LLC Agreement provides for BRP Group to manage and operate the business and control the strategic decisions and day-to-day operations of BRP LLC. Although BRP Group has a minority economic interest in BRP LLC, BRP Group has the sole voting interest in, and controls the management of, BRP LLC. As a result, BRP Group consolidates the financial results of BRP LLC in accordance with the variable interest model under ASC 810-10 and reports a noncontrolling interest related to the LLC Units held by the Pre-IPO LLC Members on the consolidated statements of income (loss). The Company believes the variable interest model is appropriate because: (a) the governing provisions of BRP LLC are the functional equivalent of a limited partnership, which requires application of authoritative literature for limited partnerships; (b) BRP Group has a variable interest in BRP LLC via equity interest; and (c) BRP LLC meets the definition of a variable interest entity as Pre-IPO LLC Members do not hold substantive kick-out or participation rights. In addition, BRP Group is the primary beneficiary of BRP LLC because it holds a controlling financial interest in BRP LLC via the power to direct the activities that most significantly impact BRP LLC's economic performance and the obligation to absorb losses and receive benefits from BRP LLC that could potentially be significant to BRP LLC. As a result, the Company consolidates the financial results of BRP LLC and reports a noncontrolling interest related to the LLC Units held by the Pre-IPO LLC Members on the consolidated statements of income (loss). Following the Offering (including the underwriters' exercise of their over-allotment option), BRP Group owned 30.4% of the economic interest of BRP LLC and the Pre-IPO LLC Members owned the remaining 69.6% of the economic interest of BRP LLC. Net income (loss) attributable to noncontrolling interests represented 69.6% of the income (loss) before income taxes of BRP LLC upon completion of the Offering.

The computation of the pro forma income (loss) attributable to noncontrolling interest, following the consummation of the Offering, is as follows:

(in thousands, except percentages)	For the Nine Months Ended September 30, 2019	For the Year Ended December 31, 2018
Income before income taxes	$ 9,848	$ (792)
Pre-IPO LLC Members economic interest in BRP LLC	69.6%	69.6%
Income (loss) attributable to noncontrolling interest	$ 6,854	$ (551)

V For the nine months ended September 30, 2019, reflects the pro forma adjustment to remove transaction expenses including due diligence and attorneys' fees incurred in connection with the acquisitions of Lykes in March 2019 and MSI in April 2019.

For the year ended December 31, 2018, reflects the pro forma adjustment to remove transaction expenses including due diligence and attorneys' fees incurred in connection with the acquisition of T&C Insurance in May 2018.

W For the nine months ended September 30, 2019, reflects the pro forma adjustment to amortization expense related to purchased customer accounts recorded in connection with the acquisitions of Lykes in March 2019 and Lanier in January 2020; software, purchased carrier relationships, purchased distributor relationships, trade name, and purchased customer accounts of MSI in April 2019; and purchased carrier relationships, trade names, and purchased customer accounts of Highland in January 2020.

For the year ended December 31, 2018, reflects the pro forma adjustment to amortization expense related to purchased customer accounts recorded in connection with the acquisitions of T&C Insurance in May 2018, Lykes in March 2019 and Lanier in January 2020; software, purchased carrier relationships, purchased distributor relationships, trade name, and purchased customer accounts of MSI in April 2019; and purchased carrier relationships, trade names, and purchased customer accounts of Highland in January 2020.

The intangible assets acquired have the following useful lives:

Intangible Assets	Useful Life (in years)
Purchased customer accounts (T&C Insurance, Lykes and Lanier)	15
Purchased customer accounts (MSI)	5
Purchased customer accounts (Highland)	20
Software	5
Purchased carrier relationships (MSI)	20
Purchased carrier relationships (Highland)	0.75
Purchased distributor relationships (MSI)	20
Trade names (MSI and Highland)	5

Amortization expense over the next five years for each of the acquisitions as of September 30, 2019 is as follows:

	Amortization Expense Over the Next Five Years				
(in thousands)	Year 1	Year 2	Year 3	Year 4	Year 5
Lykes	469	400	340	289	244
MSI	6,973	6,671	6,947	7,270	7,364
Lanier	384	392	400	408	417
Highland	417	423	419	374	354

X For the nine months ended September 30, 2019, reflects the pro forma adjustment to interest expense related to the incremental debt borrowed in connection with the acquisitions of Lykes in March 2019 and MSI in April 2019. An adjustment was not made for the Lanier and Highland Partnerships, which were funded with cash on the balance sheet.

For the year ended December 31, 2018, reflects the pro forma adjustment to interest expense related to the incremental debt borrowed in connection with the acquisitions of T&C Insurance in May 2018, Lykes in March 2019 and MSI in April 2019. An adjustment was not made for the Lanier and Highland Partnerships, which were funded with cash on the balance sheet.

(in thousands)	For the Nine Months Ended September 30, 2019	For the Year Ended December 31, 2018
Interest on revolving lines of credit	$ 594	$ 2,923
Interest on related party debt	636	3,271
Pro forma cash interest expense	1,230	6,194
Amortization of capitalized debt issuance costs	338	1,878
Total pro forma interest expense	$ 1,568	$ 8,072

Y Pro forma basic net income (loss) per share is computed by dividing the net income (loss) available to Class A common stockholders by the weighted-average shares of Class A common stock outstanding during the period. Pro forma diluted net income (loss) per share is computed by adjusting the net loss available to Class A common stockholders and the weighted-average shares of Class A common stock outstanding to give effect to potentially dilutive securities. The calculation of diluted net loss per share excludes 43,188,235 shares of Class B common stock that are convertible into Class A common stock under the "if-converted" method as the inclusion of such shares would be antidilutive to the periods presented. Shares of Class B common stock are not entitled to receive any distributions or dividends and are therefore not included in the computation of pro forma basic or diluted net loss per share. In addition, the Company granted 273,880 restricted stock units of Class A common stock under our Incentive Plan with an aggregate value of $3.8 million in connection with the Offering, each at an exercise price equal to the initial public offering price. Under the treasury stock method, assuming the restricted stock units were granted at the beginning of the period at an exercise price equal to $14.00 per share (the initial public offering price in the Offering), the effect of these restricted stock units is anti-dilutive and has therefore been excluded from the computations of pro forma diluted net income (loss) per share. The following table sets forth a reconciliation of the numerators and denominators used to compute pro forma basic and diluted net income (loss) per share.

(in thousands, except per share data)	For the Nine Months Ended September 30, 2019	For the Year Ended December 31, 2018
Pro forma basic and diluted net income (loss) per share		
Numerator		
Net income (loss)	$ 9,848	$ (792)
Less: net income (loss) attributable to noncontrolling interest	6,854	(551)
Pro forma net income (loss) attributable to Class A common stockholders - basic and diluted	$ 2,994	$ (241)
Denominator		
Shares of Class A common stock held by Pre IPO LLC Members	153	153
Shares of Class A common stock sold in the Offering	18,859	18,859
Shares of Class A common stock issued to Lanier	390	390
Weighted-average shares of Class A common stock outstanding - basic and diluted	19,402	19,402
Pro forma basic and diluted net income (loss) per share	$ 0.15	$ (0.01)