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): April 1, 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.)

4211 W. Boy Scout Blvd, Suite 800 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 April 1, 2020, BRP Group, Inc. (“BRP Group”) filed a Current Report on Form 8-K (the “IRP Original Form 8-K”) reporting that its subsidiary, Baldwin Krystyn Sherman Partners, LLC (“BKS”), completed the acquisition of substantially all of the assets of Insurance Risk Partners, LLC (“IRP”) pursuant to an Asset Purchase Agreement and Goodwill Purchase Agreements.

On June 1, 2020, BRP Group filed a Current Report on Form 8-K (together with the IRP Original Form 8-K, the “Original Form 8-Ks”) reporting that BKS completed the acquisition of substantially all of the assets of Rosenthal Bros., Inc. (“Rosenthal Bros”) pursuant to an Asset Purchase Agreement.

As permitted under Item 9.01 of Form 8-K, BRP Group indicated in the Original Form 8-Ks 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 applicable date on which the Original Form 8-Ks were required to be filed. This Amendment No. 1 on Form 8-K/A amends the Original Form 8-Ks 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 IRP and Rosenthal Bros are being filed as exhibits hereto and are incorporated by reference herein:

Exhibit 99.1 — Insurance Risk Partners, LLC audited financial statements, including the independent auditor’s report, as of and for the year ended December 31, 2019.

Exhibit 99.2 — Insurance Risk Partners, LLC reviewed financial statements as of and for the three months ended March 31, 2020.

Exhibit 99.3 — Rosenthal Bros., Inc. audited financial statements, including the independent auditor’s report, as of and for the year ended December 31, 2019.

Exhibit 99.4 — Rosenthal Bros., Inc. reviewed financial statements as of and for the three months ended March 31, 2020.

(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 99.5 — Unaudited pro forma condensed consolidated financial statements and explanatory notes for BRP Group, Inc. as of and for the three months ended March 31, 2020 and for the year ended December 31, 2019.

(d) Exhibits

Exhibit No.	Description
23.1	Consent of Dixon Hughes Goodman LLP
23.2	Consent of Dixon Hughes Goodman LLP
99.1	Audited financial statements of Insurance Risk Partners, LLC as of and for the year ended December 31, 2019 and the Independent Auditor’s Report thereon.
99.2	Reviewed financial statements of Insurance Risk Partners, LLC as of and for the three months ended March 31, 2020.
99.3	Audited financial statements of Rosenthal Bros., Inc. as of and for the year ended December 31, 2019 and the Independent Auditor’s Report thereon.
99.4	Reviewed financial statements of Rosenthal Bros., Inc. as of and for the three months ended March 31, 2020.
99.5	Unaudited pro forma condensed consolidated financial statements and explanatory notes for BRP Group, Inc. as of and for the three months ended March 31, 2020 and for the year ended December 31, 2019.

SIGNATURES

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

BRP GROUP, INC.

Date: June 15, 2020	By:	/s/ Kristopher A. Wiebeck
		Name: Kristopher A. Wiebeck
		Title: *Chief Financial Officer*

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the registration statements (No. 333-234309) and (No. 333-237384) on Form S-8 of BRP Group, Inc. of our report dated June 15, 2020, relating to the financial statements of Insurance Risk Partners, LLC., which appear in the amendment to Form 8-K of BRP Group, Inc. dated June 15, 2020.

/s/ Dixon Hughes Goodman LLP

Tampa, Florida
June 15, 2020

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the registration statements (No. 333-234309) and (No. 333-237384) on Form S-8 of BRP Group, Inc. of our report dated June 15, 2020, relating to the financial statements of Rosenthal Bros., Inc., which appear in the amendment to Form 8-K of BRP Group, Inc. dated June 15, 2020.

/s/ Dixon Hughes Goodman LLP

Tampa, Florida
June 15, 2020

Exhibit 99.1

INSURANCE RISK PARTNERS, LLC

Financial Statements

December 31, 2019

INSURANCE RISK PARTNERS, LLC

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Independent Auditor's Report

To the Managing Members of
Insurance Risk Partners, LLC.

We have audited the accompanying financial statements of Insurance Risk Partners, LLC (the "Company"), which comprise the balance sheet as of December 31, 2019 , and related statements of income, members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

/s/ Dixon Hughes Goodman LLP

Tampa, Florida
June 15, 2020

INSURANCE RISK PARTNERS, LLC

Balance Sheet

(in thousands)	December 31, 2019
Assets	
Current assets:	
Cash and cash equivalents	$ 4,755
Premiums, commissions and fees receivable	10,421
Prepaid expenses and other current assets	28
Total current assets	15,204
Property and equipment, net	133
Deposits and other assets	10
Total assets	$ 15,347
Liabilities and Members' Deficit	
Current liabilities:	
Premiums payable to insurance companies	$ 14,877
Producer commissions payable	27
Accrued expenses and other current liabilities	348
Current maturities of related party debt	36
Current maturities of long-term debt	756
Total current liabilities	16,044
Related party debt, less current maturities	36
Other liabilities	25
Total liabilities	16,105
Commitments and contingencies (Note 8)	
Members' deficit:	
Members' capital (deficit)	(758)
Total members' deficit	(758)
Total liabilities and members' deficit	$ 15,347

See accompanying Notes to Financial Statements.

INSURANCE RISK PARTNERS, LLC

Statement of Income

(in thousands)		For the Year Ended December 31, 2019
Revenues:		
Commissions and fees	$	6,995
Operating expenses:		
Commissions, employee compensation and benefits		3,866
Other operating expenses		1,393
Depreciation expense		36
Total operating expenses		5,295
Operating income		1,700
Other income:		
Interest income		66
Interest expense		(57)
Other expense, net		(1)
Total other income		8
Net income	$	1,708

See accompanying Notes to Financial Statements.

INSURANCE RISK PARTNERS, LLC

Statement of Members' Deficit

(in thousands)	Members' Capital (Deficit)	Retained Earnings	Total
Balance at January 1, 2019	$ (561)	$ —	$ (561)
Net income	—	1,708	1,708
Distributions/return of capital	(197)	(1,708)	(1,905)
Balance at December 31, 2019	$ (758)	$ —	$ (758)

See accompanying Notes to Financial Statements.

INSURANCE RISK PARTNERS, LLC

Statement of Cash Flows

(in thousands)	For the Year Ended December 31, 2019
Cash flows from operating activities:	
Net income	$ 1,708
Depreciation expense	36
Changes in operating assets and liabilities:	
Premiums, commissions and fees receivable	(8,309)
Prepaid expenses and other current assets	(11)
Premiums payable to insurance companies	9,228
Producer commissions payable	7
Accrued expenses and other current liabilities	275
Other liabilities	(6)
Net cash provided by operating activities	2,928
Cash flows from financing activities:	
Payments on long-term debt	(282)
Distributions and return of capital	(1,905)
Net cash used in financing activities	(2,187)
Net increase in cash and cash equivalents	741
Cash and cash equivalents at beginning of year	4,014
Cash and cash equivalents at end of year	$ 4,755

See accompanying Notes to Financial Statements.

1. Business and Basis of Presentation

Insurance Risk Partners, LLC (“IRP” or the “Company”) was formed in 2016. The Company is a diversified insurance agency and services organization focused on providing property and casualty insurance and other consulting services to domestic and international customers within its core niches, including the private equity, energy, infrastructure and power and renewable energy generation sectors. The Company is based in Oklahoma City, Oklahoma.

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, including determination of 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, 2021, and interim periods within 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 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, 2019 and has applied the guidance for its statement of cash flows for the year ended December 31, 2019. The adoption of this guidance did not have any effect on cash flows for the year ended December 31, 2019.

2. Significant Accounting Policies

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* (“Topic 606”).

The Company earns commission revenue by facilitating the arrangement between insurance carriers and individuals or 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, 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 Equivalents

The Company considers all highly liquid short-term instruments with original maturities of three months or less to be cash equivalents. The Company earned interest income of $66,000 on its cash and cash equivalents for the year ended December 31, 2019.

Premiums, Commissions and Fees 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.

The Company may charge fees in lieu of commissions for providing services to clients. Fees receivable reflect these amounts due from insurance carriers.

Premiums, commissions and fees receivable are reported net of allowances for estimated policy cancellations. The allowance for estimated policy cancellations was $124,000 at December 31, 2019 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.

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	5-7
Computer equipment	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 statement of income. Routine maintenance and repairs are charged to expense as incurred, while costs of improvements and renewals are capitalized. The Company recorded repairs and maintenance expense of $6,000 for the year ended December 31, 2019.

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 year ended December 31, 2019.

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

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 statement of income. The Company records commissions due to agents and brokers as producer commissions payable on the balance sheet.

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 follows 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 $9,000 for the year ended December 31, 2019, which is included in operating expenses in the statement of income.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial assets and liabilities, including cash and cash equivalents, premiums, commissions and fees receivable, premiums payable to insurance companies, producer commissions payable, accrued expenses and other current liabilities, and other liabilities, 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. The Company has not experienced any losses from its deposits.

3. Revenue

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

(in thousands)	**For the Year Ended December 31, 2019**
Agency bill revenue [(1)]	$ 3,915
Service fee revenue [(2)]	1,993
Profit-sharing revenue [(3)]	464
Direct bill revenue [(4)]	432
Other income	191
Total commissions and fees	$ 6,995

(1) Agency bill revenue represents commissions 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) Service fee revenue represents negotiated fees charged in lieu of a commission for providing agent related services to clients on behalf of insurance carriers.

(3) Profit-sharing revenue represents bonus-type revenue that is earned by the Company as a sales incentive provided by certain insurance carriers.
(4) Direct bill revenue represents commission revenue earned by facilitating the arrangement between individuals or 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 insurance types.

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.

Contract Assets

Contract assets arise when the Company recognizes revenue for amounts that have not yet been billed. The Company had $3.5 million of contract assets at December 31, 2019, which are included in premiums, commissions and fees receivable, net on the balance sheet.

4. Property and Equipment, Net

Property and equipment, net consists of the following:

(in thousands)	**December 31, 2019**
Leasehold improvements	$ 213
Computer equipment	7
Total property and equipment	220
Less: accumulated depreciation	(87)
Property and equipment, net	$ 133

Depreciation expense recorded for property and equipment was $36,000 for the year ended December 31, 2019.

5. Long-Term Debt

Long-term debt consists of the following:

(in thousands)		December 31, 2019
$1,050,000 term loan payable to First Liberty Bank, payable in monthly installments of principal and interest at the Wall Street Journal Prime Rate Index plus 0.5% with a 5.00% floor and a 21.00% ceiling (5.25% at December 31, 2019) of $16,185 through March 2020, and all remaining principal and interest payable in full in April 2020	$	756
Total long-term debt		756
Less current maturities		756
Long-term debt, less current maturities	$	—

The Company also has a $900,000 revolving line of credit with First Liberty Bank, payable in monthly installments of interest at the Wall Street Journal Prime Rate Index plus 0.5% with a 5.25% floor and a 21.00% ceiling (5.25% at December 31, 2019) through March 2020, and all remaining principal and interest payable in full in April 2020. The Company did not have any outstanding borrowings on the revolving line of credit at December 31, 2019.

The First Liberty Bank credit agreements are collateralized by a first priority lien on substantially all the assets of the Company (excluding premiums pledged to carriers), mortgages on three properties held by the Company's managing members and pledged life insurance policies on the Company's managing members. The First Liberty Bank credit agreements require the Company to meet certain financial covenants and comply with customary affirmative and negative covenants as listed in the underlying agreement.

The Company recorded interest expense on long-term debt of $56,000 for the year ended December 31, 2019, which is included in interest expense in the statement of income.

6. Related Party Debt

The Company has an unsecured note payable to an employee, payable in two annual installments of principal of $36,000 plus interest at 1% through August 2021. The Company recorded interest expense on related party debt of $1,000 for the year ended December 31, 2019, which is included in interest expense in the statement of income.

7. Retirement Plan

The Company sponsors a 401(k) retirement plan for employees who meet specific age and service requirements. This plan allows for participants to make salary deferral contributions and catchup contributions. Employer matching contributions to this plan are discretionary and vest over three years. Company contributions to the plan were $81,000 for the year ended December 31, 2019.

8. 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 in Oklahoma City under an operating lease agreement, which provides for aggregate monthly payments of approximately $9,000 and expires on December 31, 2020. The Company recorded rent expense of $104,000 for the year ended December 31, 2019.

Approximate future minimum rental payments under the Company's operating lease agreements total $108,000 for the year ending December 31, 2020.

9. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to December 31, 2019 as of June 15, 2020, the date the financial statements were available to be issued.

On April 1, 2020, the Company sold significantly all its assets and liabilities pursuant to an asset purchase agreement with an unrelated third party for consideration consisting of $5.3 million of cash and 814,640 shares of the purchaser's Class B common stock. IRP will also have the opportunity to receive additional contingent earnout consideration in cash and Class A common stock based upon the achievement of certain post-closing revenue focused performance measures. The transaction resulted in a change in control.

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

INSURANCE RISK PARTNERS, LLC

Financial Statements (Unaudited)

March 31, 2020

INSURANCE RISK PARTNERS, LLC

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INSURANCE RISK PARTNERS, LLC

Balance Sheet

(Unaudited)

(in thousands)		March 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$	1,540
Premiums, commissions and fees receivable		3,158
Prepaid expenses and other current assets		12
Total current assets		4,710
Property and equipment, net		124
Deposits and other assets		10
Total assets	$	4,844
Liabilities and Members' Deficit		
Current liabilities:		
Premiums payable to insurance companies	$	4,301
Producer commissions payable		23
Accrued expenses and other current liabilities		340
Current maturities of related party debt		36
Current maturities of long-term debt		1,325
Total current liabilities		6,025
Related party debt, less current maturities		36
Other liabilities		23
Total liabilities		6,084
Commitments and contingencies (Note 5)		
Members' deficit:		
Members' capital (deficit)		(758)
Accumulated deficit		(482)
Total members' deficit		(1,240)
Total liabilities and members' deficit	$	4,844

See accompanying Notes to Financial Statements.

INSURANCE RISK PARTNERS, LLC

Statement of Loss

(Unaudited)

(in thousands)	For the Three Months Ended March 31, 2020
Revenues:	
Commissions and fees	$ 960
Operating expenses:	
Commissions, employee compensation and benefits	1,036
Other operating expenses	394
Depreciation expense	9
Total operating expenses	1,439
Operating loss	(479)
Other income (expense):	
Interest income	11
Interest expense	(12)
Other expense, net	(2)
Total other expense	(3)
Net loss	$ (482)

See accompanying Notes to Financial Statements.

INSURANCE RISK PARTNERS, LLC

Statement of Members' Deficit

(Unaudited)

(in thousands)	Members' Capital (Deficit)	Accumulated Deficit	Total
Balance at December 31, 2019	$ (758)	$ —	$ (758)
Net loss	—	(482)	(482)
Balance at March 31, 2020	$ (758)	$ (482)	$ (1,240)

See accompanying Notes to Financial Statements.

INSURANCE RISK PARTNERS, LLC

Statement of Cash Flows

(Unaudited)

(in thousands)	**For the Three Months Ended March 31, 2020**
Cash flows from operating activities:	
Net loss	$ (482)
Depreciation expense	9
Changes in operating assets and liabilities:	
Premiums, commissions and fees receivable	7,263
Prepaid expenses and other current assets	16
Premiums payable to insurance companies	(10,576)
Producer commissions payable	(4)
Accrued expenses and other current liabilities	(8)
Other liabilities	(2)
Net cash used in operating activities	(3,784)
Cash flows from financing activities:	
Proceeds from borrowings on long-term debt	600
Payments on long-term debt	(31)
Net cash provided by financing activities	569
Net decrease in cash and cash equivalents	(3,215)
Cash and cash equivalents at beginning of period	4,755
Cash and cash equivalents at end of period	$ 1,540

See accompanying Notes to Financial Statements.

1. Business and Basis of Presentation

Insurance Risk Partners, LLC ("IRP" or the "Company") was formed in 2016. The Company is a diversified insurance agency and services organization focused on providing property and casualty insurance and other consulting services to domestic and international customers within its core niches, including the private equity, energy, infrastructure and power and renewable energy generation sectors. The Company is based in Oklahoma City, Oklahoma.

Interim Financial Reporting

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Article 10 of Regulation S-X. Accordingly, they do not include all of the information and related notes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for fair statement have been included.

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, including determination of 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, 2021, and interim periods within 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 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.

2. Revenue

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

(in thousands)		For the Three Months Ended March 31, 2020
Agency bill revenue [1]	$	360
Service fee revenue [2]		332
Profit-sharing revenue [3]		137
Direct bill revenue [4]		106
Other income		25
Total commissions and fees	$	960

(1) Agency bill revenue represents commission and fee 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) Service fee revenue represents negotiated fees charged in lieu of a commission for providing agent related services to clients on behalf of insurance carriers.
(3) Profit-sharing revenue represents bonus-type revenue that is earned by the Company as a sales incentive provided by certain insurance carriers.
(4) Direct bill revenue represents commission revenue earned by facilitating the arrangement between individuals or 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 insurance types.

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.

Contract Assets

Contract assets arise when the Company recognizes revenue for amounts that have not yet been billed. The Company had $1.8 million of contract assets at March 31, 2020, which are included in premiums, commissions and fees receivable, net on the balance sheet.

3. Long-Term Debt

Long-term debt consists of the following:

(in thousands)		March 31, 2020
$1,050,000 term loan payable to First Liberty Bank, payable in monthly installments of principal and interest at the Wall Street Journal Prime Rate Index plus 0.5% with a 5.00% floor and a 21.00% ceiling (5.00% at March 31, 2020) of $16,185 through March 2020, and all remaining principal and interest payable in full in April 2020	$	725
Borrowings on $900,000 revolving line of credit with First Liberty Bank, payable in monthly installments of interest at the Wall Street Journal Prime Rate Index plus 0.5% with a 5.25% floor and a 21.00% ceiling (5.25% at March 31, 2020) through March 2020, and all remaining principal and interest payable in full in April 2020		600
Total long-term debt		1,325
Less current maturities		1,325
Long-term debt, less current maturities	$	—

The First Liberty Bank credit agreements are collateralized by a first priority lien on substantially all the assets of the Company (excluding premiums pledged to carriers), mortgages on three properties held by the Company's managing members and pledged life insurance policies on the Company's managing members. The First Liberty Bank credit agreements require the Company to meet certain financial covenants and comply with customary affirmative and negative covenants as listed in the underlying agreement.

The Company recorded interest expense on long-term debt of $12,000 for the three months ended March 31, 2020, which is included in interest expense in the statement of loss.

4. Related Party Debt

The Company has an unsecured note payable to an employee, payable in two annual installments of principal of $36,000 plus interest at 1% through August 2021.

5. Commitments and Contingencies

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.

6. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to March 31, 2020 as of June 15, 2020, the date the financial statements were available to be issued.

On April 1, 2020, the Company sold significantly all its assets and liabilities pursuant to an asset purchase agreement with an unrelated third party for consideration consisting of $5.3 million of cash and 814,640 shares of the purchaser's Class B common stock. IRP will also have the opportunity to receive additional contingent earnout consideration in cash and Class A common stock based upon the achievement of certain post-closing revenue focused performance measures. The transaction resulted in a change in control.

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

ROSENTHAL BROS., INC.

Financial Statements

December 31, 2019

ROSENTHAL BROS., INC.

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DIXON HUGHES GOODMAN LLP

Independent Auditor's Report

To the Stockholders of
Rosenthal Bros., Inc.

We have audited the accompanying financial statements of Rosenthal Bros., Inc. (the "Company"), which comprise the balance sheet as of December 31, 2019, and related statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

/s/ Dixon Hughes Goodman LLP

Tampa, Florida
June 15, 2020

ROSENTHAL BROS., INC.

Balance Sheet

(in thousands, except share data)		December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$	1,835
Restricted cash		958
Premiums, commissions and fees receivable		8,075
Prepaid expenses and other current assets		53
Total current assets		10,921
Property and equipment, net		512
Customer lists, net		2,021
Deposits and other assets		49
Total assets	$	13,503
Liabilities and Stockholders' Equity		
Current liabilities:		
Premiums payable to insurance companies	$	4,788
Producer commissions payable, net		2,620
Accrued expenses		1,469
Total current liabilities		8,877
Other liabilities		701
Total liabilities		9,578
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock, no par value, 5,000 shares authorized, 823.53 shares issued and outstanding		255
Retained earnings		3,670
Total stockholders' equity		3,925
Total liabilities and stockholders' equity	$	13,503

See accompanying Notes to Financial Statements.

ROSENTHAL BROS., INC.

Statement of Income

(in thousands)	For the Year Ended December 31, 2019
Revenues:	
Commissions and fees	$ 19,021
Operating expenses:	
Commissions, employee compensation and benefits	10,899
Other operating expenses	1,841
Depreciation expense	163
Amortization expense	53
Total operating expenses	12,956
Operating income	6,065
Other income (expense):	
Other expense	(18)
Interest income	11
Total other expense	(7)
Income before income taxes	6,058
Income tax provision	93
Net income	$ 5,965

See accompanying Notes to Financial Statements.

ROSENTHAL BROS., INC.

Statement of Stockholders' Equity

(in thousands, except share data)	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balance at January 1, 2019	823.53	$ 255	$ 3,471	$ 3,726
Net income	—	—	5,965	5,965
Dividends	—	—	(5,766)	(5,766)
Balance at December 31, 2019	823.53	$ 255	$ 3,670	$ 3,925

See accompanying Notes to Financial Statements.

ROSENTHAL BROS., INC.

Statement of Cash Flows

(in thousands)	For the Year Ended December 31, 2019
Cash flows from operating activities:	
Net income	$ 5,965
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	163
Amortization expense	53
Loss on sale of assets	18
Reserve for policy cancellations	236
Changes in operating assets and liabilities:	
Premiums, commissions and fees receivable	(3,105)
Prepaid expenses and other current assets	(28)
Deposits and other assets	1
Premiums payable to insurance companies	950
Producer commissions payable, net	1,168
Accrued expenses	64
Other liabilities	(7)
Net cash provided by operating activities	5,478
Cash flows from investing activities:	
Purchases of property and equipment	(178)
Proceeds from sale of assets	48
Purchase of customer list	(175)
Net cash used in investing activities	(305)
Cash flows from financing activities:	
Payment of dividends	(5,766)
Net cash used in financing activities	(5,766)
Net decrease in cash and cash equivalents and restricted cash	(593)
Cash and cash equivalents and restricted cash at beginning of year	3,386
Cash and cash equivalents and restricted cash at end of year	$ 2,793
Supplemental schedule of cash flow information:	
Cash paid during the year for taxes	$ 21
Disclosure of non-cash investing and financing activities:	
Liabilities assumed for consideration payable in an asset acquisition	$ 1,622

See accompanying Notes to Financial Statements.

1. Business and Basis of Presentation

Rosenthal Bros., Inc. (“Rosenthal Bros” or the “Company”) was incorporated in Illinois in 1967. The Company is a diversified insurance agency and services organization focused on providing property and casualty insurance, employee benefits and private client solutions to companies and individuals and specializing in the real estate industry with a focus on large habitational real estate. The Company is based in Chicago, Illinois with approximately 55 colleagues across two offices.

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, including determination of 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, 2021, and interim periods within 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 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, 2019 and has applied the guidance for its statement of cash flows for the year ended December 31, 2019. The adoption of this guidance did not have any effect on cash flows for the year ended December 31, 2019.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): *Restricted Cash* ("ASU 2016-18"), which requires that the statement of cash flows explain the changes during the period of cash and cash equivalents inclusive of amounts categorized as restricted cash. The Company adopted ASU 2016-18 effective January 1, 2019. With the adoption of ASU 2016-18, the statement of cash flows details the change in the balance of cash and cash equivalents and restricted cash.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805) - *Clarifying the Definition of a Business* ("ASU 2017-01"). ASU 2017-01 changes the definition of a business to assist entities with evaluating when a set of transferred assets and activities is a business. Under the new guidance, an entity first determines whether substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set is not a business. If it is not met, the entity then evaluates whether the set meets the requirements that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. ASU 2017-01 defines an output as "the result of inputs and processes applied to those inputs that provide goods or services to customers, investment income (such as dividends or interest), or other revenues." The Company adopted ASU 2017-01 effective January 1, 2019 and applied it prospectively to transactions during 2019. The adoption of ASU 2017-01 resulted in a transaction completed in November 2019 being accounted for as asset acquisition rather than a business combination. Refer to Note 5 for additional information on the impact of adopting ASU 2017-01.

2. Significant Accounting Policies

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606").

The Company earns commission revenue by facilitating the arrangement between insurance carriers and individuals or 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.

Restricted Cash

Restricted cash includes amounts that are legally restricted as to use or withdrawal. Restricted cash represents cash collected from customers that is payable to insurance companies and for which segregation of this cash is required by contract with the relevant insurance company providing coverage or by law within the state.

Premiums, Commissions and Fees 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.

The Company may charge fees in lieu of commissions for providing services to clients. Fees receivable reflect these amounts due from insurance carriers.

Premiums, commissions and fees receivable are reported net of allowances for estimated policy cancellations. The allowance for estimated policy cancellations was $299,000 at December 31, 2019, 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.

The allowance for doubtful accounts was $3,000 at December 31, 2019. The allowance for doubtful accounts is based on management’s estimate of the amount of receivables that will actually be collected. Accounts are charged to the allowance as they are deemed uncollectible based upon a periodic review of the accounts.

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
Vehicles	5
Office and computer equipment	5
Furniture and fixtures	7
Computer software	3

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 in the statement of income. Routine maintenance and repairs are charged to expense as incurred, while costs of improvements and renewals are capitalized. The Company recorded repairs and maintenance expense of $6,000 for the year ended December 31, 2019.

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 year ended December 31, 2019.

Customer Lists, Net

The Company's customer lists were acquired through asset acquisitions and are stated at cost, less accumulated amortization. The customer lists are being amortized based on a pattern of economic benefit over an estimated useful life of 15 years. The Company reviews its customer lists for impairment whenever an event occurs that indicates the carrying amount of an asset may not be recoverable. No impairment was recorded for the year ended December 31, 2019.

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

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 statement of income. The Company records commissions due to agents and brokers as producer commissions payable on the balance sheet.

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 has a provision and liability for state income taxes. State income tax liability is included in accrued expenses on the balance sheet.

The Company follows 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 $53,000 for the year ended December 31, 2019, which is included in other operating expenses in the statement of income.

Fair Value of Financial Instruments

The carrying amounts of the Company’s financial assets and liabilities, including cash and cash equivalents, restricted cash, premiums, commissions and fees 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. The Company has not experienced any losses from its deposits.

3. Revenue

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

(in thousands)	**For the Year Ended December 31, 2019**
Direct bill revenue [1]	$ 11,330
Agency bill revenue [2]	4,620
Profit-sharing revenue [3]	2,414
Service fee revenue [4]	588
Other income	69
Total commissions and fees	$ 19,021

(1) Direct bill revenue represents commission revenue earned by facilitating the arrangement between individuals or 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 insurance types.

(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.
(4) Service fee revenue represents negotiated fees charged in lieu of a commission for providing agent related services to clients on behalf of 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

Contract assets arise when the Company recognizes revenue for amounts that have not yet been billed. The Company had $2.0 million of contract assets at December 31, 2019, which are included in premiums, commissions and fees receivable, net on the balance sheet.

4. Property and Equipment, Net

Property and equipment, net consists of the following:

(in thousands)	December 31, 2019
Vehicles	$ 683
Office and computer equipment	149
Furniture and fixtures	80
Computer software	9
Total property and equipment	921
Less: accumulated depreciation	(409)
Property and equipment, net	$ 512

Depreciation expense recorded for property and equipment was $163,000 for the year ended December 31, 2019.

5. Customer Lists, Net

The Company recognizes certain separately identifiable intangible assets acquired in connection with business combinations and asset acquisitions. As previously discussed in Note 1, effective January 1, 2019, the Company adopted ASU 2017-01, which resulted in the following transaction being accounted for as an asset acquisition in which substantially all the fair value of the gross assets acquired was concentrated in customer lists.

In November 2019, the Company completed an asset acquisition of a customer list for total consideration of $1.8 million. The Company paid cash of $175,000 and recorded a current liability of $950,000, which is included in accrued expenses on the balance sheet, and a noncurrent liability of $672,000, which is included in other liabilities on the balance sheet.

Customer lists, net consists of the following:

(in thousands)	December 31, 2019
Gross carrying value	$ 2,302
Less: accumulated amortization	(281)
Net carrying value	$ 2,021

Amortization expense recorded for customer lists was $53,000 for the year ended December 31, 2019.

Future annual estimated amortization expense over the next five years for customer lists is as follows (in thousands):

Year Ending December 31,	Amount
2020	$ 209
2021	197
2022	185
2023	174
2024	163

6. Stockholders' Equity

The Company has 5,000 authorized common shares with no par value. Shareholders are each entitled to one vote per share. In the event of voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, and after payment in full of all amounts required to be paid to creditors, the shareholders will be entitled to receive pro rata our remaining assets available for distribution. The Company distributed $5.8 million of dividends to stockholders during the year ended December 31, 2019.

7. Profit-Sharing Plan

The Company sponsors a profit-sharing plan for employees who meet specific age and service requirements. This plan allows for participants to make salary deferral contributions. Employer matching and profit-sharing contributions to this plan are discretionary. The Company made contributions of $337,000 to the profit-sharing plan for the year ended December 31, 2019.

8. 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 $19,000 and expire through April 2022. The Company recorded rent expense of $338,000 for the year ended December 31, 2019.

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

Year Ending December 31,	Amount
2020	$ 208
2021	151
2022	52
Total	$ 411

9. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to December 31, 2019 as of June 15, 2020, the date the financial statements were available to be issued.

On June 1, 2020, the Company sold significantly all its assets and liabilities pursuant to an asset purchase agreement with an unrelated third party for consideration consisting of $75.0 million of cash, 1,164,393 shares of the purchaser's Class B common stock and maximum potential contingent earnout consideration of $30.8 million based upon the achievement of certain post-closing revenue focused performance measures. The transaction resulted in a change in control.

ROSENTHAL BROS., INC.

Financial Statements (Unaudited)

March 31, 2020

ROSENTHAL BROS., INC.

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ROSENTHAL BROS., INC.

Balance Sheet

(Unaudited)

(in thousands, except share data)		March 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$	884
Restricted cash		1,132
Premiums, commissions and fees receivable		5,583
Prepaid expenses and other current assets		109
Total current assets		7,708
Property and equipment, net		477
Customer lists, net		1,968
Deposits and other assets		49
Total assets	$	10,202
Liabilities and Stockholders' Equity		
Current liabilities:		
Premiums payable to insurance companies	$	3,306
Producer commissions payable, net		1,953
Accrued expenses		164
Total current liabilities		5,423
Other liabilities		698
Total liabilities		6,121
Commitments and contingencies (Note 3)		
Stockholders' equity:		
Common stock, no par value, 5,000 shares authorized, 823.53 shares issued and outstanding		255
Retained earnings		3,826
Total stockholders' equity		4,081
Total liabilities and stockholders' equity	$	10,202

See accompanying Notes to Financial Statements.

ROSENTHAL BROS., INC.

Statement of Income

(Unaudited)

(in thousands)	For the Three Months Ended March 31, 2020	
Revenues:		
Commissions and fees	$	6,809
Operating expenses:		
Commissions, employee compensation and benefits		3,169
Other operating expenses		613
Amortization expense		53
Depreciation expense		43
Total operating expenses		3,878
Operating income		2,931
Interest income		1
Income before income taxes		2,932
Income tax provision		21
Net income	$	2,911

See accompanying Notes to Financial Statements.

ROSENTHAL BROS., INC.

Statement of Stockholders' Equity

(Unaudited)

(in thousands, except share data)	Common Stock Shares	Common Stock Amount	Retained Earnings	Total
Balance at December 31, 2019	823.53	$ 255	$ 3,670	$ 3,925
Net income	—	—	2,911	2,911
Dividends	—	—	(2,755)	(2,755)
Balance at March 31, 2020	823.53	$ 255	$ 3,826	$ 4,081

See accompanying Notes to Financial Statements.

ROSENTHAL BROS., INC.

Statement of Cash Flows

(Unaudited)

(in thousands)		**For the Three Months Ended March 31, 2020**
Cash flows from operating activities:		
Net income	$	2,911
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense		43
Amortization expense		53
Reserve for policy cancellations		(31)
Changes in operating assets and liabilities:		
Premiums, commissions and fees receivable		2,523
Prepaid expenses and other current assets		(56)
Premiums payable to insurance companies		(1,482)
Producer commissions payable, net		(667)
Accrued expenses		(1,305)
Other liabilities		(3)
Net cash provided by operating activities		1,986
Cash flows from investing activities:		
Purchases of property and equipment		(8)
Net cash used in investing activities		(8)
Cash flows from financing activities:		
Payment of dividends		(2,755)
Net cash used in financing activities		(2,755)
Net decrease in cash and cash equivalents and restricted cash		(777)
Cash and cash equivalents and restricted cash at beginning of period		2,793
Cash and cash equivalents and restricted cash at end of period	$	2,016
Supplemental schedule of cash flow information:		
Cash paid during the period for taxes	$	93

See accompanying Notes to Financial Statements.

1. Business and Basis of Presentation

Rosenthal Bros., Inc. (“Rosenthal Bros” or the “Company”) was incorporated in Illinois in 1967. The Company is a diversified insurance agency and services organization focused on providing property and casualty insurance, employee benefits and private client solutions to companies and individuals and specializing in the real estate industry with a focus on large habitational real estate. The Company is based in Chicago, Illinois with approximately 55 colleagues across two offices.

Interim Financial Reporting

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Article 10 of Regulation S-X. Accordingly, they do not include all of the information and related notes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for fair statement have been included.

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, including determination of 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, 2021, and interim periods within 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 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.

2. Revenue

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

(in thousands)		For the Three Months Ended March 31, 2020
Direct bill revenue (1)	$	3,168
Profit-sharing revenue (3)		2,418
Agency bill revenue (3)		988
Service fee revenue (4)		173
Other income		62
Total commissions and fees	$	6,809

(1) Direct bill revenue represents commission revenue earned by facilitating the arrangement between individuals or 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 insurance types.
(2) Profit-sharing revenue represents bonus-type revenue that is earned by the Company as a sales incentive provided by certain insurance carriers.
(3) 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.
(4) Service fee revenue represents negotiated fees charged in lieu of a commission for providing agent related services to clients on behalf of 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

Contract assets arise when the Company recognizes revenue for amounts that have not yet been billed. The Company had $2.0 million of contract assets at March 31, 2020, which are included in premiums, commissions and fees receivable, net on the balance sheet.

3. Commitments and Contingencies

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.

4. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to March 31, 2020 as of June 15, 2020, the date the financial statements were available to be issued.

On June 1, 2020, the Company sold significantly all its assets and liabilities pursuant to an asset purchase agreement with an unrelated third party for consideration consisting of $75.0 million of cash, 1,164,393 shares of the purchaser's Class B common stock and maximum potential contingent earnout consideration of $30.8 million based upon the achievement of certain post-closing revenue focused performance measures. The transaction resulted in a change in control.

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"), Insurance Risk Partners, LLC ("IRP") and Rosenthal Bros., Inc. ("Rosenthal Bros"), and has been prepared to reflect the acquisition of IRP by Baldwin Krystyn Sherman Partners, LLC ("BKS"), a subsidiary of BRP Group, effective April 1, 2020 and the acquisition of Rosenthal Bros by BKS effective June 1, 2020 (collectively, the "IRP and Rosenthal Bros Partnerships").

The unaudited pro forma condensed consolidated statements of income (loss) for the year ended December 31, 2019 and the three months ended March 31, 2020 give effect to (i) the IRP and Rosenthal Bros Partnerships; and (ii) the acquisition of Lykes Insurance, Inc. ("Lykes") effective March 1, 2019, Millennial Specialty Insurance LLC ("MSI") effective April 1, 2019, Lanier Upshaw, Inc. ("Lanier") effective January 1, 2020 and Highland Risk Services LLC ("Highland") effective January 1, 2020, which are referred to collectively as the "Significant Historical Businesses Acquired."

The unaudited pro forma condensed consolidated balance sheet as of March 31, 2020 gives effect to the Partnership adjustments as if the IRP and Rosenthal Bros Partnerships occurred on March 31, 2020.

The unaudited pro forma financial information has been prepared by our management and is based on BRP Group'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 condensed consolidated financial information is prepared in conformity with Article 11 of Regulation S-X.

Our historical financial information as of and for the three months ended March 31, 2020 has been derived from BRP Group'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 May 13, 2020. Our historical financial information for the year ended December 31, 2019 has been derived from BRP Group's audited financial statements and accompanying notes included in BRP Group's Annual Report on Form 10-K as filed with the Securities and Exchange Commission on March 24, 2020.

The pro forma adjustments are based on available information and on assumptions that the Company believes are reasonable under the circumstances to reflect, on a pro forma basis, the impact of the relevant transactions on the historical financial information of BRP Group. See the notes to unaudited pro forma condensed consolidated financial information below for a discussion of assumptions made. The pro forma adjustments that were made represent only those transactions that are directly attributable to the IRP and Rosenthal Bros Partnerships and the Significant Historical Businesses Acquired, factually supportable and, with respect to the unaudited pro forma condensed consolidated statements of income (loss), expected to have a continuing impact on our results of operations. The unaudited pro forma condensed consolidated 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 as of and for the year ended December 31, 2019, and the related notes included in the Company's Annual Report on Form 10-K for the annual period ended December 31, 2019;
- unaudited historical interim condensed consolidated financial statements of BRP Group as of and for the three months ended March 31, 2020 and the related notes included in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020;
- audited historical financial statements of IRP as of and for the year ended December 31, 2019, and the related notes included as exhibit 99.1 to this Current Report on Form 8-K;
- unaudited historical interim financial statements of IRP as of and for the three months ended March 31, 2020, and the related notes included as exhibit 99.2 to this Current Report on Form 8-K;
- audited historical financial statements of Rosenthal Bros as of and for the year ended December 31, 2019, and the related notes included as exhibit 99.3 to this Current Report on Form 8-K; and

- unaudited historical interim financial statements of Rosenthal Bros as of and for the three months ended March 31, 2020, and the related notes included as exhibit 99.4 to this Current Report on Form 8-K.

The pro forma adjustments for the IRP and Rosenthal Bros Partnerships and 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, 2019 and reflect pro forma adjustments to transaction expenses for such acquisitions.

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 IRP and Rosenthal Bros 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 IRP and Rosenthal Bros Partnerships, including, but not limited to, synergies or revenue enhancements arising from the IRP and Rosenthal Bros 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 MARCH 31, 2020

(in thousands)	Historical BRP Group, Inc.	Historical IRP	Historical Rosenthal Bros	Pro Forma Partnership Related Adjustments		Pro Forma BRP Group, Inc.
		A	A			(1)
Assets						
Current assets:						
Cash and cash equivalents	$ 52,125	$ 1,540	$ 884	$ (7,051)	B	$ 47,498
Restricted cash	3,840	—	1,132	—		4,972
Premiums, commissions and fees receivable, net	71,637	3,158	5,583	—		80,378
Prepaid expenses and other current assets	3,287	12	109	—		3,408
Due from related parties	34	—	—	—		34
Total current assets	130,923	4,710	7,708	(7,051)		136,290
Property and equipment, net	4,027	124	477	—		4,628
Deposits and other assets	6,505	10	49	—		6,564
Intangible assets, net	111,264	—	1,968	41,335	C	154,567
Goodwill	197,531	—	—	86,823	C	284,354
Total assets	$ 450,250	$ 4,844	$ 10,202	$ 121,107		$ 586,403
Liabilities, Mezzanine Equity and Stockholders'/Members' Equity (Deficit)						
Current liabilities:						
Premiums payable to insurance companies	$ 58,390	$ 4,301	$ 3,306	$ —		$ 65,997
Producer commissions payable	9,681	23	1,953	—		11,657
Accrued expenses and other current liabilities	11,094	340	164	—		11,598
Current portion of contingent earnout liabilities	2,788	—	—	—		2,788
Current portion of long-term debt	—	1,361	—	(1,361)	D	—
Total current liabilities	81,953	6,025	5,423	(1,361)		92,040
Revolving line of credit	60,363	—	—	94,535	B	154,898
Long-term debt, less current portion	—	36	—	(36)	D	—
Contingent earnout liabilities, less current portion	51,067	—	—	13,129	E	64,196
Other liabilities	2,023	23	698	—		2,744
Total liabilities	195,406	6,084	6,121	106,267		313,878
Mezzanine equity:						
Redeemable noncontrolling interest	39	—	—	—		39
Stockholders'/members' equity (deficit):						
Members' deficit	—	(758)	—	758	F	—
Class A common stock	199	—	255	(255)	F	199
Class B common stock	4	—	—	—		4
Additional paid-in capital	90,443	—	—	—		90,443
Retained earnings (accumulated deficit)	(7,182)	(482)	3,826	(3,344)	G	(7,182)
Notes receivable from stockholders	(647)	—	—	—		(647)
Noncontrolling interest	171,988	—	—	17,681	F	189,669
Total stockholders'/members' equity (deficit)	254,805	(1,240)	4,081	14,840		272,486
Total liabilities, mezzanine equity and stockholders'/members' equity (deficit)	$ 450,250	$ 4,844	$ 10,202	$ 121,107		$ 586,403

(1) In accordance with Article 11 of Regulation S-X, these pro forma financial statements give effect to the IRP and Rosenthal Bros Partnerships as if each had occurred on March 31, 2020.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME (LOSS)

FOR THE THREE MONTHS ENDED MARCH 31, 2020

(in thousands, except per share data)	Historical			Transaction Adjustments		
	BRP Group, Inc.	IRP (three months unowned)	Rosenthal Bros (five months unowned)	IRP	Rosenthal Bros	Pro Forma BRP Group, Inc.
		H	H			(1)
Commissions and fees	$ 54,159	$ 960	$ 6,809	$ —	$ —	$ 61,928
Operating expenses:						
Commissions, employee compensation and benefits	34,548	1,036	3,169	—	—	38,753
Other operating expenses	8,885	394	613	(184) I	(95) I	9,613
Amortization expense	3,596	—	53	259 J	721 J	4,629
Change in fair value of contingent consideration	1,661	—	—	—	—	1,661
Depreciation expense	165	9	43	—	—	217
Total operating expenses	48,855	1,439	3,878	75	626	54,873
Operating income (loss)	5,304	(479)	2,931	(75)	(626)	7,055
Other income (expense):						
Interest income (expense)	(585)	(1)	1	(184) K	(525) K	(1,294)
Other expense	—	(2)	—	—	—	(2)
Total other income (expense)	(585)	(3)	1	(184)	(525)	(1,296)
Income (loss) before income taxes	4,719	(482)	2,932	(259)	(1,151)	5,759
Income tax provision	12	—	21	—	—	33
Net income (loss)	4,707	(482)	2,911	(259)	(1,151)	5,726
Net income (loss) attributable to noncontrolling interest	3,239	—	—	(91)	(190)	2,958
Net income (loss) attributable to controlling interest	$ 1,468	$ (482)	$ 2,911	$ (168)	$ (961)	$ 2,768
Pro forma net income per share data: L						
Pro forma net income available to Class A common stockholders per share						
Basic						$ 0.14
Diluted						$ 0.14
Pro forma weighted-average shares of Class A common stock outstanding						
Basic						19,482
Diluted						19,816

(1) In accordance with Article 11 of Regulation S-X, these pro forma financial statements give effect to (i) the IRP and Rosenthal Bros Partnerships and (ii) the Significant Historical Businesses Acquired as if each had occurred on January 1, 2019.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Historical							Transaction Adjustments						
(in thousands, except per share data)	BRP Group, Inc.	Lykes (two months unowned)	MSI (three months unowned)	Lanier	Highland	IRP	Rosenthal Bros	Lykes	MSI	Lanier	Highland	IRP	Rosenthal Bros	Pro Forma BRP Group, Inc.
		H	H	H	H	H	H							(1)
Commissions and fees	$137,841	$ 2,825	$ 7,828	$8,324	$ 13,173	$6,995	$19,021	$ —	$ —	$ —	$ —	$ —	$ —	$196,007
Operating expenses:														
Commissions, employee compensation and benefits	96,955	1,054	5,206	5,544	12,315	3,866	10,899	—	—	—	—	—	—	135,839
Other operating expenses	24,576	262	470	2,171	539	1,393	1,841	(84) I	(240) I	(174) I	(74) I	—	—	30,680
Amortization expense	10,007	—	—	—	—	—	53	92 J	1,743 J	371 J	1,053 J	1,029 J	2,862 J	17,210
Change in fair value of contingent consideration	10,829	—	—	—	—	—	—	—	—	—	—	—	—	10,829
Depreciation expense	542	—	9	32	—	36	163	—	—	—	—	—	—	782
Total operating expenses	142,909	1,316	5,685	7,747	12,854	5,295	12,956	8	1,503	197	979	1,029	2,862	195,340
Operating income (loss)	(5,068)	1,509	2,143	577	319	1,700	6,065	(8)	(1,503)	(197)	(979)	(1,029)	(2,862)	667
Other income (expense):														
Interest income (expense)	(10,640)	—	—	(59)	2	9	11	(558) K	(1,010) K	—	—	(751) K	(2,159) K	(15,155)
Loss on extinguishment of debt	(6,732)	—	—	—	—	—	—	—	—	—	—	—	—	(6,732)
Other income (expense)	3	—	—	131	2	(1)	(18)	—	—	—	—	—	—	117
Total other income (expense)	(17,369)	—	—	72	4	8	(7)	(558)	(1,010)	—	—	(751)	(2,159)	(21,770)
Income (loss) before income taxes	(22,437)	1,509	2,143	649	323	1,708	6,058	(566)	(2,513)	(197)	(979)	(1,780)	(5,021)	(21,103)
Income tax provision	17	—	—	—	—	—	93	—	—	—	—	—	—	110
Net income (loss)	(22,454)	1,509	2,143	649	323	1,708	5,965	(566)	(2,513)	(197)	(979)	(1,780)	(5,021)	(21,213)
Net loss attributable to noncontrolling interest	(13,804)	—	—	—	—	—	—	—	(523)	(74)	(432)	(360)	(755)	(15,948)
Net income (loss) attributable to controlling interest	$ (8,650)	$ 1,509	$ 2,143	$ 649	$ 323	$1,708	$ 5,965	$ (566)	$(1,990)	$ (123)	$ (547)	$(1,420)	$(4,266)	$ (5,265)
Pro forma net loss per share data: L														
Pro forma net loss available to Class A common stockholders per share - basic and diluted														$ (0.29)
Pro forma weighted-average shares of Class A common stock outstanding - basic and diluted														17,917

(1) In accordance with Article 11 of Regulation S-X, these pro forma financial statements give effect to (i) the IRP and Rosenthal Bros Partnerships and (ii) the Significant Historical Businesses Acquired as if each had occurred on January 1, 2019.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Description of Partnerships

On April 1, 2020, BKS, a subsidiary of BRP Group, acquired substantially all of the assets of IRP for consideration consisting of $26.6 million in cash, 814,340 shares of BRP Group’s Class B common stock, par value $0.0001, and the opportunity to receive additional contingent earnout consideration in cash and Class A common stock based upon the achievement of certain post-closing revenue focused performance measures.

In addition, on June 1, 2020, BKS acquired substantially all of the assets of Rosenthal Bros for consideration consisting of $75.0 million of cash, 1,164,393 shares of BRP Group’s Class B common stock, par value $0.0001, and maximum potential contingent earnout consideration of $30.8 million based upon the achievement of certain post-closing revenue focused performance measures.

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 Group, IRP and Rosenthal Bros. 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 Group. The financial statements and reported results of operations of BRP Group issued after completion of the IRP and Rosenthal Bros Partnerships will reflect these values. Prior periods will not be retroactively restated to reflect the historical financial position or results of operations of IRP and Rosenthal Bros.

Pro forma adjustments reflected in the unaudited pro forma condensed consolidated balance sheet are based on items that are directly attributable to the IRP and Rosenthal Bros 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 IRP and Rosenthal Bros Partnerships, the Significant Historical Businesses Acquired and financing transactions, are 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 IRP and Rosenthal Bros 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 IRP and Rosenthal Bros 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 IRP and Rosenthal Bros' historical balance sheet and statements of income (loss) have been conformed to BRP Group's presentation.

3. Accounting Policies

IRP and Rosenthal Bros are in the process of being integrated with the Company. This integration includes a review by BRP Group of IRP and Rosenthal Bros' 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 IRP and Rosenthal Bros Partnerships is as follows:

Consideration Transferred (in thousands)	IRP	Rosenthal Bros
Cash paid to owners	$ 26,600	$ 74,986
Class B common stock (814,340 and 1,164,393 shares)	7,533	10,148
Fair value of contingent earnout consideration	6,078	7,051
Total consideration transferred	$ 40,211	$ 92,185

5. Unaudited Pro Forma Condensed Consolidated Balance Sheet Adjustments

A On April 1, 2020, the Company acquired certain assets and intellectual and intangible rights and assumed certain liabilities of IRP for cash consideration of $26.6 million and fair value of noncontrolling interest of $7.5 million. The Partnership was made to expand the Company’s capabilities within the energy and infrastructure business. IRP will also have the opportunity to receive additional contingent earnout consideration in cash and Class A common stock based upon the achievement of certain post-closing revenue focused performance measures.

On June 1, 2020, the Company acquired certain assets and intellectual and intangible rights and assumed certain liabilities of Rosenthal Bros for cash consideration of $75.0 million and fair value of noncontrolling interest of $10.1 million. The Partnership was made to expand the Company’s capabilities within the real estate industry. The maximum potential contingent earnout consideration available to be earned by Rosenthal Bros is $30.8 million based upon the achievement of certain post-closing revenue focused performance measures.

B Reflects the funding of cash consideration for the IRP and Rosenthal Bros Partnerships, which consisted the following:

(in thousands)	IRP	Rosenthal Bros
Cash on hand	$ 2,065	$ 4,986
Borrowings on revolving line of credit	24,535	70,000
Cash consideration paid	$ 26,600	$ 74,986

C Reflects allocation of purchase price to record intangible assets and goodwill at their estimated fair value assuming the IRP and Rosenthal Bros Partnerships occurred on March 31, 2020. Reflects the pro forma allocations to intangible assets, which include $8.4 million of purchased customer accounts for IRP and $34.9 million of purchased customer accounts and trade names for Rosenthal Bros, offset in part by elimination of Rosenthal Bros' historical intangible assets of $2.0 million. Reflects the pro forma allocations to goodwill, which include $31.7 million and $55.1 million related to IRP and Rosenthal Bros, respectively.

Management has determined that the remaining assets and liabilities acquired approximate their fair values for purposes of a preliminary purchase price allocation in the accompanying unaudited pro forma condensed consolidated financial statements. The final allocation of purchase price may differ significantly from these amounts.

D Reflects the elimination of IRP's debt, which was settled with proceeds from the closing of the acquisition of IRP by BRP Group.

E Represents the pro forma adjustments to reflect the estimated contingent earnout consideration exchanged in the IRP and Rosenthal Bros Partnerships.

F Reflects the elimination of IRP's historical members' deficit and Rosenthal Bros' historical stockholders' common stock, offset by the issuance of Class B common stock to IRP and Rosenthal Bros as a form of rollover equity consideration:

(in thousands)		IRP		Rosenthal Bros
Eliminate IRP's historical members' deficit and Rosenthal Bros' historical common stock	$	758	$	(255)
Record adjustment to noncontrolling interest for Class B common stock issuance		7,533		10,148
Total adjustments to members' deficit, common stock and noncontrolling interest	$	8,291	$	9,893

G Reflects the elimination of IRP and Rosenthal Bros' historical retained earnings at March 31, 2020.

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

H On March 1, 2019, the Company acquired certain assets and intellectual and intangible rights and assumed 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.

On April 1, 2019, the Company acquired certain assets and intellectual and intangible rights and assumed 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.

On January 1, 2020, the Company acquired certain assets and intellectual and intangible rights and assumed 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.

On January 1, 2020, the Company acquired certain assets and intellectual and intangible rights and assumed 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.

On April 1, 2020, the Company acquired certain assets and intellectual and intangible rights and assumed certain liabilities of IRP for cash consideration of $26.6 million and fair value of noncontrolling interest of $7.5 million. The Partnership was made to expand the Company’s capabilities within the energy and infrastructure business. IRP will also have the opportunity to receive additional contingent earnout consideration in cash and Class A common stock based upon the achievement of certain post-closing revenue focused performance measures.

On June 1, 2020, the Company acquired certain assets and intellectual and intangible rights and assumed certain liabilities of Rosenthal Bros for cash consideration of $75.0 million and fair value of noncontrolling interest of $10.1 million. The Partnership was made to expand the Company’s capabilities within the real estate industry. The maximum potential contingent earnout consideration available to be earned by Rosenthal Bros is $30.8 million based upon the achievement of certain post-closing revenue focused performance measures.

I For the three months ended March 31, 2020, reflects the pro forma adjustment to remove transaction expenses including due diligence and attorneys’ fees incurred in connection with the acquisitions of IRP and Rosenthal Bros.

For the year ended December 31, 2019, reflects the pro forma adjustment to remove transaction expenses including due diligence and attorneys’ fees incurred in connection with the acquisitions of Lykes, MSI, Lanier and Highland.

J For the three months ended March 31, 2020, reflects the pro forma adjustment to amortization expense related to purchased customer accounts recorded in connection with the acquisition of IRP in April 2020 and purchased customer accounts and trade names recorded in connection with the acquisition of Rosenthal Bros in June 2020.

For the year ended December 31, 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, Lanier in January 2020 and IRP in April 2020; software, purchased carrier relationships, purchased distributor relationships, trade names, and purchased customer accounts recorded in connection with the acquisition of MSI in April 2019; purchased carrier relationships, trade names, and purchased distributor relationships recorded in connection with the acquisition of Highland in January 2020; and purchased customer accounts and trade names recorded in connection with the acquisition of Rosenthal Bros in June 2020.

The intangible assets acquired have the following useful lives:

Intangible Assets	Useful Life (in years)
Purchased customer accounts (Rosenthal Bros)	20
Purchased customer accounts (Lykes, Lanier and IRP)	15
Purchased customer accounts (MSI)	5
Software	5
Purchased carrier relationships (MSI)	20
Purchased carrier relationships (Highland)	0.75
Purchased distributor relationships (MSI and Highland)	20
Trade names (MSI, Highland and Rosenthal Bros)	5

Amortization expense over the next five years for each of the acquisitions as of March 31, 2020 is as follows:

	Amortization Expense Over the Next Five Years				
(in thousands)	Year 1	Year 2	Year 3	Year 4	Year 5
Lykes	$ 982	$ 939	$ 857	$ 763	$ 679
MSI	6,935	7,259	7,556	3,163	1,193
Lanier	373	380	388	396	404
Highland	726	410	421	422	403
IRP	1,029	1,035	994	920	825
Rosenthal Bros	2,372	2,876	2,834	2,735	2,724

K For the three months ended March 31, 2020, reflects the pro forma adjustment to interest expense related to the incremental debt borrowed in connection with the acquisitions of IRP in April 2020 and Rosenthal Bros in June 2020.

For the year ended December 31, 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, MSI in April 2019, IRP in April 2020 and Rosenthal Bros in June 2020. An adjustment was not made for the Lanier and Highland Partnerships, which were funded with cash on the balance sheet.

(in thousands)	For the Three Months Ended March 31, 2020	For the Year Ended December 31, 2019
Interest on revolving lines of credit	$ 709	$ 3,430
Interest on related party debt	—	636
Pro forma cash interest expense	709	4,066
Amortization of capitalized debt issuance costs	—	412
Total pro forma interest expense	$ 709	$ 4,478

L Pro forma basic net income (loss) per share is computed by dividing the pro forma 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 45,523,095 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 have an anti-dilutive effect to the periods presented. 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 Three Months Ended March 31, 2020	For the Year Ended December 31, 2019
Pro forma basic and diluted net income (loss) per share		
Numerator		
Net income (loss)	$ 5,726	$ (21,213)
Less: net income (loss) attributable to noncontrolling interest	2,958	(15,948)
Pro forma net income (loss) attributable to Class A common stockholders - basic and diluted	$ 2,768	$ (5,265)
Denominator		
Shares of Class A common stock outstanding	19,482	17,917
Pro forma weighted-average shares of Class A common stock outstanding - basic	19,482	17,917
Pro forma weighted-average shares of Class A common stock outstanding - basic	19,482	17,917
Dilutive effect of unvested restricted shares of Class A common stock	334	—
Pro forma weighted-average shares of Class A common stock outstanding - diluted	19,816	17,917
Pro forma net income (loss) per share - basic	$ 0.14	$ (0.29)
Pro forma net income (loss) per share - diluted	$ 0.14	$ (0.29)