# PASTORAL LEADERSHIP INSTITUTE

## FINANCIAL STATEMENTS
## AS OF DECEMBER 31, 2018 AND 2017

## TOGETHER WITH AUDITOR'S REPORT

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pastoral Leadership Institute:

We have audited the accompanying financial statements of Pastoral Leadership Institute (PLI), a Missouri nonprofit organization, which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

To the Board of Directors of
Pastoral Leadership Institute
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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pastoral Leadership Institute as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
May 31, 2019

# PASTORAL LEADERSHIP INSTITUTE
## STATEMENT OF FINANCIAL POSITION
## DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 1,201,189 | $ 910,956 |
| Accounts receivable, net | 66,233 | 117,112 |
| Investments | 462,538 | 470,727 |
| Prepaid expenses | 69,983 | 65,860 |
| Total current assets | 1,799,943 | 1,564,655 |
| PROPERTY AND EQUIPMENT: | | |
| Furniture and equipment | 40,338 | 24,587 |
| Less: accumulated depreciation | (22,705) | (18,931) |
| Net property and equipment | 17,633 | 5,656 |
| OTHER ASSETS: | | |
| Deposits | 7,019 | 1,665 |
| Total assets | $ 1,824,595 | $ 1,571,976 |
| **LIABILITIES AND NET ASSETS** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | $ 42,323 | $ 26,050 |
| Deferred revenue | 406,476 | 422,122 |
| Deferred rent | 24,385 | - |
| Total current liabilities | 473,184 | 448,172 |
| COMMITMENTS | | |
| NET ASSETS: | | |
| Without donor restrictions | 873,377 | 768,341 |
| With donor restrictions | 478,034 | 355,463 |
| Total net assets | 1,351,411 | 1,123,804 |
| Total liabilities and net assets | $ 1,824,595 | $ 1,571,976 |

The accompanying notes are an integral part of this statement.

PASTORAL LEADERSHIP INSTITUTE
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| PUBLIC SUPPORT AND REVENUE: | | | | | | |
| Contributions and grants | $ 897,077 | $ 702,297 | $ 1,599,374 | $ 594,987 | $ 659,934 | $ 1,254,921 |
| Conference and training fees | 756,829 | - | 756,829 | 698,956 | - | 698,956 |
| Investment income (loss) | (6,940) | - | (6,940) | 10,522 | - | 10,522 |
| Total support and revenue | 1,646,966 | 702,297 | 2,349,263 | 1,304,465 | 659,934 | 1,964,399 |
| RECLASSIFICATIONS: | | | | | | |
| Net assets released upon satisfaction of purpose restrictions | 579,726 | (579,726) | - | 379,380 | (379,380) | - |
| FUNCTIONAL EXPENSES: | | | | | | |
| Program services | 1,155,394 | - | 1,155,394 | 719,807 | - | 719,807 |
| Management and general | 614,671 | - | 614,671 | 615,930 | - | 615,930 |
| Fundraising | 351,591 | - | 351,591 | 304,509 | - | 304,509 |
| Total functional expenses | 2,121,656 | - | 2,121,656 | 1,640,246 | - | 1,640,246 |
| CHANGE IN NET ASSETS | 105,036 | 122,571 | 227,607 | 43,599 | 280,554 | 324,153 |
| NET ASSETS, Beginning of year | 768,341 | 355,463 | 1,123,804 | 724,742 | 74,909 | 799,651 |
| NET ASSETS, End of year | $ 873,377 | $ 478,034 | $ 1,351,411 | $ 768,341 | $ 355,463 | $ 1,123,804 |

The accompanying notes are an integral part of this statement.

# PASTORAL LEADERSHIP INSTITUTE
## STATEMENT OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Contributions and program fees received | $ 2,415,821 | $ 1,967,600 |
| Cash paid for operations and programs | (2,111,438) | (1,633,080) |
| Interest and dividends received | 4,097 | 4,771 |
| Net cash provided by operating activities | 308,480 | 339,291 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of fixed assets | (17,478) | (3,334) |
| Proceeds from sale of investments | 3,909 | 4,466 |
| Purchase of investments | (4,678) | (405,229) |
| Net cash (used in) investing activities | (18,247) | (404,097) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 290,233 | (64,806) |
| CASH AND CASH EQUIVALENTS, Beginning of year | 910,956 | 975,762 |
| CASH AND CASH EQUIVALENTS, End of year | $ 1,201,189 | $ 910,956 |
| RECONCILIATION OF CHANGE IN NET ASSETS: | | |
| Change in net assets | $ 227,607 | $ 324,153 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 5,502 | 3,056 |
| Realized and unrealized (gain) loss on investments | 8,957 | (8,524) |
| Changes in other assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 50,879 | (93,372) |
| (Increase) in prepaid expenses | (4,123) | (8,523) |
| (Increase) in deposits | (5,354) | (1,665) |
| Increase in accounts payable and accrued expenses | 16,273 | 17,071 |
| Increase (decrease) in deferred revenue | (15,646) | 107,095 |
| Increase in deferred rent | 24,385 | - |
| Total adjustments | 80,873 | 15,138 |
| Net cash provided by operating activities | $ 308,480 | $ 339,291 |

The accompanying notes are an integral part of this statement.

# PASTORAL LEADERSHIP INSTITUTE
## STATEMENT OF FUNCTIONAL EXPENSES
## FOR THE YEAR ENDED DECEMBER 31, 2018

| | Program | Management and General | Fundraising | Total Expenses |
|---|---|---|---|---|
| Salaries and benefits | $ 501,927 | $ 219,350 | $ 288,312 | $ 1,009,589 |
| Professional services | 45,905 | 137,299 | 12,728 | 195,932 |
| Training, conferences, and meetings | 217,702 | 6,212 | - | 223,914 |
| Grants | 165,689 | - | - | 165,689 |
| Occupancy | - | 64,016 | - | 64,016 |
| Information technology | 1,102 | 16,583 | 7,405 | 25,090 |
| Supplies | 1,513 | 5,469 | 416 | 7,398 |
| Travel | 202,035 | 89,231 | 23,948 | 315,214 |
| Advancement and marketing | 800 | 4,403 | 240 | 5,443 |
| Insurance | - | 4,958 | 201 | 5,159 |
| Licenses and fees | - | 185 | 20 | 205 |
| Bank and finance fees | 528 | 3,969 | - | 4,497 |
| Postage and shipping | 415 | 2,758 | 676 | 3,849 |
| Telecommunications | 5,015 | 7,279 | 2,842 | 15,136 |
| Printing and copying | 9,756 | 15,631 | 14,752 | 40,139 |
| Equipment | 425 | 19,623 | - | 20,048 |
| Depreciation | - | 5,502 | - | 5,502 |
| Miscellaneous | 2,582 | 12,203 | 51 | 14,836 |
| Total functional expenses | $ 1,155,394 | $ 614,671 | $ 351,591 | $ 2,121,656 |

# PASTORAL LEADERSHIP INSTITUTE
## STATEMENT OF FUNCTIONAL EXPENSES
## FOR THE YEAR ENDED DECEMBER 31, 2017

| | Program | Management and General | Fundraising | Total Expenses |
|---|---|---|---|---|
| Salaries and benefits | $ 218,567 | $ 262,612 | $ 302,623 | $ 783,802 |
| Professional services | 16,089 | 122,013 | 573 | 138,675 |
| Training, conferences, and meetings | 213,872 | 30,470 | - | 244,342 |
| Grants | 140,701 | - | - | 140,701 |
| Occupancy | - | 18,558 | - | 18,558 |
| Information technology | 378 | 1,647 | 99 | 2,124 |
| Supplies | 1,800 | 4,929 | 19 | 6,748 |
| Travel | 123,204 | 119,495 | 715 | 243,414 |
| Advancement and marketing | 460 | 2,699 | - | 3,159 |
| Insurance | - | 6,192 | - | 6,192 |
| Licenses and fees | 1,943 | 444 | - | 2,387 |
| Bank and finance fees | 462 | 4,190 | - | 4,652 |
| Postage and shipping | 529 | 2,260 | 135 | 2,924 |
| Telecommunications | - | 3,047 | - | 3,047 |
| Printing and copying | 920 | 30,810 | 345 | 32,075 |
| Equipment | - | 3,001 | - | 3,001 |
| Depreciation | - | 3,056 | - | 3,056 |
| Miscellaneous | 882 | 507 | - | 1,389 |
| Total functional expenses | $ 719,807 | $ 615,930 | $ 304,509 | $ 1,640,246 |

PASTORAL LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

## (1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Pastoral Leadership Institute (PLI) was located in Downers Grove, Illinois until relocating to Nashville, Tennessee in 2016. PLI is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. PLI's purpose is to operate an in-service, leadership formation program for pastors and others who desire to develop their leadership abilities helpful in pastoring churches in the Lutheran Church-Missouri Synod (LCMS) and beyond. PLI serves as a resource to congregations, church groups, and individuals who desire to develop leadership skills so that a maximization of the gift of leadership given to them by God might be accomplished. PLI's primary sources of revenue are contributions and grants from Lutheran-related organizations and supporters of PLI and fees from conferences and training programs.

The financial statements were available to be issued on May 31, 2019, with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies and practices reflected in the accompanying financial statements.

Basis of Accounting -

The financial statements of PLI have been prepared on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Basis of Presentation -

PLI is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> *Without donor restrictions* - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of PLI. These net assets may be used at the discretion of management and the board of directors.
>
> *With donor restrictions* - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of PLI and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, PLI considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk -

Financial instruments which potentially subject PLI to concentrations of credit risk consist principally of cash. PLI's cash deposits exceeded the FDIC limits at various times during the years ended December 31, 2018 and 2017.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accounts Receivable -

Accounts receivable is stated at the amount PLI expects to collect from outstanding balances. PLI provides for probable uncollectible amounts as an expense on the statement of activities and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. An account is considered past due if PLI has not received any payments for ninety days after the invoice date. PLI's policy is to perform in-house reasonable collections after 90 days. Balances that are still outstanding after PLI has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. The allowance for doubtful accounts is $1,180 as of December 31, 2018 and 2017.

Contributions -

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the nature of any donor restrictions.

Gifts of cash and other assets are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Property -

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, PLI reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. PLI reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated property, marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Contributed Services -

Contributed services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) would typically need to be purchased by PLI, require specialized skills, and be performed by people with those skills.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Promises to Give -

Unconditional promises to give are recognized as revenues or gains in the period pledged as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises to give are collectible in the following year.

Investments -

Investments in securities are carried at fair value based on quoted market prices for those investments. Donated investments are recorded as support at fair value when received.

Property and Equipment -

Property and equipment are stated at cost or fair market at date of receipt for donated assets. PLI follows the practice of capitalizing all assets in excess of $500. Betterments and renewals are capitalized if they extend or increase the value of the property and equipment. Maintenance and repairs are charged to operations when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets ranging from three to ten years. Depreciation expense totaled $5,502 and $3,056 in 2018 and 2017, respectively.

Income Taxes -

PLI has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

PLI files income tax returns in the U.S. federal jurisdiction and in various states. With few exceptions, PLI is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2015. PLI does not expect a material net change in unrecognized tax benefits in the next twelve months.

Deferred Revenue -

Deferred revenue represents program fees received in the current year that will be recognized as revenue in the following year when earned.

Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional services, trainings and conferences, office expenses, information technology, travel and other, which are allocated on the basis of estimates of time and effort.

New Accounting Pronouncement -

During 2018, PLI adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* This update to ASU 958 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. PLI has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Reclassification –

Prior year amounts have been reclassified to be consistent with current year presentation.

(2) INVESTMENTS:

Investments consist of the following at December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| Mutual funds | $ 435,864 | $ 439,301 |
| Pooled investment account | 26,674 | 31,426 |
| Total | $ 462,538 | $ 470,727 |

Investment income (loss) consists of the following at December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| Interest and dividends | $ 4,097 | $ 4,771 |
| Realized and unrealized gain (loss) | (8,957) | 8,524 |
| Investment fees | (2,080) | (2,773) |
| Total | $ (6,940) | $ 10,522 |

## (3) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification (ASC) for Fair Value Measurements establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurement, and expands disclosures about fair value measurements required under other accounting pronouncements. It does not change existing guidance as to whether or not an instrument is carried at fair value.

The ASC established market and observable inputs as the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market inputs.

The valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect PLI's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

*Mutual Funds*: Valued at the closing price reported on the active market on which the individual funds are traded.

*Investments Held at Lutheran Legacy Foundation*: Fair values for investments are provided by the trust administrator which determines the fair value by reference to quoted market prices and other relevant information generated by market transactions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the PLI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(3) FAIR VALUE MEASUREMENTS: (Continued)

The following tables set forth by level, within the fair value hierarchy, PLI's assets at fair value as of December 31, 2018 and 2017:

| | Assets at Fair Value as of December 31, 2018 | | | |
|---|---|---|---|---|
| Description | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Mutual funds - | | | | |
| Money market fund | $ 303,690 | $ - | $ - | $ 303,690 |
| Equity fund | 132,174 | - | - | 132,174 |
| Pooled investment account | - | - | 26,674 | 26,674 |
| Total assets at fair value | $ 435,864 | $ - | $ 26,674 | $ 462,538 |

| | Assets at Fair Value as of December 31, 2017 | | | |
|---|---|---|---|---|
| Description | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Mutual funds – | | | | |
| Bond fund | $ 300,293 | $ - | $ - | $ 300,293 |
| Equity fund | 139,008 | - | - | 139,008 |
| Pooled investment account | - | - | 31,426 | 31,426 |
| Total assets at fair value | $ 439,301 | $ - | $ 31,426 | $ 470,727 |

The following table sets forth a summary of changes in the fair value of level 3 assets for the years ended December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| Balance, beginning of year | $ 31,426 | $ 27,577 |
| Realized and unrealized gains (loss) | (3,871) | 4,683 |
| Purchases and sales, net | (881) | (834) |
| | $ 26,674 | $ 31,426 |

(4) NET ASSETS:

Net assets with donor restrictions as of December 31, 2018 and 2017, are available for the following:

| | 2018 | 2017 |
|---|---|---|
| Scholarships | $ 30,390 | $ 30,390 |
| PLI International | 168,796 | 77,716 |
| Young Leaders | 222,531 | 189,040 |
| Multicultural Learning Community | 47,000 | 49,000 |
| Other | 9,317 | 9,317 |
| | $ 478,034 | $ 355,463 |

## (5) LIQUIDITY AND AVAILABILITY:

| | December 31, 2018 | December 31, 2017 |
|---|---|---|
| Financial Assets - | | |
| Cash and cash equivalents | $ 1,201,189 | $ 910,956 |
| Accounts receivable | 67,533 | 117,112 |
| Investments | 462,538 | 470,727 |
| Total financial assets | 1,731,260 | 1,498,795 |
| Donor imposed restrictions | 478,034 | 355,463 |
| Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year | $ 1,253,226 | $ 1,143,332 |

PLI receives significant contributions, some of which are restricted by donors to fund specific programs or projects. Such restricted funds are tracked for use for the identified program or project. Restricted contributions of $702,297 and $659,934 were received and included in financial assets for the years ended December 31, 2018 and 2017, respectively.

PLI manages its liquidity and reserves following three guiding principles:

- operating within a prudent range of financial soundness and stability
- maintaining adequate liquid assts to fund near-term operating needs
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

## (6) OPERATING LEASES:

In 2018, PLI entered into a new office lease that began in August 2018 and will expire in November 2023. The office lease included four months of free rent and scheduled increases in rent payments. The excess of rent expense recognized for the financial statements and the cumulative effect of these differences is included in deferred rent. In addition, PLI leased equipment that expired in November 2018. The lease was not renewed. Rental expense for these leases was $55,954 and $19,653 for the years ended December 31, 2018 and 2017, respectively. Future minimum lease payments are as follows:

| | |
|---|---|
| 2019 | $ 73,572 |
| 2020 | 75,771 |
| 2021 | 78,051 |
| 2022 | 80,404 |
| 2023 | 75,785 |

(7) RETIREMENT PLAN:

Certain employees are covered by the defined benefit plan for eligible employees through the LCMS. PLI's contributions to this plan totaled approximately $5,600 and $4,900 for the years ended December 31, 2018 and 2017, respectively.