

GreenSky, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(United States Dollars in thousands, except per share data, unless otherwise stated)

Unvested Class A common stock activity was as follows during the years indicated:

	Year Ended December 31, 2019		Year Ended December 31, 2018
	Class A common stock	Weighted Average Grant Date Fair Value	Class A common stock
Unvested at beginning of period	454,561	\$ 19.08	—
Effect of Reorganization Transactions and IPO	N/A	N/A	255,904
Granted ⁽¹⁾	2,887,905	10.90	234,829
Forfeited ⁽²⁾	(210,845)	13.94	(11,750)
Vested ⁽³⁾	(132,278)	19.84	(24,422)
Unvested at end of period	2,999,343	\$ 11.53	454,561

⁽¹⁾ Weighted average grant date fair value of restricted stock awards granted during the year ended December 31, 2018 was \$15.37.

⁽²⁾ Forfeited shares of unvested Class A common stock associated with restricted stock awards are held in our treasury stock account. Refer to Note 11 for additional information on our treasury stock.

⁽³⁾ The total fair value, based on grant date fair value, of previously unvested Class A common stock that vested during the years ended December 31, 2019 and 2018 was \$2.6 million and \$0.6 million, respectively.

At December 31, 2019, unrecognized compensation costs related to unvested Class A common stock totaled \$26.9 million, which will be recognized over a weighted average remaining requisite service period of 3.1 years.

Note 13. Income Taxes

GreenSky, Inc. is taxed as a corporation and pays corporate federal, state and local taxes on income allocated to it from GS Holdings based upon GreenSky, Inc.'s economic interest held in GS Holdings. GS Holdings is treated as a pass-through partnership for income tax reporting purposes and not subject to federal income tax. Accordingly, the Company is not liable for income taxes on the portion of GS Holdings' earnings not allocated to it. The results for the year ended December 31, 2017 do not reflect income tax expense because, prior to the Reorganization Transactions, the consolidated GSLLC (and subsequently GS Holdings) pass-through entity was not subject to corporate tax.

The Company's income before income tax expense of \$88,848, \$133,514 and \$138,668 during the years ended December 31, 2019, 2018 and 2017, respectively, consisted entirely of income earned in the United States.

Components of income tax expense consisted of the following for the years indicated:

	Year Ended December 31,	
	2019	2018
Current income tax expense (benefit):		
Federal	\$ 5	\$ 4
State	10	5
Deferred income tax expense (benefit):		
Federal	4,206	4,860
State	(11,346)	665
Income tax expense (benefit)	\$ (7,125)	\$ 5,534