

During the years ended December 31, 2019 and 2018, we recognized impairment charges to reduce our excess and obsolete inventories to their net realizable values. The following table provides a reconciliation of our inventory reserves for the years ended December 31, 2019 and 2018, respectively (in thousands):

	2019	2018
Inventory reserves at beginning of year	\$ 982	\$ -
Impairment charges	6	1,134
Write down of impaired inventories	(438)	(152)
Inventory reserves at end of year	<u>\$ 550</u>	<u>\$ 982</u>

4. PREPAID EXPENSES

Prepaid expenses consisted of the following at December 31, 2019 and 2018 (in thousands):

	2019	2018
Prepaid services	\$ 221	\$ 252
Prepaid bonds for German statutory costs	188	199
Prepaid insurance	62	19
Prepaid licenses, software tools and support	17	51
Other prepaid expenses	17	17
	<u>\$ 505</u>	<u>\$ 538</u>

In 2018, we recorded impairment charges of approximately \$0.4 million related to prepaid licenses and production tooling as a result of the restructuring of our operations. These charges are included in "Restructuring expenses" in the accompanying statements of comprehensive loss (see Note 15).

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, at cost, consisted of the following at December 31, 2019 and 2018 (in thousands):

	2019	2018
Equipment and software, including equipment purchased under capital leases of \$6 and \$17 at December 31, 2019 and 2018, respectively	\$ 260	\$ 1,555
Leasehold improvements	33	786
Furniture and fixtures	43	182
	<u>336</u>	<u>2,523</u>
Less accumulated depreciation, including accumulated depreciation for equipment purchased under capital leases of \$3 and \$13 at December 31, 2019 and 2018, respectively	<u>(266)</u>	<u>(2,394)</u>
	<u>\$ 70</u>	<u>\$ 129</u>

Depreciation expense related to property and equipment was approximately \$0.04 million and \$0.13 million in 2019 and 2018, respectively. Depreciation expense includes depreciation related to finance leases of approximately \$0.001 million and \$0.002 million for the periods ended December 31, 2019 and 2018, respectively. Our finance leases have original terms of one to three years. The principal payments