

Everbridge, Inc.
Notes to the Consolidated Financial Statements—(Continued)

The net deferred tax assets (liabilities) are comprised of the following (in thousands):

	As of December 31,	
	2019	2018
Deferred tax assets		
Lease liability	\$ 4,295	\$ 278
AMT credit	9	11
Accrued expenses	2,837	2,057
Deferred revenue	—	549
Net operating loss carryforward	50,950	34,662
Other assets	6,967	2,343
Property and equipment	—	123
Intangible assets	2,416	836
Valuation allowance	(24,637)	(25,079)
Total net deferred tax assets	42,837	15,780
Deferred tax liabilities		
Deferred commissions	(4,308)	(3,215)
Deferred revenue	(336)	—
Intangible assets	(7,948)	(7,295)
Property and equipment	(296)	—
Debt discount	(26,589)	(4,986)
Right-of-use asset	(3,909)	—
Deferred state taxes	(1,101)	(1,233)
Other	(352)	—
Total deferred tax liabilities	(44,839)	(16,729)
Total non-current deferred income tax liabilities	\$ (2,002)	\$ (949)

A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized based on an assessment of positive and negative evidence, including estimates of future taxable income necessary to realize future deductible amounts. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2019. Such objective evidence limits the ability to consider other subjective evidence such as its projections for future growth. On the basis of this evaluation, at December 31, 2019 and 2018, a valuation allowance of \$24.6 million and \$25.1 million, respectively, has been recorded.

As of December 31, 2019, the Company has accumulated federal and state net operating loss (“NOL”) carryforwards of \$165.0 million and \$134.3 million, respectively. Of the \$165.0 million of federal NOL carryforwards, \$57.9 million was generated before January 1, 2018 and is subject to the 20-year carryforward period (“pre-Tax Act losses”). The remaining \$107.1 million (“post-Tax Act losses”) can be carried forward indefinitely but is subject to the 80% taxable income limitation. The pre-Tax Act U.S. federal and state net operating loss carryforwards will expire in varying amounts through 2037. The Company completed a Section 382 study for the period through March 31, 2019 and determined that a Section 382 ownership change occurred on December 31, 2017 subjecting all pre-Tax Act losses to a utilization limitation; however, such limitation is not expected to result in NOLs expiring unused. Any future annual limitation may result in the expiration of NOLs before utilization.

As of December 31, 2019 and 2018, the Company had combined foreign net operating loss carry-forwards available to reduce future taxable income of approximately \$25.6 million and \$25.5 million, respectively. As of December 31, 2019 and 2018, valuation allowances of \$24.6 million and \$25.1 million, respectively, had been recorded against the related deferred tax assets for those loss carry-forwards that are not more likely than not to be fully utilized in reducing future taxable income.