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Table of Contents**Asset retirement obligation**

The Operating Entities' asset retirement obligations relate to leased land upon which the solar energy systems were constructed. The Operating Entities are required to restore the leased land to an agreed-upon condition from the date construction of the asset commences. This would involve dismantling property, plant and equipment constructed on the leased land, and restoring the land to its pre-construction condition. The Operating Entities are required to record the present value of the estimated obligations as the solar energy systems are constructed. At the same time, a corresponding asset was capitalized to the solar energy systems' cost. The asset retirement obligations will be accreted to their future value over the terms of the land leases, and the amounts capitalized through CCD will be depreciated over the remainder of the same term.

**Commitments and contingencies**

The Operating Entities are involved in litigation and claims in the ordinary course of business with possible gain or loss contingencies that will ultimately be resolved when one or more future events occur or fail to occur. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount will be accrued. When no amount within the range is a better estimate than any other amount, the minimum amount in the range will be accrued. Management continually evaluates uncertainties associated with loss contingencies and record a charge equal to at least the minimum estimate liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements; and (ii) the loss or range of loss can be reasonably estimated. Legal costs are expensed when incurred. Gain contingencies are not recorded until realized or realizable.

Commitments related to projects, consist of amounts contracted for but not yet incurred.

**Fair value measurement**

Management performs fair value measurements in accordance with ASC 820. ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at their fair values, management considers the principal or most advantageous market in which it would transact and consider assumptions that market participants would use when pricing the assets or liabilities, such as inherent risk, transfer restrictions and risk of non-performance.

ASC 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset's or a liability's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
- Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets or liabilities.

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