
Table of Contents**Capitalized interest**

Interest expense consisting of amortization of deferred financing costs and amounts incurred on funds borrowed to finance construction of solar energy systems is capitalized until the system is ready for its intended use. The amount of interest capitalized was \$1,629 and \$634 during the years ended December 31, 2014 and 2013, respectively.

Deferred financing costs

Financing costs incurred in connection with obtaining construction and term financing are deferred and amortized over the maturities of the respective financing arrangements. Deferred financing costs related to the Company's Bridge Facility have been capitalized and amortized using the straight-line method over the period in which the Bridge Facility is expected to be outstanding. Amortization is recorded as interest expense in the combined statements of operations.

Deferred financing costs related to construction loans is amortized using the straight-line method due to the revolving nature of these financing agreements. Upon completion of construction, construction loans are converted into term loans and deferred financing costs related to term loans are amortized using the effective interest rate method. Amortization of deferred financing costs is capitalized during construction and recorded as interest expense in the combined statements of operations following commencement of commercial operation.

Amortization of deferred financing costs was recorded as interest expense and totalled \$1,140 and \$772 during the years ended December 31, 2014 and 2013, respectively.

Impairment of long-lived assets

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured as the difference between an asset's carrying amount and fair value with the difference recorded in operating costs and expenses in the statement of operations. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets and present value techniques. There were no impairments recognized during the years ended December 31, 2014 and 2013.

Revenue recognition

The Company's revenues are obtained through the sale of energy pursuant to terms of power purchase agreements ("PPAs") or other contractual arrangements which have remaining lives of 15-25 years as of December 31, 2014. All PPAs are accounted for as operating leases, have no minimum lease payments and all of the rental income under these leases is recorded as income when the electricity is delivered. The contingent rental income recognized in the years ended December 31, 2014 and 2013 was \$39,449 and \$22,196, respectively.

Income taxes

Our income tax balances are determined and reported using a "separate return" method. Income taxes as presented herein allocate current and deferred income taxes of the Parent to us in a manner that is systematic, rational and consistent with the asset and liability method. The sum of the amounts allocated to the Company's carve-out tax provisions may not equal the historical consolidated provision. Under the separate return