HCVT

HCVT CPAS | LLP

PERSONAL & CONFIDENTIAL

November 9, 2026

Mr. Louie So
Chief Financial Officer
Housing Authority of the City of Alameda
701 Atlantic Avenue
Alameda, CA 94501

Re: Island City Development

We have audited the consolidated financial statements of Island City Development (the Company) for the year ended December 31, 2025, and have issued our report thereon dated November 9, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement agreement dated October 26, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Company are described in Note 1 to the financial statements. No new accounting policies were adopted, other than those disclosed in Note 1 to the financial statements, and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by us and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates during 2025.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Misstatements were identified by HCVT during the audit (see the attached copy of adjustments). Management represented that they recorded all of the adjustments to correct the identified misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Management Representations

We have requested and received certain representations from management that are included in the management representation letter dated November 9, 2026.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

This information is intended solely for your use and management of the Company and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

HCVT CPAs LLP

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ATTACHMENT

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 101		C-1		
To accrue Shinsei Gardens Management Fee (agreed to non-attest service)				
1320010	Investments - Other		2,500.00	
5090000	Unrestricted		5.00	
7150020	Other Management Fees			2,500.00
9160040	Postage			5.00
Total			**2,505.00**	**2,505.00**
Adjusting Journal Entries JE # 102		E.1.2		
To accrue additional HCD grant revenue				
1250000-HCVT	Grant Receivable		229,312.00	
7080000	Other Government Grants			229,312.00
Total			**229,312.00**	**229,312.00**

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 201		X-2		
To true up consultant services fee to agree to the agreement				
9160110	Legal Expense		162.00	
9160170	Contracts - Administrative Services/Consultant			162.00
Total			**162.00**	**162.00**
Reclassifying Journal Entries JE # 202		C-1		
to reclass GP mgmt fees receivable from Shinsei and Stargell (agreed to non-attest service)				
1250020	Accounts Receivable - Owners		11,000.00	
1320010	Investments - Other			11,000.00
Total			**11,000.00**	**11,000.00**

ATTACHMENT

Account	Description	W/P Ref	Debit	Credit
Eliminating Journal Entries JE # 301		**X-1**		
To eliminate Developer Fee Revenue, Capitalized Developer Fee, related Depreciation Expense and Accumulated Depreciation				
1450-P	Accumulated depreciation		221,438.00	
2220-P	Developer fee payable		6,922,149.00	
7110092	Professional Service Revenue		856,536.00	
1210000	Accounts Receivable - PHA			6,922,149.00
1420-P	Building			856,536.00
7100-P	Depreciation			221,438.00
Total			**8,000,123.00**	**8,000,123.00**
Eliminating Journal Entries JE # 302		**A.10.1**		
to rollforward PY eliminations				
1320010	Investments - Other		2,494,404.00	
1450-P	Accumulated depreciation		483,420.00	
5090000	Unrestricted		4,931,021.00	
1420-P	Building			7,908,845.00
Total			**7,908,845.00**	**7,908,845.00**
Eliminating Journal Entries JE # 303		**E.1.1**		
To eliminate intercompanies due to and from with subsidiaries				
2200-P	Due to affiliate		282,191.00	
3470050	Interprogram (Due to)		98,837.00	
1250010	Accounts Receivable - Other			41,243.00
1440110	Interprogram (Due From)			339,785.00
Total			**381,028.00**	**381,028.00**
Eliminating Journal Entries JE # 304		**C-1**		
To eliminate Partnership Management Fee income/expense, payables/receivables, and investments in subsidiaries				
2240-P	Accrued GP Fees		105,228.00	
7150020	Other Management Fees		67,744.00	
1320010	Investments - Other			105,228.00
8100-P	GP Fees			67,744.00
Total			**172,972.00**	**172,972.00**
Eliminating Journal Entries JE # 305		**E-1**		
To eliminate intercompany loans receivable				
2100-P	Notes Payable		5,245,197.00	
1350106	Loan Receivable - ICD			5,245,197.00
Total			**5,245,197.00**	**5,245,197.00**
Eliminating Journal Entries JE # 307		**C-1**		
To eliminate income/loss pickup in consolidation subsidiaries				
1320010	Investments - Other		516.00	
8100200	General Partner Equity (Gain)/Loss			516.00
Total			**516.00**	**516.00**