



ROSELLI, CLARK & ASSOCIATES
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November 30, 2021

Honorable Board of Directors
Berkshire Health Group

Honorable Board

We have audited the financial statements of the Berkshire Health Group (the Group) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 1, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Group are described in Note 1 to the financial statements.

The proprietary financial statements are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and earned). Measurable means the amount of the transaction can be determined and earned means it meets the criteria for reporting in the current period. Expenses are recorded when the related obligation is incurred.

There were no departures from the GAAP reporting in the financial statements.

We noted no transactions entered into by the Group during the year for which there is a lack of authoritative guidance or consensus. All significant transactions, other than those previously discussed, have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management 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. The estimate that would be the most sensitive in the financial statements is the liability for claims incurred but not reported.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We believe all 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 clearly trivial, and communicate them to the appropriate level of management. We are happy to report that there were no such 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. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2021.

Management Consultations with Other Independent 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 Group'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 consult 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 will discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Group's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The following observations were discussed with management:

Investment policy

The current investment policy included on the Group's website was adopted in 2012. We were made aware that there have been multiple revisions to the investment policy since. These are included in the various minutes in which these actions took place. We suggest that the Group codify all these revisions into one revised document and replace the policy on the website with the new document.

Fund Balance Policy

The Group's current fund balance policy was revised in 2012. It establishes that fund balance should be maintained at 10 – 15% of claims expenses. The Board also reserves judgement to vary from this level in the best interest of the Group. Since this policy was written, fund balance has increased significantly. In fact, in the past two-years it has exceeded 70% of claims expenses.

The Board has unanimously voted premium holidays in each of the last two years as a benefit to its members due to this positive claim experience, however, it may make sense to re-evaluate the current policy in light of the current sustained levels of fund balance.

Minutes

We noted that the November 2020 minutes are still marked draft. These should be updated to final since they were accepted at the next meeting.

Restriction on Use

This information is intended solely for the information and use of the Group's Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Roselli, Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts