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AVL WEALTHCARE, LLC
Wealth Management

October 8, 2018

Board of Directors and Management
403(b) Thrift Plan of Goodwill Industries of
South Mississippi, Inc.
Gulfport, Mississippi

Except as discussed in the following paragraph, in planning and performing our audit of the financial statements of 403(b) Thrift Plan of Goodwill Industries of South Mississippi, Inc. (Plan) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of issuing our report on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

We were engaged to perform a DOL limited-scope audit of those financial statements as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Our audit did not include all of the procedures required by auditing standards generally accepted in the United States of America and did not include a consideration of internal control relating to the information summarized in Note 4 to those financial statements. Because of the significance of the information that we did not audit, we were unable to, and did not, express an opinion on those financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency, as stated on page 3, in the Plan's internal control to be a significant deficiency.

During our audit, we also became aware of deficiencies in internal control other than significant deficiencies or material weaknesses. The memorandum that accompanies this letter summarizes other matters that are opportunities for strengthening internal controls and operating efficiency.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Plan personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Plan, and is not intended to be, and should not be, used by anyone other than these specified parties.

Alexander, Van Loon, Sloan, Levens, & Favre, PLLC

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SIGNIFICANT DEFICIENCY

Underpayment of Wages and Employer Contributions

There were instances of underpayments during the year:

- The January 27, 2017 payroll had errors which resulted in the underpayment of employer contributions for approximately 20 participants.
- There were two employees identified in the testing sample that were underpaid wages.

The errors were not discovered until audit procedures were performed. The Plan sponsor is working to correct the errors. The payments and contributions to be made will include expected interest earnings as if the errors had never occurred. For the underpayment of employer contributions, all payroll periods were re-checked by the Plan sponsor for other underpayments. No additional payroll periods were found to have errors per representation of Plan sponsor. We understand there are current updates to the system that will provide additional controls to prevent this type of human error. Even with the new system, we recommend having monitoring controls in place to identify errors and inconsistencies to make corrections needed timely.

OTHER COMMENTS AND RECOMMENDATIONS

Lack of Documentation

There were six employees sampled out of 24 that did not have proof they were provided the opportunity to participate in the voluntary contributions to the plan. Although, there is evidence that two of the six were participating with contributions being made to the Plan. Further, election deferral forms were not provided for three participants sampled. We understand there have been changes to the Plan and there is now automatic enrollment. However, we recommend making sure all required forms for deferral changes or opting out of automatic enrollment are signed and maintained on file. We further recommend keeping on file all pertinent documentation as it relates to employees and the Plan as long as legally required.

Small Balances

As noted in the prior year, there are many participants with small balances in the plan. There are over 30 participants in Mutual of America with balances less than $1,000 and no current contributions. Lincoln has only six participants with balances greater than $5,000, 438 participants have balances less than $1,000, and 269 participants have balances less than $100. Many participants with these small balances are likely unaware of this money while the balances are slowly being reduced by fees. We recommend putting forth every effort to contact these individuals and discuss distributing the balance. There are many resources to find participants or beneficiaries. The Department of Labor has guidelines in Field Assistance Bulletin No. 2014-01. Consideration should also be given to state escheat laws and requirements.

We recommend contacting the custodians or legal counsel to determine what can be done with these small balances since the Plan maintains fiduciary responsibility over these participants as long as they are in the Plan.