



# **Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan**

**Financial Statements and  
Supplemental Schedule**  
As of June 30, 2020 and 2019 and for the  
Year Ended June 30, 2020

# **Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan**

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Financial Statements and Supplemental Schedule  
As of June 30, 2020 and 2019 and for the Year Ended June 30, 2020

# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Contents

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<b>Independent Auditor's Report</b>	3-4
<b>Financial Statements</b>	
Statements of Net Assets Available for Benefits—June 30, 2020 and 2019	5
Statement of Changes in Net Assets Available for Benefits—Year Ended June 30, 2020	6
Notes to Financial Statements	7-17
<b>Supplemental Schedule</b>	
Schedule H, line 4i—Schedule of Assets (Held at End of Year)—June 30, 2020	18



## Independent Auditor's Report

To the Board of Trustees  
Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan  
Birmingham, AL

### Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan (the "Plan") which comprise the statements of net assets available for benefits as of June 30, 2020 and 2019, and the related statement of changes in net assets available for benefits for the year ended June 30, 2020, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor Responsibility*

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the *Basis for Disclaimer of Opinion* paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### *Basis for Disclaimer of Opinion*

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, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by TIAA and CREF, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that TIAA and CREF holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from TIAA and CREF as of June 30, 2020 and 2019, and for the year ended June 30, 2020, that the information provided to the plan administrator by TIAA and CREF is complete and accurate.



As discussed in Note 2, prior to July 1, 2009, records were maintained at a contract, not a plan level. The Plan sponsor has not maintained, and TIAA and CREF did not provide sufficient accounting records and supporting documentation relating to certain annuity and custodial accounts issued to current and former employees, and supporting documentation is not adequate to assure the completeness and accuracy of the amounts included in the financial statements and supplemental schedule. Accordingly, we have been unable to apply auditing procedures sufficient to determine the extent to which the financial statements and supplemental schedule have been affected by these conditions.

***Disclaimer of Opinion***

Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

***Other Matters***

The supplemental schedule H, line 4i-schedule of assets (held at end of year) as of June 30, 2020 is required by the Department of Labor Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974, and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* paragraphs, we do not express an opinion on this supplemental schedule.

BDO USA, LLP

January 28, 2021

## Financial Statements

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## Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

### Statements of Net Assets Available for Benefits

<i>June 30,</i>	2020	2019
<b>Assets</b>		
<b>Investments, at fair value:</b>		
Fixed annuity contracts NFBR	\$ 29,491,125	\$ 29,673,376
Pooled separate account	2,825,723	2,813,613
Registered investments	49,657,686	49,011,762
<b>Total investments, at fair value</b>	<b>81,974,534</b>	<b>81,498,751</b>
<b>Investments, at contract value-</b>		
Fixed annuity contracts FBR	2,538,833	2,613,402
<b>Total investments</b>	<b>84,513,367</b>	<b>84,112,153</b>
<b>Receivable:</b>		
Notes receivable from participants	114,303	42,868
<b>Total receivable</b>	<b>114,303</b>	<b>42,868</b>
<b>Net assets available for benefits</b>	<b>\$ 84,627,670</b>	<b>\$ 84,155,021</b>

*See accompanying notes to financial statements.*

## Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

### Statement of Changes in Net Assets Available for Benefits

<i>Year Ended June 30,</i>	<b>2020</b>
<b>Additions:</b>	
Net investment income:	
Interest income on fixed annuity contracts	\$ 1,269,743
Net appreciation in fair value of investments	1,411,913
Dividends	609,642
Total net investment income	3,291,298
Contributions:	
Participant	740,682
Rollover	276,001
Employer	822,595
Total contributions	1,839,278
Other income:	
Interest on notes receivable from participants	5,792
Revenue credit	18,144
Total additions	5,154,512
Deductions:	
Benefits paid to participants	(4,639,779)
Fees	(42,084)
Total deductions	(4,681,863)
Net increase	472,649
Net assets available for benefits, beginning of year	84,155,021
Net assets available for benefits, end of year	\$ 84,627,670

*See accompanying notes to financial statements.*



# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

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### 1. Description of the Plan

The following description of the Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan (the “Plan”) provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan’s provisions.

#### *General*

The Plan is a defined contribution plan under Section 403(b) of the Internal Revenue Code (“IRC”) and covers all employees of Birmingham-Southern College, Inc. (the “Employer” or “College”) except for students and employees who normally work fewer than twenty hours per week. Employees are eligible to participate in the Plan upon commencement of employment, as defined in the Plan Document. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

#### *Contributions*

Contributions are comprised of the following:

- a) A participant may elect to contribute as a salary deferral any whole percent of eligible compensation, subject to certain limitations.
- b) Any participant who is eligible to make salary deferral contributions and who has attained age 50 before year-end, may elect to make catch-up contributions in accordance with and subject to certain limitations. Participants may also elect to make special catch-up contributions prior to the age of 50 if 15 years of service has been rendered by the participant subject to certain limitations.
- c) The Plan allows participants to make qualified rollover contributions to the Plan.
- d) The Plan provides a non-elective discretionary Employer contribution to all eligible employees who have performed 1,000 hours of service during the Plan year. During the year ended June 30, 2019, the non-elective discretionary Employer contribution for staff and faculty employees was 5 percent of eligible compensation, as defined by the Plan.

#### *Participant Accounts*

Individual accounts are maintained for each Plan participant. Each participant’s account is credited with the participant’s deferral contributions, the non-elective discretionary Employer contribution and an allocation of earnings thereon. Allocations are based upon participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account balance. Participants may direct the investment of their account balances into various investment options offered by the Plan.

#### *Vesting*

Each participant is immediately vested in his or her salary deferral and Employer contributions, plus related earnings.

# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

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### ***Contract Loans***

Participants may borrow directly from TIAA, a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of the present value of the vested accrued benefit of the TIAA Traditional Annuity account. The Participant must pledge sufficient collateral, generally 110 percent of the principal. The collateral of the loans must be maintained in the TIAA Traditional Annuity account.

The loans are not shown in the Plan's statements of net assets available for benefits as the loans are not made from plan assets and are therefore not considered assets of the Plan. Loan interest rates are variable at prevailing interest rates and can be increased or decreased by TIAA. Principal and interest is paid ratably by the participant directly to TIAA. A default charge will be assessed against the portion of the loan collateral used to foreclose on all or part of any loan.

Loan balances outstanding from TIAA to the Plan's participants were \$70,720 and \$130,121 as of June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, there was \$1,830 and \$1,760, respectively, in loans to participants in default and subject to repayment from participant's accounts at the time of distribution.

### ***Benefit Payments***

A participant's vested account balance is distributed in a single life annuity, joint and survivor annuity, lump sum payment, fixed period annuity, or installment payments, based on his or her election under the Plan Document, upon retirement (age 65), death, disability or termination of employment. The Plan allows participants to receive hardship distributions, as defined, from their deferral contribution account.

### ***Notes Receivable from Participants***

The Plan allows participants to borrow from their accounts a minimum loan of \$500 and a maximum of the lesser of \$50,000 or 50 percent of a participant's vested account balance. Loan terms may not exceed 5 years unless the loan is for the purchase of primary residence. A participant may only have three outstanding loans at a time. Loans are secured by the balance in the participant's account and bear interest at the prime rate plus 1 percent. Principal and interest are paid ratably through payroll deductions. The interest rates for outstanding loans at June 30, 2020 ranged from 4.25 percent to 6.5 percent.

### ***Administrative Expense***

Certain administrative expenses are paid by the Employer and excluded from these financial statements. The Plan pays administrative expenses and certain participant requested transaction fees to TIAA. The Plan also pays investment fees which are presented net of appreciation in fair value of investments on the statement of changes in net assets available for benefits.

# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

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### *Revenue Credit*

The Plan's service agreement with TIAA and CREF provides for a revenue credit arrangement, whereby TIAA and CREF makes quarterly deposits, into the Plan for certain excess revenues earned in connection with plan services. The revenue credits are Plan assets that may be used to reimburse the Plan for fees and expenses or to pay vendors. The Plan had \$39,053 and \$19,924 in total revenue credits available for use at June 30, 2020 and 2019, respectively. During 2020, no revenue credits were used to pay administrative expenses.

## **2. Summary of Accounting Policies**

### *Annual Reporting Requirements*

Prior to July 1, 2009, TIAA and CREF maintained records at a contract, not Plan level. TIAA and CREF administratively decided not to provide accounting records and supporting documentation at the participant or Plan level relating to certain annuity and custodial accounts issued to current and former employees prior to July 1, 2009. As such, neither the Plan sponsor nor TIAA and CREF have been able to produce sufficient records and supporting documents relating to certain annuity and custodial accounts issued to current and former employees prior to July 1, 2009. As a result, the completeness and the accuracy of the annuity and custodial accounts, related investment income, and distributions related to these accounts, if any, could not be determined.

### *Basis of Accounting*

The financial statements of the Plan are prepared on the accrual basis of accounting.

### *Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

### *Investment Valuation and Income Recognition*

The investments of the Plan, with the exception of fully benefit responsive ("FBR") investment contracts, are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The Plan's management determines the Plan's valuation policies utilizing information provided by the investment advisers and TIAA and CREF. In estimating fair value of the investments in level 3, Plan management may use third-party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, Plan management evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings. See Note 4 for a discussion of fair value measurements.

The Plan's fully benefit responsive investment contract with TIAA (Note 5) is valued at contract value. Contract value equals the accumulated cash contributions and interest credited to the Plan's contracts, less withdrawals.

# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

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Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation/depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

### **Notes Receivable from Participants**

Notes receivable from participants are measured at the unpaid principal balance plus unpaid accrued interest. Interest income is recorded when earned. Defaulted notes receivable from participants are deemed distributed and recorded as benefits paid to participants in the statement of changes in net assets available for benefits. During the year ended June 30, 2020, there were no amounts recorded as deemed distributions. No allowance for credit losses was recorded at June 30, 2020 and 2019.

### **Payment of Benefits**

Benefits are recorded when paid.

### **New Accounting Pronouncements**

The Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") No. 2018-13, *Fair Value Measurements Topic (820), Disclosure Framework- Changes to the Disclosure Requirements for Fair Value Measurements*, in August 2018. ASU No. 2018-13 eliminates certain disclosures including the disclosure related to transfers between level 1 and 2 investments, the valuation policies for level 3 measurements, and for nonpublic entities, the change in the level 3 investment unrealized gains and losses included in earnings. ASU No. 2018-13 also amends certain disclosures including disclosing purchases, sales, and transfers for level 3 investments instead of the level 3 roll forward. ASU No. 2018-13 is effective for periods beginning after December 15, 2019. Early adoption is permitted. Management is currently evaluating the impact of this ASU on the Plan's financial statements.

### **3. Information Certified by TIAA and CREF**

The plan administrator has elected the alternative method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, TIAA and CREF have certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate.

<i>June 30,</i>	<b>2020</b>	<b>2019</b>
Fixed annuity contracts	\$ 32,029,958	\$ 32,286,778
Pooled separate account	\$ 2,825,723	\$ 2,813,613
Registered investments	\$ 49,657,686	\$ 49,011,762

# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

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<i>Year Ended June 30,</i>	<b>2020</b>
Interest income on fixed annuity contracts	\$ 1,269,743
Net appreciation in fair value of investments	\$ 1,411,913
Dividends	\$ 609,642

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The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the accompanying financial statements and supplemental schedule.

#### 4. Fair Value Measurements

Accounting Standards Codification ("ASC") 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

**Fixed Annuity Contracts:** The non-fully benefit responsive ("NFBR") fixed annuity contracts, composed entirely of the TIAA Traditional Annuity Contracts, are reported at fair value. Fair value is determined using a discounted cash flow model. The TIAA Traditional Annuity Contracts are not available for sale or transfer on any securities exchange. The fixed annuity contracts are subject to various restrictions. See Note 5.

# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

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***Pooled Separate Account:*** Units held in the pooled separate account (“PSA”) are valued at the net asset value (“NAV”) based on the fair market value of the underlying investments of the account less its liabilities. The NAV, as provided by TIAA, is used as a practical expedient to estimate fair value. The NAV of the PSA is published on NASDAQ; however the PSA is not publicly traded. The PSA holds between 15% and 25% of its net assets in investments other than real estate and real estate related investments, comprised of publicly traded, liquid investments. Determination of fair value of the real estate assets, involves significant judgment. Valuation of the PSA’s real estate properties are based on real estate appraisals, which are estimates of property values based on a professional’s opinion and may not be accurate predictors of the amount the PSA would actually receive if it sold a property. Appraisals can be subjective in certain respects and rely on a variety of assumptions (including comparable property sales and historic pricing) and conditions at that property or in the market in which the property is located, which may change materially after the appraisal is conducted. Among other things, market prices for comparable real estate may be volatile, in particular if there has been a lack of recent transaction activity in such market.

Further, as the PSA generally obtains appraisals on a quarterly basis, there may be circumstances in the period between appraisals or interim valuation adjustments in which the true realizable value of a property is not reflected in the PSA’s daily net asset value calculation or in the PSA’s periodic financial statements.

The PSA provides participants with a liquidity guarantee enabling the account to have funds available to meet participant redemption, transfer or cash withdrawals. TIAA guarantees that participants can redeem their accumulation unit value determined after their transfer or cash withdrawal request is received in good order.

TIAA limits the ability of participants to transfer funds into the TIAA Real Estate Account. Specifically, individual participants are limited from making internal transfers into their account if, after giving effect to such transfer, the total value of such participant’s account (under all contracts issued to such participant) would exceed \$150,000. A participant is not required to reduce his or her contract balance to a level at or below \$150,000 if the participant’s account totals more than \$150,000.

### ***Registered Investments:***

***Mutual Funds:*** Mutual funds represent investments with various investment managers. The mutual funds are valued at the daily closing net asset value as reported by the fund. Mutual funds held by the Plan are registered with the Securities and Exchange Commission. These funds are required to publish their NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

**Other Registered Investments:** These separate accounts are registered investments that invest principally in equity securities, fixed-income instruments and short-term investments in accordance with each portfolio's investment objectives. Units held in the registered investments are valued at the NAV. The NAV, as provided by CREF, is used as a practical expedient to estimate fair value. The NAV of the other registered investments is published on NASDAQ; however the other registered investments are not publicly traded. The NAV is measured based on the fair value of the underlying investments held by the fund less its liabilities. The fair value of the underlying investments are determined using market quotations or prices obtained from independent pricing sources that may employ various pricing methods to value the investments, including matrix pricing. Money market account holdings are generally valued at amortized cost. On a daily basis, units in the registered investments are revalued to reflect performance of the underlying investments minus any fees and charges.

Investments measured at the NAV as a practical expedient are summarized as follows:

	Fair Value June 30, 2020	Fair Value June 30, 2019	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Multi-Asset <sup>(a)</sup>	\$ 1,769,663	\$ 1,589,192	\$ -	Daily	None
Equities <sup>(b)</sup>	19,328,975	20,456,198	-	Daily	None
Fixed Income <sup>(c)</sup>	3,905,937	4,058,959	-	Daily	None
Indexed Equity <sup>(d)</sup>	1,936,292	1,331,831	-	Daily	None
Money Market <sup>(e)</sup>	1,301,486	1,056,118	-	Daily	None
Real Estate <sup>(f)</sup>	2,825,723	2,813,613	-	Quarterly	10-60 Days
<b>Total investments measured at the NAV as practical expedient</b>	<b>\$ 31,068,076</b>	<b>\$ 31,305,911</b>	<b>\$ -</b>		

The investment objectives for the other registered investments measured using the net asset or unit value are as follows:

- a) *Multi-Asset:* To invest in domestic and foreign stocks, bonds, and other equity securities of companies that meet certain social criteria including specified environmental, social, and governance criteria.
- b) *Equities:* To invest in a broad diversified portfolio of foreign and domestic common stocks to meet a specified favorable long-term rate of return.
- c) *Fixed Income:* To invest in a broad range of fixed income securities with high income yields, returns that outpace inflation, or returns that are designed to track a specified inflation index.
- d) *Indexed Equity:* To invest in a diversified group of common stock publicly traded in the United States, designed to replicate the return of a broad stock market index.
- e) *Money Market:* To invest in short-term securities or instruments that present minimal credit risk to provide liquidity and preserve capital.
- f) *Real Estate:* The investment objective of the TIAA Real Estate Account, the PSA offered by the Plan, is to seek long-term returns primarily through rental income and appreciation of real estate owned by the account.

# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

### *Changes in Fair Value Levels*

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Plan management evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended June 30, 2020, there were no significant transfers in or out of levels 1, 2 or 3.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level within the fair value hierarchy the Plan's assets at fair value:

<i>June 30, 2020</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Fixed annuity contracts (NFBR)	\$ 29,491,125	\$ -	\$ -	\$ 29,491,125
Mutual funds	21,415,333	21,415,333	-	-
<b>Total</b>	<b>50,906,458</b>	<b>21,415,333</b>	<b>-</b>	<b>29,491,125</b>
<b>Total investments measured at the NAV as a practical expedient</b>	<b>31,068,076</b>			
<b>Total investments at fair value</b>	<b>\$ 81,974,534</b>			

<i>June 30, 2019</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Fixed annuity contracts (NFBR)	\$ 29,673,376	\$ -	\$ -	\$ 29,673,376
Mutual funds	20,519,464	20,519,464	-	-
<b>Total</b>	<b>50,192,840</b>	<b>20,519,464</b>	<b>-</b>	<b>29,673,376</b>
<b>Total investments measured at the NAV as a practical expedient</b>	<b>31,305,911</b>			
<b>Total investments at fair value</b>	<b>\$ 81,498,751</b>			



# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

### Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets:

<i>Year Ended June 30, 2020</i>	<b>Fixed Annuity Contracts (NFBR)</b>
Beginning balance	\$ 29,673,376
Interest income on fixed annuity contracts	1,190,561
Purchases	2,839,716
Sales	(4,212,528)
<b>Ending balance</b>	<b>\$ 29,491,125</b>

### Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

<i>Type</i>	<i>Fair Value as of June 30,</i>		<i>Principal Valuation Technique</i>	<i>Significant Unobservable Inputs</i>	<i>Range</i>
	<i>2020</i>	<i>2019</i>			
Fixed Annuity Contracts (NFBR)	\$ 28,491,125	\$ 29,673,376	Discounted cash flow/theoretical transfer (exit value)	Risk-adjusted discount rate applied	Crediting rates <b>RA 3.00% to 3.50%</b> <b>RC 3.00% to 3.75%</b>

## 5. Fixed Annuity Contracts

As discussed in Note 4, fixed annuity contracts consist of investment options available to participants known as the TIAA Traditional Annuity Contracts ("Annuity"). Annuity contracts are established between the participants and Teachers Insurance and Annuity Association ("TIAA"), an insurance company registered in the state of New York. This investment option is offered in a variety of formats, including Retirement Annuities ("RA"), Retirement Choice ("RC"), Supplemental Retirement Annuities ("SRA"), Group Supplemental Retirement Annuities ("GSRA") and Retirement Choice Plus ("RCP"). The return of Annuity contributions plus interest to participants is subject to TIAA's claims-paying ability.

Annuity accounts are credited with a guaranteed minimum rate of interest that is determined annually. Participants may also earn interest in addition to the guaranteed rate at the discretion of TIAA. Such discretionary interest, if any, is declared by TIAA on a year-by-year basis and remains in effect for the subsequent twelve-month "declaration year".

# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

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Contributions to the Annuity accounts are grouped by TIAA into “vintages” comprised of premiums received over defined time periods of one or more contiguous calendar months. The interest crediting rate for each vintage is determined, in part, by the net investment earnings rate of the TIAA assets supporting that vintage, minus a charge for administrative expenses and an amount set aside for contingency reserves. Crediting rates are also determined by the performance of investments contained in TIAA’s general account.

During the year ended June 30, 2020, the crediting rates of the annuity contracts range as follows:

	% Range
RCP	3.00% to 3.50%
RC	3.75% to 4.25%
RA	3.50% to 4.00%
GSRA	3.00%
SRA	3.00%

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RA account balances may only be withdrawn over 10 annual payments. RC accounts allow withdrawals over 84 months or a lump sum withdrawal with a 2.5% surrender charge. RAs and RCs are not considered to be fully benefit-responsive investment contracts as defined by ASC 962, because this provision is considered to restrict participants’ “reasonable access” to their contract balances.

SRAs, GSRA, and RCPs are considered fully benefit-responsive investment contracts, because they are fully liquid and immediately cashable once a participant terminates employment with the Employer (unless they are pledged as collateral on Contract Loans). See Note 1.

### 6. Plan Termination

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA and its related regulations. In the event of Plan termination, participants will remain fully vested.

### 7. Tax Status

The prototype plan has applied for but has not received an opinion letter from the Internal Revenue Service. The Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan’s financial statements.

Accounting principles generally accepted in the United States of America require the Plan administrator to evaluate tax positions taken by the plan and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

## Notes to Financial Statements

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### 8. Risks And Uncertainties

The Plan invests in various investments. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits. As of June 30, 2020 and 2019, two investments comprise 49 percent and 51 percent of total net assets available for benefits, respectively.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. Because the values of the Plan's individual investment have and will fluctuate in response to changing markets conditions, the amount of losses that will be recognized in subsequent periods, if any, and the related impact on the Plan's liquidity cannot be determined at this time.

### 9. Related Party and Party-in-Interest Transactions

Certain investments are managed by TIAA and CREF. The related investment fees are presented net of the appreciation in the fair value of investments on the statement of changes in net assets held for benefits. See Note 1 for a discussion on revenue credits from TIAA and CREF. These are considered exempt party-in-interest transactions. Notes receivable from participants are also considered exempt party-in-interest transactions.

### 10. Subsequent Events

The Plan has evaluated subsequent events from the date of the statement of net assets available for benefits through January 28, 2021, the date the financial statements were available to be issued. During this period, no significant subsequent events were identified.

## Supplemental Schedule

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# Birmingham-Southern College Defined Contribution and Tax Deferred Annuity Plan

Schedule H, line 4i—Schedule of Assets (Held at End of Year)—June 30, 2020  
EIN\PN: 63-0288811\001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d)** Cost	(e) Current value
<b>Registered Investments:</b>				
	American	EuroPac Growth R6	\$	856,558
*	CREF	Stock R2		12,372,884
*	CREF	Money Market R2		1,301,486
*	CREF	Social Choice R2		1,769,663
*	CREF	Bond Market R2		3,015,499
*	CREF	Global Equities R2		3,559,027
*	CREF	Growth R2		3,397,064
*	CREF	Inflation-Linked Bond R2		890,438
*	CREF	Equity Index R2		1,936,292
	JP Morgan	Mid Cap Value Fund R6		854,619
	Mass Mutual	Sel Mid Cap Growth Eq II I		501,691
	MFS	Value Fund Class		1,986,761
	MFS	New Discovery Value Fund R6		281,288
*	TIAA-CREF	Money Market-Inst		663,543
	T. Rowe Price	Blue Chip Gr I		1,401,615
	T. Rowe Price	QM US Small Cap Growth Eq		915,212
	Vanguard	Ttl Bd Mkt Idx Adm		187,719
	Vanguard	Target Retirement 2060 Inv		645,985
	Vanguard	500 Inx Adm		1,791,043
	Vanguard	Extended Mkt Idx Adm		689,974
	Vanguard	Target Ret 2015 Inv		655,392
	Vanguard	Target Ret 2020 Inv		1,000,684
	Vanguard	Target Ret 2025 Inv		837,501
	Vanguard	Target Ret 2030 Inv		741,110
	Vanguard	Target Ret 2035 Inv		1,292,912
	Vanguard	Target Ret 2040 Inv		1,478,985
	Vanguard	Target Ret 2045 Inv		554,261
	Vanguard	Target Ret 2050 Inv		566,264
	Vanguard	Target Ret 2055 Inv		658,584
	Vanguard	Target Ret 2065 Inv		5,105
	Vanguard	Target Ret Income Inv		89,135
	Vanguard	Ttl Intl Stk Idx Adm		2,057,997
	PGIM	Total Return Bond R6		701,395
<b>Total registered investments</b>				<b>49,657,686</b>
<b>Fixed annuity contracts:</b>				
*	TIAA	Traditional Annuity Contracts - (NFBR)		29,491,125
*	TIAA	Traditonal Annuity Contract - (FBR)		2,538,833
<b>Total fixed annuity contracts</b>				<b>32,029,958</b>
<b>Pooled separate account-</b>				
*	TIAA	Real Estate Account		2,825,723
*	<b>Participant loans</b>	4.25 percent to 6.5 percent		114,303
<b>Total Investments per Form 5500</b>				<b>\$ 84,627,670</b>

\* Represents a party-in-interest

\*\* Not required for participant directed investments