



Annual Report

June 30, 2021



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Report of Independent Auditors

To the Board of Trustees of the Oklahoma College Savings Plan

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma College Savings Plan – Direct Plan, which comprise the statement of fiduciary net position as of June 30, 2021, and the related statement of changes in fiduciary net position for the year then ended, 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 the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Oklahoma College Savings Plan – Direct Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oklahoma College Savings Plan – Direct Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Oklahoma College Savings Plan – Direct Plan, as of June 30, 2021, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required supplementary information

The accompanying management's discussion and analysis on pages 3 through 6 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming an opinion on the Oklahoma College Savings Plan – Direct Plan's basic financial statements taken as a whole. The supplementary information on pages 19 through 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2021 on our consideration of the Oklahoma College Savings Plan – Direct Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oklahoma College Savings Plan – Direct Plan's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Baltimore, Maryland
September 1, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2021

As Plan Manager of the Oklahoma College Savings Plan – Direct Plan (the Direct Plan) offered by the state of Oklahoma, TIAA-CREF Tuition Financing, Inc. (TFI) offers this discussion and analysis of the Direct Plan's financial performance for the year ended June 30, 2021, with comparative information for the year ended June 30, 2020. Readers should consider the information presented in this section in conjunction with the Direct Plan's financial statements and notes to the financial statements (collectively, "the basic financial statements"). Readers may also find useful the supplementary information on pages 19 through 24, which provides information about the activities and balances attributable to each investment option offered to account owners.

This report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and supplementary schedules detailing balances and transactions attributable to each investment option. The basic financial statements consist of a Statement of Fiduciary Net Position, a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain some of the information in the financial statements and provide more detailed information.

Financial Highlights

The following table summarizes returns (net of fees) posted by each investment option during the years ended June 30, 2021 and 2020:

	<u>Period Ended</u> <u>June 30, 2021</u>	<u>Period Ended</u> <u>June 30, 2020</u>		<u>Period Ended</u> <u>June 30, 2021</u>	<u>Period Ended</u> <u>June 30, 2020</u>
<u>Conservative Managed Allocation Option</u>			<u>Moderate Managed Allocation Option</u>		
Age Band 0-3 Years	N/A	(1.42)% ⁽¹⁾	Age Band 0-3 Years	N/A	(2.91)% ⁽¹⁾
Age Band 4-7 Years	N/A	(0.85)% ⁽¹⁾	Age Band 4-7 Years	N/A	(1.70)% ⁽¹⁾
Age Band 8-11 Years	N/A	0.14% ⁽¹⁾	Age Band 8-11 Years	N/A	(0.72)% ⁽¹⁾
Age Band 12-14 Years	N/A	0.68% ⁽¹⁾	Age Band 12-14 Years	N/A	(0.09)% ⁽¹⁾
Age Band 15-17 Years	N/A	1.28% ⁽¹⁾	Age Band 15-17 Years	N/A	0.65% ⁽¹⁾
Age Band 18 Years and Over	N/A	2.24% ⁽¹⁾	Age Band 18 Years and Over	N/A	0.93% ⁽¹⁾

⁽¹⁾ As of May 8, 2020, the Conservative Managed Allocation Option, Moderate Managed Allocation Option, and Aggressive Managed Allocation Option were discontinued, and existing account owner balances were transferred into an appropriate Enrollment Year Investment Option, based on the age of the beneficiary. The returns for the Conservative, Moderate, and Aggressive Managed Allocation Options are for the period July 1, 2019 through May 8, 2020 (see next page for the Aggressive Managed Allocation Option). The returns for the Enrollment Year Investment Options (see next page) are for the period from May 8, 2020 through June 30, 2020.

No assurance is provided on the information in management's discussion and analysis.



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2021

Financial Highlights (Continued)

	Period Ended June 30, 2021	Period Ended June 30, 2020		Period Ended June 30, 2021	Period Ended June 30, 2020
<u>Aggressive Managed Allocation Option</u>			<u>Enrollment Year Investment Options</u>		
Age Band 0-3 Years	N/A	(4.47)% ⁽¹⁾	2036/2037 Enrollment Option	31.73%	6.20% ⁽¹⁾
Age Band 4-7 Years	N/A	(2.80)% ⁽¹⁾	2034/2035 Enrollment Option	30.54%	6.10% ⁽¹⁾
Age Band 8-11 Years	N/A	(1.95)% ⁽¹⁾	2032/2033 Enrollment Option	27.86%	5.90% ⁽¹⁾
Age Band 12-14 Years	N/A	(0.73)% ⁽¹⁾	2030/2031 Enrollment Option	24.93%	5.50% ⁽¹⁾
Age Band 15-17 Years	N/A	0.14% ⁽¹⁾	2028/2029 Enrollment Option	22.38%	5.00% ⁽¹⁾
Age Band 18 Years and Over	N/A	0.68% ⁽¹⁾	2026/2027 Enrollment Option	20.15%	4.70% ⁽¹⁾
			2024/2025 Enrollment Option	17.45%	4.30% ⁽¹⁾
<u>Risk-Based Investment Options</u>			2022/2023 Enrollment Option	14.55%	3.80% ⁽¹⁾
U.S. Equity Index Option	43.77%	6.17%	2020/2021 Enrollment Option	10.39%	3.00% ⁽¹⁾
Global Equity Index Option	40.21%	2.68%	In School Option	8.43%	2.00% ⁽¹⁾
Diversified Equity Option	41.63%	(0.56)%			
Balanced Option	25.21%	1.87%			
Fixed Income Option	1.86%	6.49%			
Guaranteed Option	1.54%	1.95%			

⁽¹⁾ As of May 8, 2020, the Conservative Managed Allocation Option, Moderate Managed Allocation Option, and Aggressive Managed Allocation Option were discontinued, and existing account owner balances were transferred into an appropriate Enrollment Year Investment Option, based on the age of the beneficiary. The returns for the Conservative, Moderate, and Aggressive Managed Allocation Options (see previous page for the Conservative and Moderate Managed Allocation Options) are for the period July 1, 2019 through May 8, 2020. The returns for the Enrollment Year Investment Options are for the period from May 8, 2020 through June 30, 2020.

The Direct Plan received \$23.4 million and \$14.5 million in net subscriptions during the years ended June 30, 2021 and 2020, respectively.

During the year ended June 30, 2021, the Direct Plan earned \$209.1 million in net investment income, resulting from \$23.8 million in interest and dividends and a \$185.3 million net increase in the fair value of investments. During the year ended June 30, 2020, the Direct Plan earned \$31.4 million in net investment income, resulting from \$26.0 million in interest and dividends and a \$5.4 million net increase in the fair value of investments.

Direct Plan fees totaled \$2.5 million during both of the years ended June 30, 2021 and 2020. These fees are calculated on the average net position in each investment option and are paid to the Direct Plan Manager for performing administrative, marketing, and other services with respect to the Direct Plan.

No assurance is provided on the information in management's discussion and analysis.



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2021

Overview of the Basic Financial Statements

The Direct Plan's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) prescribed by the Governmental Accounting Standards Board (GASB), as applicable to fiduciary funds. Accordingly, the Direct Plan's basic financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

The Statement of Fiduciary Net Position presents information on the Direct Plan's assets and liabilities, with the difference between the two reported as fiduciary net position. The Statement of Changes in Fiduciary Net Position presents information showing how the Direct Plan's fiduciary net position changed during the period presented. Changes in fiduciary net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

The Direct Plan's assets are invested in mutual funds and funding agreements issued by TIAA-CREF Life Insurance Company. Mutual funds are reported at fair value, and the funding agreements are reported at cost. All investment transactions are reported on a trade-date basis. Changes in the reported fair value of mutual funds resulting from realized and unrealized gains and losses are reported as "net increase (decrease) in the fair value of investments." Dividends and capital gain distributions are reported on the ex-dividend date. Contributions are recognized when received, provided enrollment in the Direct Plan has been successfully completed, and withdrawals are recognized when the withdrawal request has been received and approved for payment. Direct Plan fees accrue daily.

Financial Analysis

Fiduciary Net Position

The following are condensed Statements of Fiduciary Net Position as of June 30, 2021 and 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Total Assets	\$ 1,214,423,988	\$ 984,530,446
Total Liabilities	<u>754,652</u>	<u>865,529</u>
Fiduciary Net Position	<u><u>\$ 1,213,669,336</u></u>	<u><u>\$ 983,664,917</u></u>

Fiduciary net position represents cumulative contributions since the Direct Plan's inception, increased or decreased by net investment income or losses, and decreased by withdrawals and expenses.

No assurance is provided on the information in management's discussion and analysis.



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2021

Financial Analysis (*Continued*)

Fiduciary Net Position (*Continued*)

The Direct Plan's investments comprise over 99% of the Direct Plan's total assets. Other assets consist of receivables from securities sold and cash resulting from contributions that have not yet been invested in accordance with account owners' instructions or withdrawal requests that have not yet been distributed as directed by account owners. Liabilities consist of payables for securities purchased, payables for withdrawals, and accrued Direct Plan Manager fees.

Changes in Fiduciary Net Position

The following are condensed Statements of Changes in Fiduciary Net Position for the years ended June 30, 2021 and 2020:

	Year Ended June 30, 2021	Year Ended June 30, 2020
Additions		
Subscriptions ⁽¹⁾	\$ 211,178,544	\$ 294,695,461
Net investment income	209,138,678	31,393,791
Total Additions	<u>420,317,222</u>	<u>326,089,252</u>
Deductions		
Redemptions ⁽²⁾	(187,783,101)	(280,183,461)
Direct Plan Manager fee	(2,529,702)	(2,543,037)
Total Deductions	<u>(190,312,803)</u>	<u>(282,726,498)</u>
Increase in Net Position	230,004,419	43,362,754
Fiduciary Net Position - Beginning of Year	983,664,917	940,302,163
Fiduciary Net Position - End of Year	<u><u>\$ 1,213,669,336</u></u>	<u><u>\$ 983,664,917</u></u>

⁽¹⁾ Subscriptions include contributions, exchanges between investment options, and transfers of account balances from one account to another.

⁽²⁾ Redemptions include withdrawals, exchanges between investment options, and transfers of account balances from one account to another.

Recent Developments

Effective August 20, 2021, the 2020/2021 Enrollment Option was discontinued, and existing account owner balances were transferred into the In School Option. On the same date, the 2038/2039 Enrollment Option was added to the Direct Plan as an additional Enrollment Year Investment Option.

No assurance is provided on the information in management's discussion and analysis.



STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

ASSETS

Investments	\$ 1,213,812,750
Cash	497,082
Receivables from securities sold	114,156
Total Assets	<u>1,214,423,988</u>

LIABILITIES

Accrued Direct Plan Manager fee	229,992
Payables for securities purchased	108,662
Withdrawals payable	415,998
Total Liabilities	<u>754,652</u>

NET POSITION HELD IN TRUST FOR
ACCOUNT OWNERS AND BENEFICIARIES

\$ 1,213,669,336

See accompanying notes to financial statements.



STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2021

ADDITIONS

Subscriptions	\$ 211,178,544
Investment income:	
Interest	3,544,785
Dividends	20,252,259
Net increase in the fair value of investments	185,341,634
Total net investment income	209,138,678
Total Additions	420,317,222

DEDUCTIONS

Redemptions	187,783,101
Direct Plan Manager fee	2,529,702
Total Deductions	190,312,803

CHANGES IN NET POSITION

230,004,419

**NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND
 BENEFICIARIES, BEGINNING OF YEAR**

983,664,917

**NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND
 BENEFICIARIES, END OF YEAR**

\$ 1,213,669,336

See accompanying notes to financial statements.



NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS

The Oklahoma College Savings Plan – Direct Plan (the Direct Plan) is one of two education savings plans offered under the Oklahoma College Savings Plan (the Program), which was created by the state of Oklahoma (the State) to provide a tax-advantaged way to encourage individuals to save for postsecondary education. The Direct Plan was implemented by and is administered as part of the Program by the Board of Trustees of the Program (the Board). The Board authorizes the types of investment options offered by the Direct Plan. Assets of the Direct Plan are held in trust, and the Board serves as Trustee. The Direct Plan is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code (the Code).

TIAA-CREF Tuition Financing, Inc. (TFI), a wholly owned, direct subsidiary of Teachers Insurance and Annuity Association of America (TIAA), and the Board entered into a management agreement under which TFI serves as the Direct Plan Manager (Direct Plan Manager), providing certain services to the Direct Plan. TIAA-CREF Individual & Institutional Services, LLC (Services), a wholly owned, direct subsidiary of TIAA, serves as the primary distributor and underwriter for the Direct Plan and provides certain services in furtherance of TFI's marketing efforts for the Direct Plan. Services is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority.

Account owners may invest their contributions in one or more investment options. The Direct Plan offers six Risk-Based Investment Options which allow account owners to choose their own strategy based on their risk tolerance and time horizon. The Plan also offers ten Enrollment Year Investment Options based on the anticipated year of enrollment of the beneficiary in an eligible educational institution. The Enrollment Year Investment Options seek to match their respective risk levels to investment time horizons with asset allocations becoming increasingly more conservative as the beneficiary enrollment year approaches. The investment options, along with underlying asset allocations and fees, as approved by the Board, are described in the current Oklahoma College Savings Plan – Direct Plan Description and Participation Agreement (the Direct Plan Description).



NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Each investment option invests in one or more open-end mutual funds and funding agreements based on an asset allocation strategy approved by the Board. The funding agreements are issued by TIAA-CREF Life Insurance Company (TIAA Life), which is an affiliate of TFI, to the Board as policyholder on behalf of the Direct Plan. The funding agreements provide a minimum guaranteed rate of return and allow for the possibility that additional interest may be credited periodically by TIAA Life. Together, the mutual funds and the funding agreements are referred to as “the Underlying Funds.”

These basic financial statements present only the balances and transactions attributable to the Direct Plan, and do not include any balances or transactions attributable to the other education savings plan offered under the Program. As such, these basic financial statements are not intended to, and do not, present fairly the financial position or changes in financial position of the Program.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to fiduciary fund types prescribed by the Governmental Accounting Standards Board (GASB), the Direct Plan’s basic financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting. U.S. GAAP requires the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates.

(b) Investment Valuation

Accounting standards categorize fair value measurements according to a hierarchy that is based on valuation inputs used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable and may include subjective assumptions in determining the fair value of investments.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly,



NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Investment Valuation (Continued)

the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The mutual funds in which the Direct Plan invests are reported at fair value, based on the net asset value per share at the close of the New York Stock Exchange (NYSE). These mutual funds are categorized in Level 1 of the fair value hierarchy.

The funding agreements are non-participating, interest-earning investment contracts and are accounted for at cost. Because the funding agreements are valued at cost, they are not categorized according to the fair value hierarchy.

(c) Investment Transactions

Investment transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the mutual funds are recorded on the ex-dividend date. Net realized and unrealized gains (losses) are included in "net increase (decrease) in the fair value of investments."

(d) Cash

Cash includes contributions received that have not yet been invested in Underlying Funds and/or redemption proceeds from Underlying Funds for withdrawals that have not yet been distributed in accordance with account owners' instructions. Cash deposits are covered up to applicable limits of insurance available through the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of FDIC limits are not collateralized or subject to supplemental insurance.

(e) Subscriptions

Subscriptions include contributions to the Direct Plan, as well as exchanges between investment options and transfers between one beneficiary to another or from one account owner to another that result in a reinvestment of assets. Subscriptions result in the issuance of units to account owners. These units are municipal fund securities and are not a direct investment in any mutual fund or the funding agreements. In addition, these units are not insured by the FDIC, the State, or the Board, nor have they been registered with the Securities and Exchange Commission or any commission of the State.



NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Redemptions

Redemptions include withdrawals from the Direct Plan directed by account owners, as well as exchanges between investment options and transfers between one beneficiary to another or from one account owner to another that result in a redemption and subsequent reinvestment of assets.

(g) Income Taxes

The Direct Plan is designed to constitute a qualified tuition program under Section 529 of the Code and is exempt from federal and state income tax. The Direct Plan has not engaged in any activities that would subject the Direct Plan to unrelated business income tax.

(h) Unit Value

The beneficial interests attributable to each account owner in the investment options are represented by Direct Plan units. Subscriptions and redemptions are recorded upon receipt of account owners' instructions in good order, based on the next determined net asset value per unit (Unit Value), as defined in the current Direct Plan Description. Unit Values for each investment option are determined at the close of business of the NYSE. The Unit Value of each investment option is computed by dividing the investment option's assets minus its liabilities by the number of outstanding units of such investment option. There are no distributions of interest, dividends, or net investment income or losses directly to account owners or beneficiaries. Interest, dividends, and net investment income (losses) resulting from the Underlying Funds are reflected as increases (decreases) in the Unit Value.

(i) Guarantees and Indemnifications

Under the Direct Plan's organizational documents, each officer, employee, or other agent of the Direct Plan (including TFI) is indemnified against certain liabilities that may arise out of performance of their duties to the Direct Plan. Additionally, in the normal course of business, the Direct Plan enters into contracts that contain a variety of indemnification clauses. The Direct Plan's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Direct Plan that have not yet occurred. However, the Direct Plan has not had prior claims or losses pursuant to these contracts, and management of the Direct Plan expects the risk of loss to be remote.



NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: INVESTMENTS

(a) Investments by Type

At June 30, 2021, the Direct Plan's investments consist of the following:

	Units	Cost	Value
Mutual Funds (at fair value):			
TIAA-CREF Equity Index Fund	12,793,639	\$ 275,108,528	\$ 409,268,506
TIAA-CREF International Equity Index Fund	5,229,001	87,608,283	120,737,630
TIAA-CREF Emerging Markets Equity Index Fund	1,579,919	15,563,660	22,592,845
TIAA-CREF Real Estate Securities Fund	1,826,252	28,234,688	38,734,809
TIAA-CREF Bond Index Fund	14,893,686	171,498,801	168,149,720
TIAA-CREF Inflation-Linked Bond Fund	4,198,754	49,724,673	51,854,609
TIAA-CREF High-Yield Fund	3,918,886	34,378,998	37,817,246
TIAA-CREF Short-Term Bond Index Fund	5,035,477	51,190,087	50,858,314
TIAA-CREF Growth & Income Fund	2,202,898	30,033,659	41,436,514
TIAA-CREF Mid-Cap Growth Fund	103,178	2,198,655	3,128,347
TIAA-CREF Mid-Cap Value Fund	141,657	1,868,883	2,879,890
TIAA-CREF Quant Small-Cap Equity Fund	219,190	2,852,162	4,984,382
TIAA-CREF Emerging Markets Equity Fund	1,280,418	13,516,915	18,271,564
Total Mutual Funds		<u>763,777,992</u>	<u>970,714,376</u>
Funding Agreements (at cost):			
TIAA-CREF Life Funding Agreements	N/A	<u>243,098,374</u>	<u>243,098,374</u>
Total Investments		<u>\$ 1,006,876,366</u>	<u>\$ 1,213,812,750</u>

(b) Funding Agreements

Assets of certain investment options are invested in funding agreements issued by TIAA Life. While account owners may withdraw their funds from the investment options at any time, there are certain restrictions on withdrawals that may be made from the funding agreements.

As policyholder, the Board may withdraw interest quarterly, provided that notice of intent to withdraw is given not more than 10 days nor less than 5 days prior to the end of the quarter.



NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3: INVESTMENTS (Continued)

(b) Funding Agreements (Continued)

In the event that the funding agreements are terminated, the Board is limited on the amount of withdrawals that may be requested at any one point in time. Withdrawal requests initiated by the Board totaling more than \$1 million over a 30-day period that are not intended to satisfy account owner withdrawal requests will be paid out over a five-year period, as follows: 20% of the remaining balance will be paid 30 days after the written request is received by TIAA Life, and 25%, 33%, 50%, and 100% of the remaining balance, including accumulated interest, will be paid on each of the four anniversaries of the date the request was received.

The crediting rate on the funding agreements from July 1, 2020 through March 31, 2021 is 1.70%, and the crediting rate from April 1, 2021 through June 30, 2021 is 1.10%.

(c) Investment Risk

The mutual funds in which the Direct Plan invests include various types of investment securities in their asset holdings, such as corporate debt and equity securities, obligations of the United States government and government agencies, and international securities. These securities are exposed to interest rate, market, and credit risk, and it is at least reasonably possible that changes in their fair values could occur in the near term, materially affecting account owner balances and the amounts reported in the Direct Plan's basic financial statements.

Generally accepted accounting principles require that certain disclosures be made related to the Direct Plan's investment policy and exposure to credit risk, interest rate risk, and foreign currency risk, which are included in the paragraphs that follow.

Investment Policy

The Direct Plan does not have specific investment policies that address credit, interest rate, foreign currency, or custodial credit risk. The Direct Plan's investment options are managed based on specific investment objectives and strategies, which are disclosed in the current Direct Plan Description and related supplements.

Custodial Credit Risk

Custodial credit risk represents the potential inability of a custodian to return Direct Plan investments in the event of a failure. Mutual funds are not exposed to custodial credit risk.



NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 3: INVESTMENTS (Continued)

(c) Investment Risk (Continued)

Credit Risk

Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The mutual funds investing primarily in fixed income securities are subject to credit risk. The mutual funds in which the Direct Plan invests are not rated by a nationally recognized statistical rating organization. The funding agreements are a guaranteed insurance product issued by TIAA Life. While the funding agreements themselves are not rated by a nationally recognized statistical rating organization, TIAA Life has a Standard & Poor's credit rating of AA+ at June 30, 2021.

Interest Rate Risk

Interest rate risk represents the risk that changes in interest rates will adversely affect the fair value of an investment. Mutual funds that invest in fixed income securities indirectly expose the Direct Plan to interest rate risk. As of June 30, 2021, the fair values and the weighted average maturities for the bond funds in which the Direct Plan invests are as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
TIAA-CREF Bond Index Fund	\$ 168,149,720	8.2 years
TIAA-CREF Inflation-Linked Bond Fund	\$ 51,854,609	4.9 years
TIAA-CREF High-Yield Fund	\$ 37,817,246	6.0 years
TIAA-CREF Short-Term Bond Index Fund	\$ 50,858,314	2.0 years

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Direct Plan does not have any direct investment in foreign securities; however, certain investment options invest in mutual funds that are exposed to foreign currency risk.

At June 30, 2021, the fair values of investments in mutual funds that invest significantly in foreign securities are as follows:

	<u>Fair Value</u>
TIAA-CREF International Equity Index Fund	\$ 120,737,630
TIAA-CREF Emerging Markets Equity Index Fund	\$ 22,592,845
TIAA-CREF Emerging Markets Equity Fund	\$ 18,271,564



NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4: SUBSCRIPTIONS AND REDEMPTIONS

As explained in Note 2(e) and Note 2(f), subscriptions and redemptions include contributions to the Direct Plan and withdrawals from the Direct Plan as directed by account owners, respectively, as well as exchanges between investment options and transfers between one beneficiary to another or from one account owner to another that result in a reinvestment of assets. Total subscriptions and redemptions during the year ended June 30, 2021 are as follows:

Contributions	\$ 125,137,890
Exchanges and transfers in	<u>86,040,654</u>
Total subscriptions	<u><u>\$ 211,178,544</u></u>
Withdrawals	\$ 101,742,447
Exchanges and transfers out	<u>86,040,654</u>
Total redemptions	<u><u>\$ 187,783,101</u></u>

NOTE 5: DIRECT PLAN FEES AND UNDERLYING FUND EXPENSES

(a) Direct Plan Fees

Each investment option (with the exception of the Guaranteed Option, which is not charged a fee) pays to the Direct Plan Manager a fee equal to 0.25% of the average daily net position held in each respective investment option for performing duties specified in the management agreement.

The Direct Plan Manager fee is reflected as an expense on the Statement of Changes in Fiduciary Net Position.

The Board reserves the right to change the fees and/or to impose additional fees in the future.

(b) Underlying Fund Expenses

Expenses related to management of the Underlying Funds reduce the amount of income available for distribution to the Direct Plan. These Underlying Fund expenses are not direct expenses paid from the Direct Plan's assets, and therefore, are not reflected in expenses on the Statement of Changes in Fiduciary Net Position.



NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 6: COVID-19 PANDEMIC

As of the date of the independent auditor's report, the COVID-19 pandemic continues to impact both domestic and global financial markets. Management of the Plan is unable to accurately predict how the COVID-19 pandemic will impact the Plan, account owner savings behavior, or the volume of withdrawals due to uncertainties surrounding the severity of the disease and the duration of its outbreak.

NOTE 7: SUBSEQUENT EVENTS

Effective August 20, 2021, the 2020/2021 Enrollment Option was discontinued, and existing account owner balances were transferred into the In School Option. On the same date, the 2038/2039 Enrollment Option was added to the Direct Plan as an additional Enrollment Year Investment Option.

Supplementary Information

The following supplementary information, which summarizes balances and transactions related to each investment option, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Oklahoma College Savings Plan – Direct Plan (the Direct Plan).



STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2021

	Enrollment Year Investment Options				
	2036/2037 Enrollment Option	2034/2035 Enrollment Option	2032/2033 Enrollment Option	2030/2031 Enrollment Option	2028/2029 Enrollment Option
ASSETS					
Investments	\$ 21,560,586	\$ 30,460,232	\$ 44,022,250	\$ 56,100,995	\$ 71,140,882
Cash	23,019	4,803	4,285	4,089	29,036
Receivables from securities sold	-	-	-	-	8,655
Total Assets	<u>21,583,605</u>	<u>30,465,035</u>	<u>44,026,535</u>	<u>56,105,084</u>	<u>71,178,573</u>
LIABILITIES					
Accrued Direct Plan Manager fee	4,333	6,202	8,992	11,469	14,498
Payables for securities purchased	16,402	7,260	10,505	14,763	-
Withdrawals payable	34	4,887	9,992	145	22,469
Total Liabilities	<u>20,769</u>	<u>18,349</u>	<u>29,489</u>	<u>26,377</u>	<u>36,967</u>
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES	<u>\$ 21,562,836</u>	<u>\$ 30,446,686</u>	<u>\$ 43,997,046</u>	<u>\$ 56,078,707</u>	<u>\$ 71,141,606</u>
UNITS OUTSTANDING ⁽¹⁾	<u>1,541,303</u>	<u>2,198,317</u>	<u>3,249,413</u>	<u>4,254,834</u>	<u>5,536,312</u>
NET ASSET VALUE PER UNIT ⁽²⁾	<u>\$ 13.99</u>	<u>\$ 13.85</u>	<u>\$ 13.54</u>	<u>\$ 13.18</u>	<u>\$ 12.85</u>

⁽¹⁾ Rounded to the nearest whole unit.

⁽²⁾ Rounded to the nearest hundredth.

(Continued)

See Independent Auditor's Report.



STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2021

	Enrollment Year Investment Options				
	2026/2027 Enrollment Option	2024/2025 Enrollment Option	2022/2023 Enrollment Option	2020/2021 Enrollment Option	In School Option
ASSETS					
Investments	\$ 73,563,148	\$ 86,649,060	\$ 99,447,133	\$ 104,179,365	\$ 138,263,013
Cash	57,414	52,692	61,945	6,938	98,455
Receivables from securities sold	1,011	-	-	14,981	32,294
Total Assets	<u>73,621,573</u>	<u>86,701,752</u>	<u>99,509,078</u>	<u>104,201,284</u>	<u>138,393,762</u>
LIABILITIES					
Accrued Direct Plan Manager fee	15,017	17,677	20,326	21,366	28,450
Payables for securities purchased	-	27,299	17,225	-	-
Withdrawals payable	31,259	5,582	5,012	43,223	93,902
Total Liabilities	<u>46,276</u>	<u>50,558</u>	<u>42,563</u>	<u>64,589</u>	<u>122,352</u>
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES	<u>\$ 73,575,297</u>	<u>\$ 86,651,194</u>	<u>\$ 99,466,515</u>	<u>\$ 104,136,695</u>	<u>\$ 138,271,410</u>
UNITS OUTSTANDING ⁽¹⁾	<u>5,848,593</u>	<u>7,073,567</u>	<u>8,365,561</u>	<u>9,158,900</u>	<u>12,501,936</u>
NET ASSET VALUE PER UNIT ⁽²⁾	<u>\$ 12.58</u>	<u>\$ 12.25</u>	<u>\$ 11.89</u>	<u>\$ 11.37</u>	<u>\$ 11.06</u>

⁽¹⁾ Rounded to the nearest whole unit.

⁽²⁾ Rounded to the nearest hundredth.

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STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2021

	Risk-Based Investment Options						
	U.S. Equity Index Option	Global Equity Index Option	Diversified Equity Option	Balanced Option	Fixed Income Option	Guaranteed Option	Plan Total
ASSETS							
Investments	\$ 113,852,198	\$ 151,184,589	\$ 59,193,935	\$ 61,468,824	\$ 14,881,469	\$ 87,845,071	\$ 1,213,812,750
Cash	29,472	18,868	25,887	18,235	3,436	58,508	497,082
Receivables from securities sold	20,821	17,922	-	9,226	-	9,246	114,156
Total Assets	<u>113,902,491</u>	<u>151,221,379</u>	<u>59,219,822</u>	<u>61,496,285</u>	<u>14,884,905</u>	<u>87,912,825</u>	<u>1,214,423,988</u>
LIABILITIES							
Accrued Direct Plan Manager fee	22,980	30,970	12,075	12,588	3,049	-	229,992
Payables for securities purchased	-	-	13,561	-	1,647	-	108,662
Withdrawals payable	45,440	45,039	8,717	19,340	5,506	75,451	415,998
Total Liabilities	<u>68,420</u>	<u>76,009</u>	<u>34,353</u>	<u>31,928</u>	<u>10,202</u>	<u>75,451</u>	<u>754,652</u>
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES	<u>\$ 113,834,071</u>	<u>\$ 151,145,370</u>	<u>\$ 59,185,469</u>	<u>\$ 61,464,357</u>	<u>\$ 14,874,703</u>	<u>\$ 87,837,374</u>	<u>\$ 1,213,669,336</u>
UNITS OUTSTANDING ⁽¹⁾	<u>2,542,642</u>	<u>3,901,533</u>	<u>1,808,294</u>	<u>2,258,059</u>	<u>848,045</u>	<u>5,339,658</u>	
NET ASSET VALUE PER UNIT ⁽²⁾	<u>\$ 44.77</u>	<u>\$ 38.74</u>	<u>\$ 32.73</u>	<u>\$ 27.22</u>	<u>\$ 17.54</u>	<u>\$ 16.45</u>	

⁽¹⁾ Rounded to the nearest whole unit.

⁽²⁾ Rounded to the nearest hundredth.

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STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
June 30, 2021

	Enrollment Year Investment Options				
	2036/2037 Enrollment Option	2034/2035 Enrollment Option	2032/2033 Enrollment Option	2030/2031 Enrollment Option	2028/2029 Enrollment Option
ADDITIONS					
Subscriptions	\$ 10,277,031	\$ 7,412,588	\$ 7,964,934	\$ 8,160,820	\$ 9,675,219
Net investment income	3,688,175	6,240,075	8,946,463	10,633,492	12,450,428
Total Additions	<u>13,965,206</u>	<u>13,652,663</u>	<u>16,911,397</u>	<u>18,794,312</u>	<u>22,125,647</u>
DEDUCTIONS					
Redemptions	521,052	1,035,990	2,356,858	2,743,340	3,715,101
Direct Plan Manager fee	35,631	60,376	92,646	120,900	155,806
Total Deductions	<u>556,683</u>	<u>1,096,366</u>	<u>2,449,504</u>	<u>2,864,240</u>	<u>3,870,907</u>
NET INCREASE (DECREASE)	13,408,523	12,556,297	14,461,893	15,930,072	18,254,740
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	<u>8,154,313</u>	<u>17,890,389</u>	<u>29,535,153</u>	<u>40,148,635</u>	<u>52,886,866</u>
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	<u>\$ 21,562,836</u>	<u>\$ 30,446,686</u>	<u>\$ 43,997,046</u>	<u>\$ 56,078,707</u>	<u>\$ 71,141,606</u>

(Continued)

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STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
June 30, 2021

	Enrollment Year Investment Options				
	2026/2027 Enrollment Option	2024/2025 Enrollment Option	2022/2023 Enrollment Option	2020/2021 Enrollment Option	In School Option
ADDITIONS					
Subscriptions	\$ 10,319,384	\$ 11,393,579	\$ 11,465,003	\$ 11,592,094	\$ 20,129,858
Net investment income	11,928,979	12,505,768	12,299,017	10,015,686	12,331,589
Total Additions	<u>22,248,363</u>	<u>23,899,347</u>	<u>23,764,020</u>	<u>21,607,780</u>	<u>32,461,447</u>
DEDUCTIONS					
Redemptions	4,757,719	5,814,071	5,647,375	11,564,255	52,976,356
Direct Plan Manager fee	163,972	195,803	227,421	249,446	364,686
Total Deductions	<u>4,921,691</u>	<u>6,009,874</u>	<u>5,874,796</u>	<u>11,813,701</u>	<u>53,341,042</u>
NET INCREASE (DECREASE)	17,326,672	17,889,473	17,889,224	9,794,079	(20,879,595)
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	<u>56,248,625</u>	<u>68,761,721</u>	<u>81,577,291</u>	<u>94,342,616</u>	<u>159,151,005</u>
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	<u><u>\$ 73,575,297</u></u>	<u><u>\$ 86,651,194</u></u>	<u><u>\$ 99,466,515</u></u>	<u><u>\$ 104,136,695</u></u>	<u><u>\$ 138,271,410</u></u>

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STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
June 30, 2021

	Risk-Based Investment Options						
	U.S. Equity Index Option	Global Equity Index Option	Diversified Equity Option	Balanced Option	Fixed Income Option	Guaranteed Option	Plan Total
ADDITIONS							
Subscriptions	\$ 26,050,316	\$ 16,741,626	\$ 11,088,089	\$ 9,748,953	\$ 6,224,309	\$ 32,934,741	\$ 211,178,544
Net investment income	32,049,011	45,632,484	16,669,135	12,093,165	314,234	1,340,977	209,138,678
Total Additions	58,099,327	62,374,110	27,757,224	21,842,118	6,538,543	34,275,718	420,317,222
DEDUCTIONS							
Redemptions	12,784,638	29,847,943	7,265,263	7,582,798	6,517,267	32,653,075	187,783,101
Direct Plan Manager fee	225,968	340,377	122,522	135,696	38,452	-	2,529,702
Total Deductions	13,010,606	30,188,320	7,387,785	7,718,494	6,555,719	32,653,075	190,312,803
NET INCREASE (DECREASE)	45,088,721	32,185,790	20,369,439	14,123,624	(17,176)	1,622,643	230,004,419
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	68,745,350	118,959,580	38,816,030	47,340,733	14,891,879	86,214,731	983,664,917
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	<u>\$ 113,834,071</u>	<u>\$ 151,145,370</u>	<u>\$ 59,185,469</u>	<u>\$ 61,464,357</u>	<u>\$ 14,874,703</u>	<u>\$ 87,837,374</u>	<u>1,213,669,336</u>

See Independent Auditor's Report.



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Trustees of the Oklahoma College Savings Plan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Oklahoma College Savings Plan - Direct Plan, which comprise the statement of fiduciary net position as of June 30, 2021, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Oklahoma College Savings Plan - Direct Plan's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oklahoma College Savings Plan - Direct Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oklahoma College Savings Plan - Direct Plan's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Oklahoma College Savings Plan - Direct Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

Baltimore, Maryland
September 1, 2021