

# **OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**

**Financial Statements**

**Including**

**Supplemental Information**

**June 30, 2016**





# OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN

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JUNE 30, 2016

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## **Independent Auditor's Report**

To the Board of Trustees of the Oklahoma College Savings Plan:

We have audited the accompanying basic financial statements of the Oklahoma College Savings Plan – Direct Plan (the “Direct Plan”), which comprise the Statement of Fiduciary Net Position as of June 30, 2016 and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the Direct Plan’s basic 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’s 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 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 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 financial position of the Oklahoma College Savings Plan – Direct Plan, at June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matter***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 5 be presented 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 Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Direct Plan's basic financial statements. The accompanying supplemental information of the Statements of Fiduciary Net Position on pages 13 through 17, Statements of Changes in Fiduciary Net Position on pages 19 through 23 and Financial Highlights on pages 24 through 27 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplemental 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. Such 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 accompanying supplemental 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 6, 2016 on our consideration of the Direct Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is 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 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 Direct Plan's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

September 6, 2016

## OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN MANAGEMENT’S DISCUSSION AND ANALYSIS (unaudited)

As plan manager of the Oklahoma College Savings Plan – Direct Plan (the “Direct Plan”), TIAA-CREF Tuition Financing, Inc. (“TFI”) offers readers of the Direct Plan’s financial statements this discussion and analysis of the financial performance for the year ended June 30, 2016. Readers should consider the information presented in this section in conjunction with the Direct Plan’s financial statements and notes to financial statements. The Direct Plan is comprised of nine investment options (the “Options”) in which account owners (“Account Owners”) may invest and one option available exclusively for State owned accounts related to a pilot study project.

### Financial Highlights

During the year ended June 30, 2016, the Options within the Direct Plan posted returns as follows:

<u>Conservative Managed Allocation Option:</u>		<u>Aggressive Managed Allocation Option:</u>	
Ages 0-3	0.98%	Ages 0-3	(0.45)%
Ages 4-7	1.32	Ages 4-7	0.31
Ages 8-11	1.85	Ages 8-11	0.78
Ages 12-14	1.91	Ages 12-14	1.32
Ages 15-17	1.83	Ages 15-17	1.74
Ages 18 & Over	1.83	Ages 18 & Over	2.00
 <u>Moderate Managed Allocation Option:</u>		 <u>Risk-Based Investments Options:</u>	
Ages 0-3	0.36%	Diversified Equity Option	(3.26)%
Ages 4-7	0.81	Global Equity Index Option	(0.41)
Ages 8-11	1.43	U.S. Equity Index Option	1.78
Ages 12-14	1.87	Balanced Option (SEED OK)	(0.21)
Ages 15-17	1.90	Balanced Option	(0.18)
Ages 18 & Over	1.66	Fixed Income Option	4.50
		Guaranteed Option	1.27

The Direct Plan received \$15.2 million in net contributions from Account Owners during the year ended June 30, 2016.

The Direct Plan earned \$13.8 million from investment operations and paid out \$2.2 million for operating expenses during the year ended June 30, 2016.

### Overview of the Financial Statements

The Direct Plan’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board.

This report consists of two parts: Management’s Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are composed of a Statement of Fiduciary Net Position and 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.

The Statement of Fiduciary Net Position presents information on the Direct Plan’s assets and liabilities, with the difference between the two reported as net position as of June 30, 2016. This statement, along with all of the Direct Plan’s financial statements, is prepared using the accrual basis of accounting. Contributions are recognized when enrollment in the Direct Plan is finalized; subsequent subscriptions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided, regardless of when cash is disbursed.

The Statement of Changes in Fiduciary Net Position presents information showing how the Direct Plan’s assets changed during the most recent fiscal period. Changes in 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

# OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN MANAGEMENT’S DISCUSSION AND ANALYSIS (unaudited)

result in cash flows in future fiscal years.

The Notes to Financial Statements provides additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report presents the operating results and financial status of the Direct Plan, which the State of Oklahoma reports as a fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

## Financial Analysis

**Net position** – The following are condensed Statements of Fiduciary Net position as of June 30, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Investments	\$ 712,935,563	\$ 691,204,651
Cash	771	4,571
Receivables	1,324,794	598,539
<b>Total Assets</b>	<b>714,261,128</b>	<b>691,807,761</b>
Payables	1,508,961	969,299
<b>Total Liabilities</b>	<b>1,508,961</b>	<b>969,299</b>
<b>Total Net Position</b>	<b>\$ 712,752,167</b>	<b>\$ 690,838,462</b>

Net position represents total contributions from Account Owners, plus the net increases (decreases) from operations, less withdrawals and expenses.

Investments are approximately 100% of total net position, and consist of nine Options and one option available exclusively for State owned accounts related to a pilot study project, each of which invests in varying percentages in multiple TIAA-CREF Funds, or the funding agreement ("Funding Agreement") issued by TIAA-CREF Life Insurance Company to the Board of Trustees of the Oklahoma College Savings Plan as the policy holder on behalf of the Direct Plan. Receivables consist of securities sold, contributions, and accrued income. Liabilities consist mainly of payables for securities purchased, withdrawals, and accrued expenses.

**Changes in net position** – The following are condensed Statements of Changes in Fiduciary Net Position for the years ended June 30, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
<b>Additions:</b>		
Subscriptions	\$ 216,694,961	\$ 217,386,033
Investment Income	13,848,492	12,627,718
Net increase in fair value of investments	-	4,352,280
<b>Total Additions</b>	<b>230,543,453</b>	<b>234,366,031</b>
<b>Deductions:</b>		
Redemptions	(201,478,500)	(190,050,337)
Direct Plan manager fee	(2,150,949)	(2,152,926)
Net decrease in fair value of investments	(5,000,299)	-
<b>Total Deductions</b>	<b>(208,629,748)</b>	<b>(192,203,263)</b>
<b>Changes in Net Position</b>	<b>21,913,705</b>	<b>42,162,768</b>
Net position - beginning of year	690,838,462	648,675,694
<b>Net position - end of year</b>	<b>\$ 712,752,167</b>	<b>\$ 690,838,462</b>

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2016**

**ASSETS**

Cash	771
Investments, at value (Cost: \$644,329,693)	712,935,563
Dividends and interest receivable	477,129
Receivable from securities transactions	336,179
Receivable from Direct Plan units sold	511,486
<b>TOTAL ASSETS</b>	<u>714,261,128</u>

**LIABILITIES**

Overdraft payable	52,500
Accrued Direct Plan manager fee	183,316
Payable for securities transactions	927,666
Payable for Direct Plan units redeemed	345,479
<b>TOTAL LIABILITIES</b>	<u>1,508,961</u>

**NET POSITION**

Held in trust for Account Owners in the Plan	<u>\$ 712,752,167</u>
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See notes to financial statements



**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

**ADDITIONS**

Subscriptions	\$ 216,694,961
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Investment income:

Interest	805,307
Dividends	13,043,185
Total investment income	<u>13,848,492</u>

Total additions	<u>230,543,453</u>
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**DEDUCTIONS**

Redemptions	(201,478,500)
Direct Plan manager fee	(2,150,949)
Net decrease in fair value of investments	<u>(5,000,299)</u>
Total deductions	<u>(208,629,748)</u>

Changes in net position	21,913,705
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Net position – beginning of year	<u>690,838,462</u>
Net position – end of year	<u><u>\$ 712,752,167</u></u>

See notes to financial statements

## OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1—Organization and Significant Accounting Policies**

The Oklahoma College Savings Plan – Direct Plan (“Direct Plan”) provides a tax-advantaged way to encourage individuals to save for postsecondary education. The Direct Plan was implemented by and is administered by the Board of Trustees of the Oklahoma College Savings Plan (“Board”). The Board may administer the Direct Plan and establish the rules, terms, and conditions for the Direct Plan and invest, and may contract for the investment management of, the money deposited in accounts in the Direct Plan. TIAA-CREF Tuition Financing, Inc. (“TFI”), a wholly owned, direct subsidiary of Teachers Insurance and Annuity Association of America, and the Board, on behalf of the Direct Plan, entered into an agreement (“Management Agreement”) under which TFI provides certain services to the Direct Plan. The Direct Plan is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code (“Code”). Investment options (“Options” or individually “Option”), allocations and fees, as approved by the Board, are described in the current Disclosure Booklet for the Direct Plan.

The assets in the Guaranteed Option are allocated to a funding agreement (“Funding Agreement”) 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 Agreement provides a minimum guaranteed rate of return on the amounts allocated to it by the Guaranteed Option. In addition to the guaranteed rate of interest to the policyholder, the Funding Agreement allows for the possibility that additional interest may be credited as declared periodically by TIAA Life.

The SEED for Oklahoma Kids Initiative (“SEED OK”) is a pilot study consisting of approximately 1,500 beneficiaries in the State of Oklahoma owned accounts. The accounts are invested as directed by the State of Oklahoma and are subject to many restrictions.

Teachers Advisors, Inc. (“Advisors”), an affiliate of TFI, is registered with the Securities and Exchange Commission as an investment adviser and provides investment advisory services to the TIAA-CREF Funds (the “Funds”). As of December 31, 2015, TIAA-CREF Individual & Institutional Services, LLC provides underwriting and distribution services to the Direct Plan.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (“GASB”) which may require the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Direct Plan.

**Investment income:** Securities 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 underlying Funds are recorded on the ex-dividend date. Income distributions from underlying Funds are included in total investment income and gain distributions are included in net increase in fair value of investments. Realized gains and losses are based upon the specific identification method.

**Income tax:** No provision for federal income tax has been made. The Direct Plan is designed to constitute a qualified tuition program under Section 529 of the Code and does not expect to have any unrelated business income subject to tax.

**Units:** The beneficial interests for each account owner (“Account Owner”) in the Options are represented by Direct Plan units. Subscriptions and redemptions are recorded upon receipt of Account Owner’s instructions in good order, based on the next determined net position value per unit (“Unit Value”). Unit Values for each Option are determined at the close of business of the New York Stock Exchange. The Unit Value for financial reporting purposes may differ from the Unit Value for processing transactions. The Unit Value for financial reporting purposes includes security and shareholder transactions through the date of the report. There are no distributions of net investment gains or net investment income to the Option’s Account Owners or beneficiaries.

**Subscriptions and redemptions:** Subscriptions on the Statement of Changes in Fiduciary Net Position include any contributions to the Direct Plan made by Account Owners and any exchanges within the Direct Plan that result in a reinvestment of assets. Redemptions on the Statement of Changes in Fiduciary Net Position include any withdrawals from the Direct Plan made by Account Owners and any exchanges within the Direct Plan that result in a reinvestment of assets.

## OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN

### NOTES TO FINANCIAL STATEMENTS (continued)

#### Note 2 – Valuation of Investments

Certain investments are valued at fair value utilizing various valuation methods. GASB establishes a hierarchy that prioritizes market inputs to valuation methods. The three levels of inputs are:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit spreads, etc.)
- Level 3 – significant unobservable inputs (including the Direct Plan's own 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, 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.

A description of the valuation techniques applied to the Direct Plan's major categories of investments follows:

**Investments in registered investment companies:** These investments are valued at their published net asset value on the valuation date. These investments are categorized in Level 1 of the fair value hierarchy.

**Funding Agreement:** The Funding Agreement, to which the Guaranteed Option allocates assets, is considered a nonparticipating interest-earning investment contract and is accounted for at cost. Because the Funding Agreement is valued at cost, it is not included in the fair value hierarchy.

As of June 30, 2016, 100% of the value of the Fund investments in the Direct Plan were valued based on Level 1 inputs.

#### Note 3 – Direct Plan Fees

Each Option (with the exception of the Guaranteed Option) pays TFI, as the Direct Plan manager, a fee at an annual rate of 0.35% (35 basis points) of the average daily net position held by that Option. In addition, Advisors is paid investment management fees on the underlying investments in the Funds. The Direct Plan manager fee applies to total assets in the Direct Plan up to \$750 million. If the total market value of the assets in the Direct Plan becomes equal to or greater than \$750 million for a period of at least 90 consecutive days, the Direct Plan manager fee will be reduced by 0.05% (5 basis points) to the annual rate of 0.30% (30 basis points). If the total market value of the assets in the Direct Plan becomes equal to or greater than \$1 billion for a period of at least 90 consecutive days, the Direct Plan manager fee will be reduced by 0.05% (5 basis points) to the annual rate of 0.25% (25 basis points).

The Guaranteed Option does not pay a Direct Plan manager fee. TIAA Life, the issuer of the Funding Agreement in which this Option invests and an affiliate of TFI, makes payments to TFI.

#### Note 4 – Investments

**Cash deposits:** All cash deposits at June 30, 2016 were covered by federal depository insurance coverage.

**Investments:** As of June 30, 2016, net unrealized appreciation (depreciation) of portfolio investments was \$68,605,870 consisting of gross unrealized appreciation of \$71,258,134 and gross unrealized depreciation of \$(2,652,264).

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

At June 30, 2016, the Direct Plan's investments consist of the following:

	<u>Units</u>		<u>Cost</u>		<u>Value</u>
TIAA-CREF Funds (Institutional Class):					
Bond Index Fund	9,985,308	\$	105,599,477	\$	111,336,188
Emerging Markets Equity Fund	317,155		3,033,221		2,838,535
Emerging Markets Equity Index Fund	2,067,563		19,145,111		18,132,528
Equity Index Fund	14,142,381		183,301,194		220,903,993
Growth and Income Fund	1,919,004		18,645,625		22,106,923
High-Yield Fund	2,441,033		24,146,604		22,701,610
Inflation-Linked Bond Fund	2,621,687		27,507,808		30,621,303
International Equity Fund	1,001,457		8,709,469		10,074,653
International Equity Index Fund	3,816,733		57,116,885		62,174,589
Large-Cap Growth Fund	151,563		1,720,490		2,297,703
Large-Cap Value Fund	124,785		1,707,184		2,077,677
Mid-Cap Growth Fund	84,199		1,451,696		1,610,735
Mid-Cap Value Fund	86,019		1,558,488		1,869,182
Money Market Fund	9,152,752		9,152,752		9,152,752
Real Estate Securities Fund	1,923,810		17,870,922		30,857,918
Short-Term Bond Fund	8,897,398		92,106,238		92,354,996
Small-Cap Equity Fund	182,034		2,595,644		2,863,393
TIAA-CREF Life Insurance Company:					
Funding Agreement	4,555,572		68,960,885		68,960,885
			<u>\$ 644,329,693</u>		<u>\$ 712,935,563</u>

**Note 5 – Investment Risks**

Certain investments are subject to a variety of investment risks based on the amount of risk in the underlying Funds. GASB requires that entities disclose certain essential risk information about deposits and investments. All of the Direct Plan's Options are uninsured and unregistered and are held by a custodian in the Direct Plan's name.

**Custodial credit risk:** Custodial credit risk is the risk that in the event of a failure, the Direct Plan deposits and investments may not be returned. An Account Owner has an investment in an Option and not a direct investment in any underlying Funds or other investment vehicle to which funds in that Option may be allocated. Because of this ownership structure, the custodial credit risk is significantly mitigated.

**Investment policy:** The Direct Plan does not have specific investment policies which address credit, interest rate, foreign currency or custodial credit risk. The Direct Plan's Options are managed based on specific investment objectives and strategies which are disclosed in the current Direct Plan Disclosure Booklet.

**Credit risk:** The underlying Funds investing primarily in fixed income securities are subject to credit risk. Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The underlying Funds do not carry a formal credit quality rating. The underlying Funding Agreement is a guaranteed insurance product issued by TIAA Life. TIAA Life had a Standard & Poor's credit rating of AA+ at June 30, 2016.

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**NOTES TO FINANCIAL STATEMENTS (concluded)**

**Interest rate risk:** Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. At June 30, 2016, the average maturities for the underlying fixed income Funds are as follows:

<u><b>Investment</b></u>	<u><b>Value</b></u>	<u><b>Average Maturity</b></u>
TIAA-CREF Funds (Institutional Class):		
Bond Index Fund	\$ 111,336,188	7.39 years
Inflation-Linked Bond Fund	30,621,303	5.97 years
High-Yield Fund	22,701,610	7.69 years
Short-Term Bond Fund	92,354,996	2.50 years

**Foreign currency risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments in foreign securities. The Direct Plan does not have any direct investment in foreign securities. Certain Direct Plan Options allocate assets to underlying Funds that are exposed to foreign currency risk. At June 30, 2016, the value of investments in underlying Funds that significantly invest in foreign denominated contracts are as follows:

<u><b>Investment</b></u>	<u><b>Value</b></u>
TIAA-CREF Funds (Institutional Class):	
Emerging Markets Equity Fund	\$ 2,838,535
Emerging Markets Equity Index Fund	18,132,528
International Equity Fund	10,074,653
International Equity Index Fund	62,174,589
Money Market	9,152,752

### **SUPPLEMENTAL INFORMATION**

The following information 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”). It shows financial information relating to the investment options, which are included in the Direct Plan during the year ended June 30, 2016.

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**JUNE 30, 2016**

**Conservative Managed Allocation Option**  
**Age Bands Within the Managed Allocation Option**

	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>	<b>Total</b>
<b>ASSETS</b>							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ 232,725	\$ 635,265	\$ 671,299	\$ 537,271	\$ 545,527	\$ 560,609	\$3,182,696
Emerging Markets Equity Index Fund	64,310	99,078	64,580	41,313	23,033	—	292,314
Equity Index Fund	539,142	955,544	662,689	439,531	319,684	—	2,916,590
High-Yield Fund	44,003	134,616	131,771	111,731	117,804	105,970	645,895
Inflation-Linked Bond Fund	60,638	182,647	184,749	156,620	158,737	163,015	906,406
International Equity Index Fund	161,193	305,693	209,104	139,793	110,467	—	926,250
Money Market Fund	—	—	—	—	286,461	796,194	1,082,655
Real Estate Securities Fund	66,309	117,861	86,540	55,467	40,093	—	366,270
Short-Term Bond Fund	77,765	225,320	230,185	581,327	1,415,137	2,426,216	4,955,950
<b>TOTAL INVESTMENTS</b>	<b>1,246,085</b>	<b>2,656,024</b>	<b>2,240,917</b>	<b>2,063,053</b>	<b>3,016,943</b>	<b>4,052,004</b>	<b>15,275,026</b>
Dividends and interest receivable	843	2,176	2,351	2,424	4,104	5,670	17,568
Receivable from securities transactions	—	—	—	—	—	50,965	50,965
Receivable from Direct Plan units sold	378	2,740	25	756	—	435	4,334
<b>TOTAL ASSETS</b>	<b>1,247,306</b>	<b>2,660,940</b>	<b>2,243,293</b>	<b>2,066,233</b>	<b>3,021,047</b>	<b>4,109,074</b>	<b>15,347,893</b>
<b>LIABILITIES</b>							
Overdraft payable	—	—	—	—	—	51,400	51,400
Accrued Direct Plan manager fee	379	732	651	559	866	1,111	4,298
Payable for securities transactions	1,221	4,917	2,376	3,179	4,104	5,670	21,467
Payable for Direct Plan units redeemed	—	—	—	—	—	—	—
<b>TOTAL LIABILITIES</b>	<b>1,600</b>	<b>5,649</b>	<b>3,027</b>	<b>3,738</b>	<b>4,970</b>	<b>58,181</b>	<b>77,165</b>
<b>NET POSITION</b>	<b>\$ 1,245,706</b>	<b>\$ 2,655,291</b>	<b>\$ 2,240,266</b>	<b>\$ 2,062,495</b>	<b>\$ 3,016,077</b>	<b>\$ 4,050,893</b>	<b>\$15,270,728</b>
<b>UNITS OUTSTANDING</b>	<b>80,586</b>	<b>182,418</b>	<b>162,376</b>	<b>161,334</b>	<b>257,530</b>	<b>382,749</b>	
<b>NET POSITION VALUE PER UNIT</b>	<b>\$15.46</b>	<b>\$14.56</b>	<b>\$13.80</b>	<b>\$12.78</b>	<b>\$11.71</b>	<b>\$10.58</b>	
<b>INVESTMENTS AT COST</b>	<b>\$ 1,098,750</b>	<b>\$ 2,524,322</b>	<b>\$ 2,110,269</b>	<b>\$ 1,968,982</b>	<b>\$ 2,947,508</b>	<b>\$ 4,014,503</b>	<b>\$14,664,334</b>

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**JUNE 30, 2016**

**Moderate Managed Allocation Option**  
**Age Bands Within the Managed Allocation Option**

	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>	<b>Total</b>
<b>ASSETS</b>							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ 825,813	\$ 4,371,651	\$ 15,860,993	\$ 23,566,572	\$ 22,643,434	\$ 13,006,749	\$80,275,212
Emerging Markets Equity Index Fund	357,088	1,134,346	2,186,913	2,199,816	1,699,787	1,160,326	8,738,276
Equity Index Fund	3,940,472	12,872,159	24,423,488	24,536,546	16,640,333	10,853,971	93,266,969
High-Yield Fund	160,682	884,889	3,295,686	4,987,300	4,841,331	2,780,422	16,950,310
Inflation-Linked Bond Fund	212,088	1,083,320	4,081,991	6,334,241	6,543,590	3,777,546	22,032,776
International Equity Index Fund	1,216,673	4,440,798	6,936,570	7,086,628	6,004,184	4,006,952	29,691,805
Money Market Fund	—	—	—	—	—	8,070,097	8,070,097
Real Estate Securities Fund	529,675	2,001,363	3,039,606	3,174,177	2,333,454	2,182,494	13,260,769
Short-Term Bond Fund	211,690	1,271,942	6,065,361	7,907,255	26,279,769	41,031,447	82,767,464
<b>TOTAL INVESTMENTS</b>	<b>7,454,181</b>	<b>28,060,468</b>	<b>65,890,608</b>	<b>79,792,535</b>	<b>86,985,882</b>	<b>86,870,004</b>	<b>355,053,678</b>
Cash	—	—	750	—	21	—	771
Dividends and interest receivable	2,887	15,534	58,472	82,636	110,730	104,614	374,873
Receivable from securities transactions	—	—	—	—	99,578	144,278	243,856
Receivable from Direct Plan units sold	877	3,459	22,075	6,507	3,709	3,998	40,625
<b>TOTAL ASSETS</b>	<b>7,457,945</b>	<b>28,079,461</b>	<b>65,971,905</b>	<b>79,881,678</b>	<b>87,199,920</b>	<b>87,122,894</b>	<b>355,713,803</b>
<b>LIABILITIES</b>							
Accrued Direct Plan manager fee	2,261	8,387	19,464	22,770	24,708	23,552	101,142
Payable for securities transactions	3,764	18,993	81,297	83,954	110,730	104,614	403,352
Payable for Direct Plan units redeemed	—	—	—	5,189	103,387	148,276	256,852
<b>TOTAL LIABILITIES</b>	<b>6,025</b>	<b>27,380</b>	<b>100,761</b>	<b>111,913</b>	<b>238,825</b>	<b>276,442</b>	<b>761,346</b>
<b>NET POSITION</b>	<b>\$ 7,451,920</b>	<b>\$ 28,052,081</b>	<b>\$ 65,871,144</b>	<b>\$ 79,769,765</b>	<b>\$ 86,961,095</b>	<b>\$ 86,846,452</b>	<b>\$354,952,457</b>
<b>UNITS OUTSTANDING</b>	<b>335,584</b>	<b>1,619,254</b>	<b>3,708,793</b>	<b>4,190,202</b>	<b>4,757,405</b>	<b>5,236,560</b>	
<b>NET POSITION VALUE PER UNIT</b>	<b>\$22.21</b>	<b>\$17.32</b>	<b>\$17.76</b>	<b>\$19.04</b>	<b>\$18.28</b>	<b>\$16.58</b>	
<b>INVESTMENTS AT COST</b>	<b>\$ 5,958,879</b>	<b>\$ 23,114,761</b>	<b>\$ 57,139,885</b>	<b>\$ 71,623,789</b>	<b>\$ 81,657,780</b>	<b>\$ 82,934,285</b>	<b>\$322,429,379</b>



**Aggressive Managed Allocation Option**  
**Age Bands Within the Managed Allocation Option**

	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>	<b>Total</b>
<b>ASSETS</b>							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ —	\$ 1,901,903	\$ 2,025,953	\$ 2,282,838	\$ 2,246,495	\$ 1,453,494	\$9,910,683
Emerging Markets Equity Index Fund	576,385	964,836	547,077	347,292	233,008	96,424	2,765,022
Equity Index Fund	6,294,140	9,734,413	5,658,241	3,541,545	2,398,977	1,110,423	28,737,739
High-Yield Fund	—	436,735	404,661	528,017	477,516	311,980	2,158,909
Inflation-Linked Bond Fund	—	561,963	548,496	661,729	660,731	429,192	2,862,111
International Equity Index Fund	1,999,424	2,922,881	1,706,143	1,087,919	742,649	363,618	8,822,634
Real Estate Securities Fund	826,123	1,182,013	703,729	445,777	296,119	140,123	3,593,884
Short-Term Bond Fund	—	711,730	682,268	821,821	820,642	1,595,121	4,631,582
<b>TOTAL INVESTMENTS</b>	<b>9,696,072</b>	<b>18,416,474</b>	<b>12,276,568</b>	<b>9,716,938</b>	<b>7,876,137</b>	<b>5,500,375</b>	<b>63,482,564</b>
Dividends and interest receivable	—	6,916	6,860	8,401	7,655	6,616	36,448
Receivable from Direct Plan units sold	27,100	3,889	13,458	6,499	430	425	51,801
<b>TOTAL ASSETS</b>	<b>9,723,172</b>	<b>18,427,279</b>	<b>12,296,886</b>	<b>9,731,838</b>	<b>7,884,222</b>	<b>5,507,416</b>	<b>63,570,813</b>
<b>LIABILITIES</b>							
Overdraft payable	—	1,100	—	—	—	—	1,100
Accrued Direct Plan manager fee	2,914	5,210	3,435	2,804	2,148	1,483	17,994
Payable for securities transactions	27,100	9,705	20,318	14,901	8,085	7,041	87,150
Payable for Direct Plan units redeemed	—	—	—	—	—	—	—
<b>TOTAL LIABILITIES</b>	<b>30,014</b>	<b>16,015</b>	<b>23,753</b>	<b>17,705</b>	<b>10,233</b>	<b>8,524</b>	<b>106,244</b>
<b>NET POSITION</b>	<b>\$ 9,693,158</b>	<b>\$ 18,411,264</b>	<b>\$ 12,273,133</b>	<b>\$ 9,714,133</b>	<b>\$ 7,873,989</b>	<b>\$ 5,498,892</b>	<b>\$63,464,569</b>
<b>UNITS OUTSTANDING</b>	<b>543,741</b>	<b>1,155,044</b>	<b>793,303</b>	<b>667,092</b>	<b>561,631</b>	<b>431,093</b>	
<b>NET POSITION VALUE PER UNIT</b>	<b>\$17.83</b>	<b>\$15.94</b>	<b>\$15.47</b>	<b>\$14.56</b>	<b>\$14.02</b>	<b>\$12.76</b>	
<b>INVESTMENTS AT COST</b>	<b>\$ 8,266,676</b>	<b>\$ 17,704,755</b>	<b>\$ 11,519,063</b>	<b>\$ 9,261,150</b>	<b>\$ 7,549,463</b>	<b>\$ 5,317,876</b>	<b>\$59,618,983</b>

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**JUNE 30, 2016**

	Risk-Based Investment Options					
	Diversified Equity Option	Global Equity Index Option	U.S. Equity Index Option	Balanced Option (SEED OK)	Balanced Option	Fixed Income Option
<b>ASSETS</b>						
Investments, at value:						
TIAA-CREF Funds (Institutional Class):						
Bond Index Fund	\$ —	\$ —	\$ —	\$ 556,712	\$ 9,380,621	\$ 8,030,264
Emerging Markets Equity Fund	1,564,405	—	—	70,089	1,204,041	—
Emerging Markets Equity Index Fund	—	6,336,916	—	—	—	—
Equity Index Fund	—	71,203,255	24,779,440	—	—	—
Growth & Income Fund	10,336,970	—	—	614,475	11,155,478	—
High-Yield Fund	—	—	—	79,100	1,571,628	1,295,768
Inflation-Linked Bond Fund	—	—	—	141,261	2,505,168	2,173,581
International Equity Fund	5,854,341	—	—	230,433	3,989,879	—
International Equity Index Fund	—	22,733,900	—	—	—	—
Large-Cap Growth Fund	2,297,703	—	—	—	—	—
Large-Cap Value Fund	2,077,677	—	—	—	—	—
Mid-Cap Growth Fund	698,668	—	—	68,600	843,467	—
Mid-Cap Value Fund	940,547	—	—	41,600	887,035	—
Real Estate Securities Fund	2,016,088	9,690,239	—	109,651	1,821,017	—
Small-Cap Equity Fund	1,458,987	—	—	86,630	1,317,776	—
<b>SUBTOTAL</b>	<b>27,245,386</b>	<b>109,964,310</b>	<b>24,779,440</b>	<b>1,998,551</b>	<b>34,676,110</b>	<b>11,499,613</b>
TIAA-CREF Life Insurance Company:						
Funding Agreement	—	—	—	—	—	—
<b>TOTAL INVESTMENTS</b>	<b>27,245,386</b>	<b>109,964,310</b>	<b>24,779,440</b>	<b>1,998,551</b>	<b>34,676,110</b>	<b>11,499,613</b>
Dividends and interest receivable	—	—	—	1,434	25,352	21,454
Receivable from securities transactions	—	—	—	—	—	41,358
Receivable from Direct Plan units sold	46,399	44,288	27,855	—	7,714	1,339
<b>TOTAL ASSETS</b>	<b>27,291,785</b>	<b>110,008,598</b>	<b>24,807,295</b>	<b>1,999,985</b>	<b>34,709,176</b>	<b>11,563,764</b>
<b>LIABILITIES</b>						
Accrued Direct Plan manager fee	7,819	31,305	7,028	570	9,891	3,269
Payable for securities transactions	42,864	29,908	27,855	1,434	32,842	21,454
Payable for Direct Plan units redeemed	3,535	14,380	—	—	224	42,697
<b>TOTAL LIABILITIES</b>	<b>54,218</b>	<b>75,593</b>	<b>34,883</b>	<b>2,004</b>	<b>42,957</b>	<b>67,420</b>
<b>NET POSITION</b>	<b>\$ 27,237,567</b>	<b>\$ 109,933,005</b>	<b>\$ 24,772,412</b>	<b>\$ 1,997,981</b>	<b>\$ 34,666,219</b>	<b>\$ 11,496,344</b>
<b>UNITS OUTSTANDING</b>	<b>1,612,337</b>	<b>5,714,902</b>	<b>1,239,566</b>	<b>138,504</b>	<b>2,040,524</b>	<b>762,082</b>
<b>NET POSITION VALUE PER UNIT</b>	<b>\$16.89</b>	<b>\$19.24</b>	<b>\$19.98</b>	<b>\$14.43</b>	<b>\$16.99</b>	<b>\$15.09</b>
<b>INVESTMENTS AT COST</b>	<b>\$ 22,893,960</b>	<b>\$ 91,227,794</b>	<b>\$ 20,953,280</b>	<b>\$ 1,741,318</b>	<b>\$ 30,909,159</b>	<b>\$ 10,930,601</b>

	<b>Guaranteed Option</b>	<b>Total</b>
\$	—	\$17,967,597
	—	2,838,535
	—	6,336,916
	—	95,982,695
	—	22,106,923
	—	2,946,496
	—	4,820,010
	—	10,074,653
	—	22,733,900
	—	2,297,703
	—	2,077,677
	—	1,610,735
	—	1,869,182
	—	13,636,995
	—	2,863,393
	—	210,163,410
	68,960,885	68,960,885
	68,960,885	279,124,295
	—	48,240
	—	41,358
	287,131	414,726
	69,248,016	279,628,619
	—	59,882
	259,340	415,697
	27,791	88,627
	287,131	564,206
\$	68,960,885	\$279,064,413
	4,555,572	
	\$15.14	
\$	68,960,885	\$247,616,997

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**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

Conservative Managed Allocation Option Age Bands Within the Managed Allocation Option							
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & Over	Total
ADDITIONS							
Subscriptions	\$752,937	\$1,495,850	\$912,516	\$1,134,972	\$1,704,264	\$2,661,612	\$8,662,151
Increase from investment operations:							
Dividends from underlying funds	29,818	42,304	47,241	36,270	57,404	53,899	266,936
Realized gain distributions from underlying funds	10,281	11,665	11,536	6,555	6,576	804	47,417
Net unrealized appreciation on underlying fund shares	—	21,121	10,533	12,658	26,961	36,662	107,935
Net increase from investment operations	40,099	75,090	69,310	55,483	90,941	91,365	422,288
TOTAL ADDITIONS	\$793,036	\$1,570,940	\$981,826	\$1,190,455	\$1,795,205	\$2,752,977	\$9,084,439
DEDUCTIONS							
Redemptions	\$858,861	\$434,930	\$724,883	\$694,049	\$1,869,580	\$1,900,292	\$6,482,595
Expenses:							
Direct Plan manager fee	4,520	6,811	7,293	5,950	10,720	12,047	47,341
Total expenses	4,520	6,811	7,293	5,950	10,720	12,047	47,341
Net unrealized depreciation on underlying fund shares	7,696	—	—	—	—	—	7,696
Net realized loss on investments in underlying fund shares	10,255	16,283	21,305	4,810	30,002	10,606	93,261
TOTAL DEDUCTIONS	\$881,332	\$458,024	\$753,481	\$704,809	\$1,910,302	\$1,922,945	\$6,630,893
NET POSITION							
Net increase (decrease) in fiduciary net position	(88,296)	1,112,916	228,345	485,646	(115,097)	830,032	2,453,546
Beginning of year	1,334,002	1,542,375	2,011,921	1,576,849	3,131,174	3,220,861	12,817,182
End of year	\$1,245,706	\$2,655,291	\$2,240,266	\$2,062,495	\$3,016,077	\$4,050,893	\$15,270,728

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

**Moderate Managed Allocation Option  
Age Bands Within the Managed Allocation Option**

	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>	<b>Total</b>
<b>ADDITIONS</b>							
Subscriptions	\$3,463,577	\$7,913,951	\$18,731,327	\$30,564,703	\$33,417,102	\$35,064,527	\$129,155,187
Increase from investment operations:							
Dividends from underlying funds	178,726	691,943	1,609,234	1,748,949	1,775,436	1,438,736	7,443,024
Realized gain distributions from underlying funds	73,891	265,629	474,848	438,977	306,440	211,526	1,771,311
Net unrealized appreciation on underlying fund shares	—	—	—	—	—	348,772	348,772
Net realized gain on investments in underlying fund shares	25,356	390,131	387,250	—	—	—	802,737
Net increase from investment operations	277,973	1,347,703	2,471,332	2,187,926	2,081,876	1,999,034	10,365,844
<b>TOTAL ADDITIONS</b>	<b>\$3,741,550</b>	<b>\$9,261,654</b>	<b>\$21,202,659</b>	<b>\$32,752,629</b>	<b>\$35,498,978</b>	<b>\$37,063,561</b>	<b>\$139,521,031</b>
<b>DEDUCTIONS</b>							
Redemptions	\$4,029,926	\$12,254,895	\$26,792,728	\$28,810,877	\$28,822,527	\$28,793,334	\$129,504,287
Expenses:							
Direct Plan manager fee	27,040	104,654	243,766	267,365	285,339	270,629	1,198,793
Total expenses	27,040	104,654	243,766	267,365	285,339	270,629	1,198,793
Net unrealized depreciation on underlying fund shares	242,163	1,100,211	1,376,949	333,609	34,923	—	3,087,855
Net realized loss on investments in underlying fund shares	—	—	—	93,038	103,549	398,362	594,949
<b>TOTAL DEDUCTIONS</b>	<b>\$4,299,129</b>	<b>\$13,459,760</b>	<b>\$28,413,443</b>	<b>\$29,504,889</b>	<b>\$29,246,338</b>	<b>\$29,462,325</b>	<b>\$134,385,884</b>
<b>NET POSITION</b>							
Net increase (decrease) in fiduciary net position	(557,579)	(4,198,106)	(7,210,784)	3,247,740	6,252,640	7,601,236	5,135,147
Beginning of year	8,009,499	32,250,187	73,081,928	76,522,025	80,708,455	79,245,216	349,817,310
End of year	\$7,451,920	\$28,052,081	\$65,871,144	\$79,769,765	\$86,961,095	\$86,846,452	\$354,952,457

**Aggressive Managed Allocation Option**  
**Age Bands Within the Managed Allocation Option**

	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>	<b>Total</b>
<b>ADDITIONS</b>							
Subscriptions	\$4,701,386	\$7,517,942	\$5,189,631	\$5,073,824	\$4,482,342	\$3,238,630	\$30,203,755
Increase from investment operations:							
Dividends from underlying funds	222,235	349,683	242,147	198,515	143,793	99,714	1,256,087
Realized gain distributions from underlying funds	110,251	140,525	86,622	56,864	35,308	17,446	447,016
Net unrealized appreciation on underlying fund shares	—	—	—	—	19,230	61,528	80,758
Net increase from investment operations	332,486	490,208	328,769	255,379	198,331	178,688	1,783,861
<b>TOTAL ADDITIONS</b>	<b>\$5,033,872</b>	<b>\$8,008,150</b>	<b>\$5,518,400</b>	<b>\$5,329,203</b>	<b>\$4,680,673</b>	<b>\$3,417,318</b>	<b>\$31,987,616</b>
<b>DEDUCTIONS</b>							
Redemptions	\$4,653,649	\$3,399,582	\$3,459,554	\$3,599,324	\$2,451,995	\$1,918,487	\$19,482,591
Expenses:							
Direct Plan manager fee	33,935	55,065	37,761	30,512	22,393	16,123	195,789
Total expenses	33,935	55,065	37,761	30,512	22,393	16,123	195,789
Net unrealized depreciation on underlying fund shares	212,362	219,463	111,632	23,615	—	—	567,072
Net realized loss on investments in underlying fund shares	120,830	28,389	49,232	35,564	20,363	56,081	310,459
<b>TOTAL DEDUCTIONS</b>	<b>\$5,020,776</b>	<b>\$3,702,499</b>	<b>\$3,658,179</b>	<b>\$3,689,015</b>	<b>\$2,494,751</b>	<b>\$1,990,691</b>	<b>\$20,555,911</b>
<b>NET POSITION</b>							
Net increase in fiduciary net position	13,096	4,305,651	1,860,221	1,640,188	2,185,922	1,426,627	11,431,705
Beginning of year	9,680,062	14,105,613	10,412,912	8,073,945	5,688,067	4,072,265	52,032,864
End of year	\$9,693,158	\$18,411,264	\$12,273,133	\$9,714,133	\$7,873,989	\$5,498,892	\$63,464,569

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Risk-Based Investment Options</b>					
	<b>Diversified Equity Option</b>	<b>Global Equity Index Option</b>	<b>U.S. Equity Index Option</b>	<b>Balanced Option (SEED OK)</b>	<b>Balanced Option</b>	<b>Fixed Income Option</b>
<b>ADDITIONS</b>						
Subscriptions	\$3,805,123	\$8,897,702	\$6,409,027	\$—	\$5,601,218	\$2,497,527
Increase from investment operations:						
Interest	—	—	—	—	—	—
Dividends from underlying funds	326,303	2,474,322	414,703	33,003	571,842	256,965
Realized gain distributions from underlying funds	1,228,185	1,237,973	253,781	60,888	1,038,151	11,993
Net unrealized appreciation on underlying fund shares	—	—	27,904	—	—	285,509
Net realized gain on investments in underlying fund shares	—	508,836	—	—	—	—
Net increase from investment operations	1,554,488	4,221,131	696,388	93,891	1,609,993	554,467
<b>TOTAL ADDITIONS</b>	<b>\$5,359,611</b>	<b>\$13,118,833</b>	<b>\$7,105,415</b>	<b>\$93,891</b>	<b>\$7,211,211</b>	<b>\$3,051,994</b>
<b>DEDUCTIONS</b>						
Redemptions	\$3,317,836	\$13,739,191	\$2,256,979	\$—	\$4,949,287	\$2,747,964
Expenses:						
Direct Plan manager fee	93,152	379,639	74,796	6,826	116,202	38,411
Total expenses	93,152	379,639	74,796	6,826	116,202	38,411
Net unrealized depreciation on underlying fund shares	2,158,777	4,552,639	—	90,910	1,352,059	—
Net realized loss on investments in underlying fund shares	189,938	—	41,319	476	178,871	33,184
<b>TOTAL DEDUCTIONS</b>	<b>\$5,759,703</b>	<b>\$18,671,469</b>	<b>\$2,373,094</b>	<b>\$98,212</b>	<b>\$6,596,419</b>	<b>\$2,819,559</b>
<b>NET POSITION</b>						
Net increase (decrease) in fiduciary net position	(400,092)	(5,552,636)	4,732,321	(4,321)	614,792	232,435
Beginning of year	27,637,659	115,485,641	20,040,091	2,002,302	34,051,427	11,263,909
End of year	\$27,237,567	\$109,933,005	\$24,772,412	\$1,997,981	\$34,666,219	\$11,496,344



<b>Guaranteed Option</b>	<b>Total</b>
\$21,463,271	\$48,673,868
805,307	805,307
—	4,077,138
—	3,830,971
—	313,413
—	508,836
805,307	9,535,665
\$22,268,578	\$58,209,533

\$18,997,770	\$46,009,027
—	709,026
—	709,026
—	8,154,385
—	443,788
\$18,997,770	\$55,316,226

3,270,808	2,893,307
65,690,077	276,171,106
\$68,960,885	\$279,064,413

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**FINANCIAL HIGHLIGHTS**  
**JUNE 30, 2016**

**Conservative Managed Allocation Option**  
**Age Bands Within the Managed Allocation Option**

	Ages 0-3		Ages 4-7		Ages 8-11		Ages 12-14		Ages 15-17		Ages 18 & Over	
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR												
Net position value, beginning of year	\$	15.31	\$	14.37	\$	13.55	\$	12.54	\$	11.50	\$	10.39
Gain (loss) from investment operations:												
Net investment income(a)		0.29		0.26		0.26		0.22		0.17		0.13
Net realized and unrealized gain (loss) on investments		(0.14)		(0.07)		(0.01)		0.02		0.04		0.06
Total gain from investment operations		0.15		0.19		0.25		0.24		0.21		0.19
Net position value, end of year	\$	15.46	\$	14.56	\$	13.80	\$	12.78	\$	11.71	\$	10.58
TOTAL RETURN												
		0.98%		1.32%		1.85%		1.91%		1.83%		1.83%
RATIOS AND SUPPLEMENTAL DATA												
Net position at end of period (in thousands)	\$	1,246	\$	2,655	\$	2,240	\$	2,062	\$	3,016	\$	4,051
Ratio of expenses to average net position(b)		0.35%		0.35%		0.35%		0.35%		0.35%		0.35%
Ratio of net investment income to average net position		1.96%		1.82%		1.92%		1.78%		1.52%		1.22%

(a) Based on average units outstanding

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds

**Moderate Managed Allocation Option**  
**Age Bands Within the Managed Allocation Option**

	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net position value, beginning of year	\$ 22.13	\$ 17.18	\$ 17.51	\$ 18.69	\$ 17.94	\$ 16.31
Gain (loss) from investment operations:						
Net investment income(a)	0.42	0.33	0.34	0.36	0.33	0.25
Net realized and unrealized gain (loss) on investments	<u>(0.34)</u>	<u>(0.19)</u>	<u>(0.09)</u>	<u>(0.01)</u>	<u>0.01</u>	<u>0.02</u>
Total gain from investment operations	<u>0.08</u>	<u>0.14</u>	<u>0.25</u>	<u>0.35</u>	<u>0.34</u>	<u>0.27</u>
Net position value, end of year	<u>\$ 22.21</u>	<u>\$ 17.32</u>	<u>\$ 17.76</u>	<u>\$ 19.04</u>	<u>\$ 18.28</u>	<u>\$ 16.58</u>
 TOTAL RETURN	 <u>0.36%</u>	 <u>0.81%</u>	 <u>1.43%</u>	 <u>1.87%</u>	 <u>1.90%</u>	 <u>1.66%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$ 7,452	\$ 28,052	\$ 65,871	\$ 79,770	\$ 86,961	\$ 86,846
Ratio of expenses to average net position(b)	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Ratio of net investment income to average net position	1.96%	1.96%	1.96%	1.94%	1.83%	1.51%

(a) Based on average units outstanding

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**FINANCIAL HIGHLIGHTS**  
**JUNE 30, 2016**

**Aggressive Managed Allocation Option**  
**Age Bands Within the Managed Allocation Option**

	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net position value, beginning of year	\$ 17.91	\$ 15.89	\$ 15.35	\$ 14.37	\$ 13.78	\$ 12.51
Gain (loss) from investment operations:						
Net investment income(a)	0.34	0.29	0.28	0.27	0.26	0.23
Net realized and unrealized gain (loss) on investments	(0.42)	(0.24)	(0.16)	(0.08)	(0.02)	0.02
Total gain (loss) from investment operations	(0.08)	0.05	0.12	0.19	0.24	0.25
Net position value, end of year	<u>\$ 17.83</u>	<u>\$ 15.94</u>	<u>\$ 15.47</u>	<u>\$ 14.56</u>	<u>\$ 14.02</u>	<u>\$ 12.76</u>
 TOTAL RETURN	 <u>(0.45)%</u>	 <u>0.31%</u>	 <u>0.78%</u>	 <u>1.32%</u>	 <u>1.74%</u>	 <u>2.00%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$ 9,693	\$ 18,411	\$ 12,273	\$ 9,714	\$ 7,874	\$ 5,499
Ratio of expenses to average net position(b)	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Ratio of net investment income to average net position	1.94%	1.87%	1.89%	1.93%	1.90%	1.81%

(a) Based on average units outstanding

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds

### Risk-Based Investment Options

	<b>Diversified Equity Option</b>	<b>Global Equity Index Option</b>	<b>U.S. Equity Index Option</b>	<b>Balanced Option (SEED OK)</b>	<b>Balanced Option</b>	<b>Fixed Income Option</b>	<b>Guaranteed Option</b>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR							
Net position value, beginning of year	\$ 17.46	\$ 19.32	\$ 19.63	\$ 14.46	\$ 17.02	\$ 14.44	\$ 14.95
Gain (loss) from investment operations:							
Net investment income(a)	0.15	0.36	0.30	0.19	0.23	0.29	0.19
Net realized and unrealized gain (loss) on investments	<u>(0.72)</u>	<u>(0.44)</u>	<u>0.05</u>	<u>(0.22)</u>	<u>(0.26)</u>	<u>0.36</u>	<u>0.00</u>
Total gain (loss) from investment operations	<u>(0.57)</u>	<u>(0.08)</u>	<u>0.35</u>	<u>(0.03)</u>	<u>(0.03)</u>	<u>0.65</u>	<u>0.19</u>
Net position value, end of year	<u>\$ 16.89</u>	<u>\$ 19.24</u>	<u>\$ 19.98</u>	<u>\$ 14.43</u>	<u>\$ 16.99</u>	<u>\$ 15.09</u>	<u>\$ 15.14</u>
 TOTAL RETURN	 <u>(3.26)%</u>	 <u>(0.41)%</u>	 <u>1.78%</u>	 <u>(0.21)%</u>	 <u>(0.18)%</u>	 <u>4.50%</u>	 <u>1.27%</u>
RATIOS AND SUPPLEMENTAL DATA							
Net position at end of period (in thousands)	\$ 27,238	\$ 109,933	\$ 24,772	\$ 1,998	\$ 34,666	\$ 11,496	\$ 68,961
Ratio of expenses to average net position(b)	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	—%
Ratio of net investment income to average net position	0.88%	1.93%	1.59%	1.34%	1.37%	1.99%	1.22%

(a) Based on average units outstanding

(b) Does not include expenses on Direct Plan investments in the TIAA-CREF Funds



## **Independent Auditor's Report 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 basic financial statements of the Oklahoma College Savings Plan-Direct Plan (the "Direct Plan"), which comprise the Statement of Fiduciary Net Position as of June 30, 2016, 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 6, 2016.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Direct Plan's internal control over financial reporting ("internal control") to determine 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 Direct Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Direct Plan'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 Direct Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Direct Plan'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 Direct Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

September 6, 2016