

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

**Financial Statements**

**Including**

**Supplemental Information**

**June 30, 2015**





**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**

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**JUNE 30, 2015**

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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, 2015 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.

### ***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, 2015, 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***

The accompanying management's discussion and analysis on pages 4 through 5 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 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 18 through 22 and Financial Highlights on pages 23 through 26 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 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 10, 2015 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 10, 2015

## 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, 2015. 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, 2015, 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	2.41%	Ages 0-3	3.41%
Ages 4-7	2.13%	Ages 4-7	2.85%
Ages 8-11	1.80%	Ages 8-11	2.54%
Ages 12-14	1.29%	Ages 12-14	2.13%
Ages 15-17	0.70%	Ages 15-17	1.77%
Ages 18 & Over	0.10%	Ages 18 & Over	1.30%
 <u>Moderate Managed Allocation Option:</u>		 <u>Risk-Based Investments Options:</u>	
Ages 0-3	2.88%	Diversified Equity Option	4.49%
Ages 4-7	2.57%	Global Equity Index Option	3.43%
Ages 8-11	2.10%	U.S. Equity Index Option	6.86%
Ages 12-14	1.80%	Balanced Option (SEED OK)	3.06%
Ages 15-17	1.36%	Balanced Option	2.96%
Ages 18 & Over	0.93%	Fixed Income Option	0.49%
		Guaranteed Option	1.08%

The Direct Plan received \$27.3 million in net contributions from Account Owners during the year ended June 30, 2015.

The Direct Plan earned \$12.6 million from investment operations and paid out \$2.2 million for operating expenses during the year ended June 30, 2015.

### 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, 2015. 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,

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

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 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, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Investments	\$ 691,204,651	\$ 649,058,272
Cash	4,571	986
Receivables	598,539	765,632
<b>Total Assets</b>	<b>691,807,761</b>	<b>649,824,890</b>
Payables	969,299	1,149,196
<b>Total Liabilities</b>	<b>969,299</b>	<b>1,149,196</b>
<b>Total Net Position</b>	<b>\$ 690,838,462</b>	<b>\$ 648,675,694</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, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
<b>Additions:</b>		
Subscriptions	\$ 217,386,033	\$ 194,080,032
Investment income	12,627,718	10,948,538
Net increase in fair value of investments	4,352,280	65,869,661
<b>Total Additions</b>	<b>234,366,031</b>	<b>270,898,231</b>
<b>Deductions:</b>		
Redemptions	(190,050,337)	(168,973,524)
Direct Plan manager fee	( 2,152,926)	( 2,126,089)
<b>Total Deductions</b>	<b>(192,203,263)</b>	<b>(171,099,613)</b>
<b>Changes in Net Position</b>	<b>42,162,768</b>	<b>99,798,618</b>
Net position - beginning of year	648,675,694	548,877,076
<b>Net position - end of year</b>	<b>\$ 690,838,462</b>	<b>\$ 648,675,694</b>

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2015**

**ASSETS**

Cash	\$ 4,571
Investments, at value (Cost: \$611,632,651)	691,204,651
Dividends and interest receivable	408,732
Receivable from securities transactions	27,418
Receivable from Direct Plan units sold	162,389
<b>TOTAL ASSETS</b>	<u>691,807,761</u>

**LIABILITIES**

Accrued Direct Plan manager fee	370,233
Payable for securities transactions	543,836
Payable for Direct Plan units redeemed	55,230
<b>TOTAL LIABILITIES</b>	<u>969,299</u>

**NET POSITION**

Held in trust for Account Owners in the Direct Plan	<u>\$ 690,838,462</u>
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See notes to financial statements

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2015**

**ADDITIONS**

Subscriptions \$ 217,386,033

Investment income:

Interest 691,464

Dividends 11,936,254

Total investment income 12,627,718

Net increase in fair value of investments 4,352,280

Total additions 234,366,031

**DEDUCTIONS**

Redemptions (190,050,337)

Direct Plan manager fee (2,152,926)

Total deductions (192,203,263)

Changes in net position 42,162,768

Net position – beginning of year 648,675,694

**Net position – end of year** \$ 690,838,462

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-CREF 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-CREF 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”).

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.

**New accounting pronouncement:** In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (the “Statement”). The Statement provides guidance for enhanced disclosures about fair value measurements. The Statement is effective for financial statements for periods beginning after June 15, 2015. The Direct Plan has early adopted this new guidance beginning with the June 30, 2015 financial statements. Adoption of the Statement did require additional notes disclosure around fair value measurement.

## 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, 2015, 100% of the value of the mutual 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 equal to a stated percentage of the average daily net assets held by that Option. In addition, Advisors is paid investment management fees on the underlying investments in the Funds. The Direct Plan manager fee changed on September 2, 2014. For the period July 1, 2014 through September 1, 2014, each option (with the exception of the Guaranteed Option) paid TFI, the Direct Plan manager, a fee at an annual rate of 0.40% (40 basis points) of the average daily net assets held by that Option. For the period September 2, 2014 through June 30, 2015, each Option (with the exception of the Guaranteed Option) paid the Direct Plan manager, a fee at an annual rate of 0.35% (35 basis points) of the average daily net assets held by that Option. 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-CREF 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, 2015 were covered by federal depository insurance coverage.

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

**Investments:** As of June 30, 2015, net unrealized appreciation (depreciation) of portfolio investments was \$79,572,000 consisting of gross unrealized appreciation of \$80,406,920 and gross unrealized depreciation of \$(834,920).

At June 30, 2015, 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	9,550,423	100,841,091	102,953,558
Emerging Markets Equity Fund	307,883	3,013,737	3,165,042
Emerging Markets Equity Index Fund	2,042,254	19,369,351	20,728,877
Equity Index Fund	13,777,345	176,865,607	217,819,829
Growth and Income Fund	1,805,865	17,506,210	22,609,430
High-Yield Fund	2,246,283	22,678,460	21,991,112
Inflation-Linked Bond Fund	2,558,535	26,754,853	29,064,955
International Equity Fund	895,313	7,680,334	10,367,723
International Equity Index Fund	3,538,146	52,696,164	65,738,763
Large-Cap Growth Fund	144,151	1,609,888	2,300,649
Large-Cap Value Fund	114,091	1,552,748	2,070,753
Mid-Cap Growth Fund	76,212	1,316,141	1,700,285
Mid-Cap Value Fund	75,908	1,368,305	1,858,225
Money Market Fund	8,408,709	8,408,709	8,408,709
Real Estate Securities Fund	1,807,493	16,102,768	26,009,818
Short-Term Bond Fund	8,280,839	85,819,681	85,706,689
Small-Cap Equity Fund	165,488	2,358,527	3,020,157
TIAA-CREF Life Insurance Company:			
Funding Agreement	4,392,718	65,690,077	65,690,077
		<u>\$ 611,632,651</u>	<u>\$ 691,204,651</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-CREF Life. TIAA-CREF Life had a Standard & Poor's credit rating of AA+ at June 30, 2015.

**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, 2015, the average maturities for the underlying fixed income Funds are as follows:

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

<b><u>Investment</u></b>	<b><u>Value</u></b>	<b><u>Average Maturity</u></b>
TIAA-CREF Funds (Institutional Class):		
Bond Index Fund	\$ 102,953,558	7.41 years
High-Yield Fund	21,991,112	6.86 years
Inflation-Linked Bond Fund	29,064,955	8.30 years
Short-Term Bond Fund	85,706,689	2.54 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, 2015, the value of investments in underlying Funds that significantly invest in foreign denominated contracts are as follows:

<b><u>Investment</u></b>	<b><u>Value</u></b>
TIAA-CREF Funds (Institutional Class):	
Emerging Markets Equity Fund	\$ 3,165,042
Emerging Markets Equity Index Fund	20,728,877
International Equity Fund	10,367,723
International Equity Index Fund	65,738,763
Money Market Fund	8,408,709

### **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, 2015.

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

**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	\$ 238,897	\$ 358,470	\$ 582,933	\$ 397,554	\$ 546,077	\$ 434,333	\$ 2,558,264
Emerging Markets Equity Index Fund	60,775	60,733	65,868	34,651	28,460	—	250,487
Equity Index Fund	584,060	563,651	597,314	344,678	330,151	—	2,419,854
High-Yield Fund	47,988	74,407	118,347	83,370	124,799	82,149	531,060
Inflation-Linked Bond Fund	64,834	101,333	163,318	117,368	164,069	128,215	739,137
International Equity Index Fund	194,743	196,258	212,069	121,644	128,751	—	853,465
Money Market Fund	—	—	—	—	303,678	645,287	948,965
Real Estate Securities Fund	59,730	61,744	67,391	37,987	35,392	—	262,244
Short-Term Bond Fund	83,839	126,632	205,863	440,585	1,471,562	1,932,724	4,261,205
<b>TOTAL INVESTMENTS</b>	<u>1,334,866</u>	<u>1,543,228</u>	<u>2,013,103</u>	<u>1,577,837</u>	<u>3,132,939</u>	<u>3,222,708</u>	<u>12,824,681</u>
Dividends and interest receivable	866	1,118	1,859	1,867	3,539	3,800	13,049
Receivable from securities transactions	—	156	—	—	—	—	156
Receivable from Direct Plan units sold	265	375	25	655	10,000	50	11,370
<b>TOTAL ASSETS</b>	<u>1,335,997</u>	<u>1,544,877</u>	<u>2,014,987</u>	<u>1,580,359</u>	<u>3,146,478</u>	<u>3,226,558</u>	<u>12,849,256</u>
<b>LIABILITIES</b>							
Accrued Direct Plan manager fee	865	853	1,182	988	1,765	1,845	7,498
Payable for securities transactions	1,130	1,118	1,884	2,522	13,539	3,852	24,045
Payable for Direct Plan units redeemed	—	531	—	—	—	—	531
<b>TOTAL LIABILITIES</b>	<u>1,995</u>	<u>2,502</u>	<u>3,066</u>	<u>3,510</u>	<u>15,304</u>	<u>5,697</u>	<u>32,074</u>
<b>NET POSITION</b>	<u>\$ 1,334,002</u>	<u>\$ 1,542,375</u>	<u>\$ 2,011,921</u>	<u>\$ 1,576,849</u>	<u>\$ 3,131,174</u>	<u>\$ 3,220,861</u>	<u>\$ 12,817,182</u>
<b>UNITS OUTSTANDING</b>	<u>87,150</u>	<u>107,365</u>	<u>148,449</u>	<u>125,750</u>	<u>272,251</u>	<u>310,004</u>	
<b>NET POSITION VALUE PER UNIT</b>	<u>\$ 15.31</u>	<u>\$ 14.37</u>	<u>\$ 13.55</u>	<u>\$ 12.54</u>	<u>\$ 11.50</u>	<u>\$ 10.39</u>	
<b>INVESTMENTS AT COST</b>	<u>\$ 1,179,835</u>	<u>\$ 1,432,647</u>	<u>\$ 1,892,988</u>	<u>\$ 1,496,424</u>	<u>\$ 3,090,465</u>	<u>\$ 3,221,869</u>	<u>\$ 12,314,228</u>

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

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

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 &amp; Over</u>	<u>Total</u>
<b>ASSETS</b>							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ 703,439	\$ 4,801,323	\$ 16,854,170	\$ 21,820,362	\$ 20,278,646	\$ 11,449,318	\$ 75,907,258
Emerging Markets Equity Index Fund	444,717	1,554,411	2,868,001	2,423,874	1,806,156	1,212,095	10,309,254
Equity Index Fund	4,296,917	15,012,391	26,811,613	23,592,325	15,467,861	9,901,000	95,082,107
High-Yield Fund	173,494	1,040,601	3,725,236	4,837,163	4,528,924	2,557,453	16,862,871
Inflation-Linked Bond Fund	224,650	1,263,702	4,553,177	6,010,957	6,002,467	3,399,281	21,454,234
International Equity Index Fund	1,467,210	5,211,344	8,795,533	7,676,781	6,323,896	4,130,628	33,605,392
Money Market Fund	—	—	—	—	—	7,459,744	7,459,744
Real Estate Securities Fund	473,372	1,875,661	2,834,011	2,616,485	1,873,378	1,761,155	11,434,062
Short-Term Bond Fund	230,900	1,511,089	6,684,478	7,586,575	24,473,793	37,418,312	77,905,147
<b>TOTAL INVESTMENTS</b>	<u>8,014,699</u>	<u>32,270,522</u>	<u>73,126,219</u>	<u>76,564,522</u>	<u>80,755,121</u>	<u>79,288,986</u>	<u>350,020,069</u>
Cash	—	—	—	4,000	571	—	4,571
Dividends and interest receivable	2,689	16,759	58,892	75,213	91,010	80,571	325,134
Receivable from securities transactions	—	—	—	—	—	24,484	24,484
Receivable from Direct Plan units sold	4,883	13,706	30,272	12,980	3,337	5,783	70,961
<b>TOTAL ASSETS</b>	<u>8,022,271</u>	<u>32,300,987</u>	<u>73,215,383</u>	<u>76,656,715</u>	<u>80,850,039</u>	<u>79,399,824</u>	<u>350,445,219</u>
<b>LIABILITIES</b>							
Accrued Direct Plan manager fee	5,200	20,360	44,290	46,496	46,687	43,771	206,804
Payable for securities transactions	7,572	29,040	89,165	88,194	93,625	80,571	388,167
Payable for Direct Plan units redeemed	—	1,400	—	—	1,272	30,266	32,938
<b>TOTAL LIABILITIES</b>	<u>12,772</u>	<u>50,800</u>	<u>133,455</u>	<u>134,690</u>	<u>141,584</u>	<u>154,608</u>	<u>627,909</u>
<b>NET POSITION</b>	<u>\$ 8,009,499</u>	<u>\$ 32,250,187</u>	<u>\$ 73,081,928</u>	<u>\$ 76,522,025</u>	<u>\$ 80,708,455</u>	<u>\$ 79,245,216</u>	<u>\$ 349,817,310</u>
<b>UNITS OUTSTANDING</b>	<u>361,999</u>	<u>1,877,098</u>	<u>4,172,750</u>	<u>4,094,551</u>	<u>4,499,919</u>	<u>4,858,555</u>	
<b>NET POSITION VALUE PER UNIT</b>	<u>\$ 22.13</u>	<u>\$ 17.18</u>	<u>\$ 17.51</u>	<u>\$ 18.69</u>	<u>\$ 17.94</u>	<u>\$ 16.31</u>	
<b>INVESTMENTS AT COST</b>	<u>\$ 6,277,234</u>	<u>\$ 26,224,604</u>	<u>\$ 62,998,547</u>	<u>\$ 68,062,167</u>	<u>\$ 75,392,096</u>	<u>\$ 75,702,039</u>	<u>\$ 314,656,687</u>

**Aggressive 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
<b>ASSETS</b>							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ —	\$ 1,379,807	\$ 1,654,712	\$ 1,821,585	\$ 1,559,476	\$ 1,040,150	\$ 7,455,730
Emerging Markets Equity Index Fund	646,949	801,593	512,649	321,210	183,733	75,799	2,541,933
Equity Index Fund	6,380,572	7,432,079	4,782,981	2,950,770	1,770,672	840,881	24,157,955
High-Yield Fund	—	331,395	337,951	441,424	336,846	229,778	1,677,394
Inflation-Linked Bond Fund	—	414,607	451,042	537,232	464,513	311,977	2,179,371
International Equity Index Fund	1,971,010	2,439,144	1,597,817	1,009,104	600,698	308,157	7,925,930
Real Estate Securities Fund	687,889	778,959	514,028	321,166	190,273	92,549	2,584,864
Short-Term Bond Fund	—	535,898	567,997	676,056	585,176	1,175,210	3,540,337
TOTAL INVESTMENTS	<u>9,686,420</u>	<u>14,113,482</u>	<u>10,419,177</u>	<u>8,078,547</u>	<u>5,691,387</u>	<u>4,074,501</u>	<u>52,063,514</u>
Dividends and interest receivable	—	4,593	5,274	6,170	5,178	4,377	25,592
Receivable from securities transactions	—	2,778	—	—	—	—	2,778
Receivable from Direct Plan units sold	16,630	6,460	1,950	2,085	525	2,001	29,651
TOTAL ASSETS	<u>9,703,050</u>	<u>14,127,313</u>	<u>10,426,401</u>	<u>8,086,802</u>	<u>5,697,090</u>	<u>4,080,879</u>	<u>52,121,535</u>
<b>LIABILITIES</b>							
Accrued Direct Plan manager fee	6,357	7,869	6,264	4,602	3,319	2,238	30,649
Payable for securities transactions	16,531	4,593	7,225	8,255	5,605	6,376	48,585
Payable for Direct Plan units redeemed	100	9,238	—	—	99	—	9,437
TOTAL LIABILITIES	<u>22,988</u>	<u>21,700</u>	<u>13,489</u>	<u>12,857</u>	<u>9,023</u>	<u>8,614</u>	<u>88,671</u>
NET POSITION	<u>\$ 9,680,062</u>	<u>\$ 14,105,613</u>	<u>\$ 10,412,912</u>	<u>\$ 8,073,945</u>	<u>\$ 5,688,067</u>	<u>\$ 4,072,265</u>	<u>\$ 52,032,864</u>
UNITS OUTSTANDING	<u>540,370</u>	<u>887,561</u>	<u>678,331</u>	<u>561,837</u>	<u>412,785</u>	<u>325,639</u>	
NET POSITION VALUE PER UNIT	<u>\$ 17.91</u>	<u>\$ 15.89</u>	<u>\$ 15.35</u>	<u>\$ 14.37</u>	<u>\$ 13.78</u>	<u>\$ 12.51</u>	
INVESTMENTS AT COST	<u>\$ 8,044,662</u>	<u>\$ 13,182,300</u>	<u>\$ 9,550,040</u>	<u>\$ 7,599,144</u>	<u>\$ 5,383,943</u>	<u>\$ 3,953,530</u>	<u>\$ 47,713,619</u>

**Risk-Based Investment Options**

ASSETS

Investments, at value:

TIAA-CREF Funds (Institutional Class):

	Diversified Equity Option	Global Equity Index Option	U.S. Equity Index Option	Balanced Option (SEED OK)	Balanced Option	Fixed Income Option
Bond Index Fund	\$ —	\$ —	\$ —	\$ 527,104	\$ 8,718,484	\$ 7,786,718
Emerging Markets Equity Fund	1,744,917	—	—	80,070	1,340,055	—
Emerging Markets Equity Index Fund	—	7,627,203	—	—	—	—
Equity Index Fund	—	76,108,006	20,051,907	—	—	—
Growth & Income Fund	11,007,569	—	—	616,408	10,985,453	—
High-Yield Fund	—	—	—	78,849	1,524,985	1,315,953
Inflation-Linked Bond Fund	—	—	—	137,536	2,386,852	2,167,825
International Equity Fund	5,655,036	—	—	262,943	4,449,744	—
International Equity Index Fund	—	23,353,976	—	—	—	—
Large-Cap Growth Fund	2,300,649	—	—	—	—	—
Large-Cap Value Fund	2,070,753	—	—	—	—	—
Mid-Cap Growth Fund	737,273	—	—	73,606	889,406	—
Mid-Cap Value Fund	936,055	—	—	42,055	880,115	—
Real Estate Securities Fund	1,664,355	8,465,649	—	92,156	1,506,488	—
Small-Cap Equity Fund	1,537,464	—	—	92,762	1,389,931	—
SUBTOTAL	<u>27,654,071</u>	<u>115,554,834</u>	<u>20,051,907</u>	<u>2,003,489</u>	<u>34,071,513</u>	<u>11,270,496</u>

TIAA-CREF Life Insurance Company:

Funding Agreement

TOTAL INVESTMENTS

Dividends and interest receivable

Receivable from Direct Plan units sold

TOTAL ASSETS

LIABILITIES

Accrued Direct Plan manager fee

Payable for securities transactions

Payable for Direct Plan units redeemed

TOTAL LIABILITIES

NET POSITION

UNITS OUTSTANDING

NET POSITION VALUE PER UNIT

INVESTMENTS AT COST

<u>Guaranteed Option</u>	<u>Total</u>
\$ —	\$ 17,032,306
—	3,165,042
—	7,627,203
—	96,159,913
—	22,609,430
—	2,919,787
—	4,692,213
—	10,367,723
—	23,353,976
—	2,300,649
—	2,070,753
—	1,700,285
—	1,858,225
—	11,728,648
—	3,020,157
—	<u>210,606,310</u>
65,690,077	65,690,077
<u>65,690,077</u>	<u>276,296,387</u>
—	44,957
10,506	50,407
<u>65,700,583</u>	<u>276,391,751</u>
—	125,282
3,039	83,039
7,467	12,324
<u>10,506</u>	<u>220,645</u>
<u>\$ 65,690,077</u>	<u>\$ 276,171,106</u>
<u>4,392,718</u>	
<u>\$ 14.95</u>	
<u>\$ 65,690,077</u>	<u>\$ 236,948,117</u>

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

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

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 &amp; Over</u>	<u>Total</u>
<b>ADDITIONS</b>							
Subscriptions	\$ 720,459	\$ 817,083	\$ 906,534	\$ 1,110,747	\$ 2,360,451	\$ 2,029,377	\$ 7,944,651
Increase from investment operations:							
Dividends from underlying funds	27,318	26,440	37,470	33,061	33,701	37,618	195,608
Realized gain distributions from underlying funds	4,974	4,401	5,929	4,825	3,294	2,667	26,090
Net unrealized appreciation on underlying fund shares	5,310	—	—	—	—	—	5,310
Net realized gain on investments in underlying fund shares	427	—	—	—	—	—	427
Net increase from investment operations	<u>38,029</u>	<u>30,841</u>	<u>43,399</u>	<u>37,886</u>	<u>36,995</u>	<u>40,285</u>	<u>227,435</u>
<b>TOTAL ADDITIONS</b>	<b>\$ 758,488</b>	<b>\$ 847,924</b>	<b>\$ 949,933</b>	<b>\$ 1,148,633</b>	<b>\$ 2,397,446</b>	<b>\$ 2,069,662</b>	<b>\$ 8,172,086</b>
<b>DEDUCTIONS</b>							
Redemptions	\$ 604,927	\$ 452,947	\$ 487,189	\$ 875,513	\$ 543,316	\$ 1,829,923	\$ 4,793,815
Expenses:							
Direct Plan manager fee	4,651	4,555	6,309	5,746	7,500	10,729	39,490
Total expenses	<u>4,651</u>	<u>4,555</u>	<u>6,309</u>	<u>5,746</u>	<u>7,500</u>	<u>10,729</u>	<u>39,490</u>
Net unrealized depreciation on underlying fund shares	—	4,449	6,469	4,865	17,713	22,277	55,773
Net realized loss on investments in underlying fund shares	—	946	2,166	5,343	1,083	2,933	12,471
<b>TOTAL DEDUCTIONS</b>	<b>\$ 609,578</b>	<b>\$ 462,897</b>	<b>\$ 502,133</b>	<b>\$ 891,467</b>	<b>\$ 569,612</b>	<b>\$ 1,865,862</b>	<b>\$ 4,901,549</b>
<b>NET POSITION</b>							
Net increase (decrease) in fiduciary net position	148,910	385,027	447,800	257,166	1,827,834	203,800	3,270,537
Beginning of year	<u>1,185,092</u>	<u>1,157,348</u>	<u>1,564,121</u>	<u>1,319,683</u>	<u>1,303,340</u>	<u>3,017,061</u>	<u>9,546,645</u>
End of year	<b>\$ 1,334,002</b>	<b>\$ 1,542,375</b>	<b>\$ 2,011,921</b>	<b>\$ 1,576,849</b>	<b>\$ 3,131,174</b>	<b>\$ 3,220,861</b>	<b>\$ 12,817,182</b>

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

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

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 &amp; Over</u>	<u>Total</u>
<b>ADDITIONS</b>							
Subscriptions	\$ 4,009,585	\$ 9,337,994	\$ 20,280,119	\$ 30,426,841	\$ 33,587,289	\$ 33,378,633	\$ 131,020,461
Increase from investment operations:							
Dividends from underlying funds	195,880	777,927	1,650,603	1,642,452	1,531,967	1,154,600	6,953,429
Realized gain distributions from underlying funds	40,481	155,996	286,922	265,066	212,702	147,721	1,108,888
Net realized gain on investments in underlying fund shares	121,962	823,484	836,421	139,150	108,427	111,808	2,141,252
Net increase from investment operations	<u>358,323</u>	<u>1,757,407</u>	<u>2,773,946</u>	<u>2,046,668</u>	<u>1,853,096</u>	<u>1,414,129</u>	<u>10,203,569</u>
<b>TOTAL ADDITIONS</b>	<b>\$ 4,367,908</b>	<b>\$ 11,095,401</b>	<b>\$ 23,054,065</b>	<b>\$ 32,473,509</b>	<b>\$ 35,440,385</b>	<b>\$ 34,792,762</b>	<b>\$ 141,224,030</b>
<b>DEDUCTIONS</b>							
Redemptions	\$ 4,776,403	\$ 14,609,323	\$ 26,057,816	\$ 28,402,724	\$ 26,228,438	\$ 25,633,218	\$ 125,707,922
Expenses:							
Direct Plan manager fee	31,267	126,986	271,747	272,895	271,931	252,822	1,227,648
Total expenses	<u>31,267</u>	<u>126,986</u>	<u>271,747</u>	<u>272,895</u>	<u>271,931</u>	<u>252,822</u>	<u>1,227,648</u>
Net unrealized depreciation on underlying fund shares	29,129	659,767	883,400	381,503	605,270	574,606	3,133,675
<b>TOTAL DEDUCTIONS</b>	<b>\$ 4,836,799</b>	<b>\$ 15,396,076</b>	<b>\$ 27,212,963</b>	<b>\$ 29,057,122</b>	<b>\$ 27,105,639</b>	<b>\$ 26,460,646</b>	<b>\$ 130,069,245</b>
<b>NET POSITION</b>							
Net increase (decrease) in fiduciary net position	(468,891)	(4,300,675)	(4,158,898)	3,416,387	8,334,746	8,332,116	11,154,785
Beginning of year	<u>8,478,390</u>	<u>36,550,862</u>	<u>77,240,826</u>	<u>73,105,638</u>	<u>72,373,709</u>	<u>70,913,100</u>	<u>338,662,525</u>
End of year	<u>\$ 8,009,499</u>	<u>\$ 32,250,187</u>	<u>\$ 73,081,928</u>	<u>\$ 76,522,025</u>	<u>\$ 80,708,455</u>	<u>\$ 79,245,216</u>	<u>\$ 349,817,310</u>

**Aggressive 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
<b>ADDITIONS</b>							
Subscriptions	\$ 5,021,044	\$ 8,166,460	\$ 5,910,089	\$ 4,642,221	\$ 3,152,199	\$ 2,357,921	\$ 29,249,934
Increase from investment operations:							
Dividends from underlying funds	217,220	215,894	193,687	133,491	106,711	60,868	927,871
Realized gain distributions from underlying funds	50,513	43,423	37,054	22,483	17,170	7,894	178,537
Net unrealized appreciation on underlying fund shares	118,766	23,114	56,537	—	—	—	198,417
Net realized gain on investments in underlying fund shares	45,376	—	—	—	—	—	45,376
Net increase from investment operations	<u>431,875</u>	<u>282,431</u>	<u>287,278</u>	<u>155,974</u>	<u>123,881</u>	<u>68,762</u>	<u>1,350,201</u>
<b>TOTAL ADDITIONS</b>	<u>\$ 5,452,919</u>	<u>\$ 8,448,891</u>	<u>\$ 6,197,367</u>	<u>\$ 4,798,195</u>	<u>\$ 3,276,080</u>	<u>\$ 2,426,683</u>	<u>\$ 30,600,135</u>
<b>DEDUCTIONS</b>							
Redemptions	<u>\$ 5,171,370</u>	<u>\$ 2,539,809</u>	<u>\$ 3,080,094</u>	<u>\$ 2,139,831</u>	<u>\$ 1,581,249</u>	<u>\$ 996,455</u>	<u>\$ 15,508,808</u>
Expenses:							
Direct Plan manager fee	36,005	37,894	32,546	23,121	17,637	11,140	158,343
Total expenses	<u>36,005</u>	<u>37,894</u>	<u>32,546</u>	<u>23,121</u>	<u>17,637</u>	<u>11,140</u>	<u>158,343</u>
Net unrealized depreciation on underlying fund shares	—	—	—	15,788	11,324	21,116	48,228
Net realized loss on investments in underlying fund shares	—	2,755	14,422	1,837	8,478	8,170	35,662
<b>TOTAL DEDUCTIONS</b>	<u>\$ 5,207,375</u>	<u>\$ 2,580,458</u>	<u>\$ 3,127,062</u>	<u>\$ 2,180,577</u>	<u>\$ 1,618,688</u>	<u>\$ 1,036,881</u>	<u>\$ 15,751,041</u>
<b>NET POSITION</b>							
Net increase (decrease) in fiduciary net position	245,544	5,868,433	3,070,305	2,617,618	1,657,392	1,389,802	14,849,094
Beginning of year	<u>9,434,518</u>	<u>8,237,180</u>	<u>7,342,607</u>	<u>5,456,327</u>	<u>4,030,675</u>	<u>2,682,463</u>	<u>37,183,770</u>
End of year	<u>\$ 9,680,062</u>	<u>\$ 14,105,613</u>	<u>\$ 10,412,912</u>	<u>\$ 8,073,945</u>	<u>\$ 5,688,067</u>	<u>\$ 4,072,265</u>	<u>\$ 52,032,864</u>

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

	<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	\$ 3,619,481	\$ 9,404,327	\$ 7,756,094	\$ —	\$ 6,364,507	\$ 3,159,520
Increase from investment operations:						
Interest	—	—	—	—	—	—
Dividends from underlying funds	299,325	2,503,125	280,844	30,008	498,897	247,147
Realized gain distributions from underlying funds	1,501,186	586,213	83,264	80,145	1,188,439	22,919
Net unrealized appreciation on underlying fund shares	—	687,448	767,406	—	—	—
Net realized gain on investments in underlying fund shares	—	479,727	—	4,011	9,459	—
Net increase from investment operations	<u>1,800,511</u>	<u>4,256,513</u>	<u>1,131,514</u>	<u>114,164</u>	<u>1,696,795</u>	<u>270,066</u>
TOTAL ADDITIONS	<u>\$ 5,419,992</u>	<u>\$ 13,660,840</u>	<u>\$ 8,887,608</u>	<u>\$ 114,164</u>	<u>\$ 8,061,302</u>	<u>\$ 3,429,586</u>
<b>DEDUCTIONS</b>						
Redemptions	\$ 2,522,440	\$ 14,133,138	\$ 1,742,313	\$ —	\$ 3,586,573	\$ 2,854,493
Expenses:						
Direct Plan manager fee	93,251	413,844	59,686	7,046	114,120	39,498
Total expenses	<u>93,251</u>	<u>413,844</u>	<u>59,686</u>	<u>7,046</u>	<u>114,120</u>	<u>39,498</u>
Net unrealized depreciation on underlying fund shares	536,238	—	—	47,919	661,990	165,133
Net realized loss on investments in underlying fund shares	<u>41,124</u>	<u>—</u>	<u>6,605</u>	<u>—</u>	<u>—</u>	<u>17,416</u>
TOTAL DEDUCTIONS	<u>\$ 3,193,053</u>	<u>\$ 14,546,982</u>	<u>\$ 1,808,604</u>	<u>\$ 54,965</u>	<u>\$ 4,362,683</u>	<u>\$ 3,076,540</u>
<b>NET POSITION</b>						
Net increase (decrease) in fiduciary net position	2,226,939	(886,142)	7,079,004	59,199	3,698,619	353,046
Beginning of year	<u>25,410,720</u>	<u>116,371,783</u>	<u>12,961,087</u>	<u>1,943,103</u>	<u>30,352,808</u>	<u>10,910,863</u>
End of year	<u>\$ 27,637,659</u>	<u>\$ 115,485,641</u>	<u>\$ 20,040,091</u>	<u>\$ 2,002,302</u>	<u>\$ 34,051,427</u>	<u>\$ 11,263,909</u>

<b>Guaranteed Option</b>	<b>Total</b>
<u>\$ 18,867,058</u>	<u>\$ 49,170,987</u>
691,464	691,464
—	3,859,346
—	3,462,166
—	1,454,854
—	493,197
<u>691,464</u>	<u>9,961,027</u>
<u>\$ 19,558,522</u>	<u>\$ 59,132,014</u>
<u>\$ 19,200,835</u>	<u>\$ 44,039,792</u>
—	727,445
<u>—</u>	<u>727,445</u>
—	1,411,280
—	65,145
<u>\$ 19,200,835</u>	<u>\$ 46,243,662</u>
357,687	12,888,352
<u>65,332,390</u>	<u>263,282,754</u>
<u>\$ 65,690,077</u>	<u>\$ 276,171,106</u>

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
FINANCIAL HIGHLIGHTS  
JUNE 30, 2015**

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

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 &amp; Over</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net position value, beginning of year	\$ 14.95	\$ 14.07	\$ 13.31	\$ 12.38	\$ 11.42	\$ 10.38
Gain (loss) from investment operations:						
Net investment income(a)	0.27	0.25	0.24	0.21	0.14	0.09
Net realized and unrealized gain (loss) on investments	<u>0.09</u>	<u>0.05</u>	<u>—</u>	<u>(0.05)</u>	<u>(0.06)</u>	<u>(0.08)</u>
Total gain from investment operations	<u>0.36</u>	<u>0.30</u>	<u>0.24</u>	<u>0.16</u>	<u>0.08</u>	<u>0.01</u>
Net position value, end of year	<u>\$ 15.31</u>	<u>\$ 14.37</u>	<u>\$ 13.55</u>	<u>\$ 12.54</u>	<u>\$ 11.50</u>	<u>\$ 10.39</u>
 TOTAL RETURN	 <u>2.41%</u>	 <u>2.13%</u>	 <u>1.80%</u>	 <u>1.29%</u>	 <u>0.70%</u>	 <u>0.10%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$ 1,334	\$ 1,542	\$ 2,012	\$ 1,577	\$ 3,131	\$ 3,221
Ratio of expenses to average net position(b)	0.36%	0.36%	0.36%	0.36%	0.35%	0.36%
Ratio of net investment income to average net position	1.75%	1.72%	1.77%	1.70%	1.24%	0.90%

(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**

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 &amp; Over</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net position value, beginning of year	\$ 21.51	\$ 16.75	\$ 17.15	\$ 18.36	\$ 17.70	\$ 16.16
Gain (loss) from investment operations:						
Net investment income(a)	0.41	0.31	0.32	0.33	0.30	0.21
Net realized and unrealized gain (loss) on investments	<u>0.21</u>	<u>0.12</u>	<u>0.04</u>	<u>—</u>	<u>(0.06)</u>	<u>(0.06)</u>
Total gain from investment operations	<u>0.62</u>	<u>0.43</u>	<u>0.36</u>	<u>0.33</u>	<u>0.24</u>	<u>0.15</u>
Net position value, end of year	<u>\$ 22.13</u>	<u>\$ 17.18</u>	<u>\$ 17.51</u>	<u>\$ 18.69</u>	<u>\$ 17.94</u>	<u>\$ 16.31</u>
 TOTAL RETURN	 <u>2.88%</u>	 <u>2.57%</u>	 <u>2.10%</u>	 <u>1.80%</u>	 <u>1.36%</u>	 <u>0.93%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$ 8,009	\$ 32,250	\$ 73,082	\$ 76,522	\$ 80,708	\$ 79,245
Ratio of expenses to average net position(b)	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
Ratio of net investment income to average net position	1.89%	1.84%	1.82%	1.80%	1.66%	1.28%

(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, 2015**

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

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 &amp; Over</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net position value, beginning of year	\$ 17.32	\$ 15.45	\$ 14.97	\$ 14.07	\$ 13.54	\$ 12.35
Gain (loss) from investment operations:						
Net investment income(a)	0.32	0.26	0.27	0.24	0.25	0.20
Net realized and unrealized gain (loss) on investments	0.27	0.18	0.11	0.06	(0.01)	(0.04)
Total gain from investment operations	<u>0.59</u>	<u>0.44</u>	<u>0.38</u>	<u>0.30</u>	<u>0.24</u>	<u>0.16</u>
Net position value, end of year	<u>\$ 17.91</u>	<u>\$ 15.89</u>	<u>\$ 15.35</u>	<u>\$ 14.37</u>	<u>\$ 13.78</u>	<u>\$ 12.51</u>
 TOTAL RETURN	 <u>3.41%</u>	 <u>2.85%</u>	 <u>2.54%</u>	 <u>2.13%</u>	 <u>1.77%</u>	 <u>1.30%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$ 9,680	\$ 14,106	\$ 10,413	\$ 8,074	\$ 5,688	\$ 4,072
Ratio of expenses to average net position(b)	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
Ratio of net investment income to average net position	1.80%	1.67%	1.77%	1.70%	1.80%	1.59%

(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>
<b>FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR</b>							
Net position value, beginning of year	\$ 16.71	\$ 18.68	\$ 18.37	\$ 14.03	\$ 16.53	\$ 14.37	\$ 14.80
Gain (loss) from investment operations:							
Net investment income(a)	0.13	0.35	0.25	0.17	0.20	0.27	0.15
Net realized and unrealized gain (loss) on investments	<u>0.62</u>	<u>0.29</u>	<u>1.01</u>	<u>0.26</u>	<u>0.29</u>	<u>(0.20)</u>	<u>—</u>
Total gain from investment operations	<u>0.75</u>	<u>0.64</u>	<u>1.26</u>	<u>0.43</u>	<u>0.49</u>	<u>0.07</u>	<u>0.15</u>
Net position value, end of year	<u>\$ 17.46</u>	<u>\$ 19.32</u>	<u>\$ 19.63</u>	<u>\$ 14.46</u>	<u>\$ 17.02</u>	<u>\$ 14.44</u>	<u>\$ 14.95</u>
TOTAL RETURN	<u>4.49%</u>	<u>3.43%</u>	<u>6.86%</u>	<u>3.06%</u>	<u>2.96%</u>	<u>0.49%</u>	<u>1.08%</u>
 <b>RATIOS AND SUPPLEMENTAL DATA</b>							
Net position at end of period (in thousands)	\$ 27,638	\$ 115,486	\$ 20,040	\$ 2,002	\$ 34,051	\$ 11,264	\$ 65,671
Ratio of expenses to average net position(b)	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.00%
Ratio of net investment income to average net position	0.79%	1.81%	1.32%	1.17%	1.21%	1.89%	1.07%

(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, 2015, 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 10, 2015.

***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 10, 2015