

OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN

Financial Statements Including Supplemental Information

June 30, 2014



OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN

INDEX

JUNE 30, 2014

	<u>Page</u>
Independent Auditor’s Report	2
Management’s Discussion and Analysis	4
Financial Statements:	
Statement of Fiduciary Net Position	6
Statement of Changes in Fiduciary Net Position	7
Notes to Financial Statements	8
Supplemental Information:	
Statements of Fiduciary Net Position	13
Statements of Changes in Fiduciary Net Position	19
Financial Highlights	24
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 <i>Government Auditing Standards</i>	28



Independent Auditor's Report

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

We have audited the accompanying 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, 2014 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 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 Statement of Fiduciary Net Position of the Oklahoma College Savings Plan – Direct Plan, at June 30, 2014, and the Statement of Changes in Fiduciary Net 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 collectively 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 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, 2014 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 grant agreements 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.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

September 10, 2014

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. (“TTF”) offers readers of the Direct Plan’s financial statements this discussion and analysis of the financial performance for the year ended June 30, 2014. 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, 2014, 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	16.25%	Ages 0-3	22.92%
Ages 4-7	14.48	Ages 4-7	19.12
Ages 8-11	12.51	Ages 8-11	17.32
Ages 12-14	9.36	Ages 12-14	14.48
Ages 15-17	5.64	Ages 15-17	12.55
Ages 18 & Over	1.96	Ages 18 & Over	9.39
<u>Moderate Managed Allocation Option:</u>		<u>Risk-Based Investment Options:</u>	
Ages 0-3	19.24%	Diversified Equity Option	23.59%
Ages 4-7	17.30	Global Equity Index Option	22.98
Ages 8-11	14.41	U.S. Equity Index Option	24.63
Ages 12-14	12.57	Balanced Option (SEED OK)	16.43
Ages 15-17	9.39	Balanced Option	16.24
Ages 18 & Over	6.60	Fixed Income Option	4.51
		Guaranteed Option	1.09

The Direct Plan received \$25.1 million in net contributions from Account Owners during the year ended June 30, 2014.

The Direct Plan earned \$10.9 million from investment operations and paid out \$2.1 million for operating expenses during the year ended June 30, 2014.

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 the 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, 2014. 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 recent fiscal period. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of

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

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, 2014 and 2013.

	2014	2013
Investments	\$ 649,058,272	\$ 549,016,861
Cash	986	-
Receivables	765,632	963,202
Total Assets	649,824,890	549,980,063
Payables	1,149,196	1,102,987
Total Liabilities	1,149,196	1,102,987
Total Net Position	\$ 648,675,694	\$ 548,877,076

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 consists 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 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, 2014 and 2013:

	2014	2013
Additions:		
Subscriptions	\$ 194,080,032	\$ 175,986,371
Interest and dividends from underlying funds	10,948,538	9,392,065
Net increase in fair value of investments	65,869,661	35,062,781
Total Additions	270,898,231	220,441,217
Deductions:		
Redemptions	(168,973,524)	(145,751,082)
Direct plan manager fee	(2,126,089)	(1,808,956)
Total Deductions	(171,099,613)	(147,560,038)
Changes in Net Position	99,798,618	72,881,179
Net Position - beginning of year	548,877,076	475,995,897
Net Position - end of year	\$ 648,675,694	\$ 548,877,076

OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

ASSETS

Cash	\$ 986
Investments, at value (Cost: \$566,495,897)	649,058,272
Dividends and interest receivable	334,432
Receivable from securities transactions	98,809
Receivable for Direct Plan units sold	332,391
TOTAL ASSETS	<u>649,824,890</u>

LIABILITIES

Accrued Direct Plan manager fee	382,950
Payable for securities transactions	515,596
Payable for Direct Plan units redeemed	250,650
TOTAL LIABILITIES	<u>1,149,196</u>

NET POSITION

Held in trust for Account Owners in the Direct Plan	<u>\$ 648,675,694</u>
---	-----------------------

See notes to financial statements

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

ADDITIONS

Subscriptions	\$ 194,080,032
Investment income:	
Interest	713,955
Dividends	<u>10,234,583</u>
Total investment income	<u>10,948,538</u>
Net increase in fair value of investments	<u>65,869,661</u>
Total additions	<u>270,898,231</u>

DEDUCTIONS

Redemptions	(168,973,524)
Direct Plan manager fee	<u>(2,126,089)</u>
Total deductions	<u>(171,099,613)</u>
Changes in net position	99,798,618
Net position – beginning of year	<u>548,877,076</u>
Net position – end of year	<u><u>\$ 648,675,694</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 (the “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 (the “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, indirect subsidiary of Teachers Insurance and Annuity Association of America (“TIAA”), 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. Accounts in the SEED OK initiative are owned by the State of Oklahoma. 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 Government 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 June 2011, GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (“GASB 63”). GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, which are financial statement elements distinct from assets and liabilities. GASB 63 also amends the net asset reporting requirements in GASB 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of net assets, and by

OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

changing the term “net assets” to “net position.” The Direct Plan has no balances or transactions that meet the definition of deferred outflow of resources or deferred inflows of resources as set forth in GASB 63. The Direct Plan has adopted this new guidance beginning with the June 30, 2013 financial statements. Adoption of GASB 63 did not have any impact on the Direct Plan’s financial statements, other than to change all references to “net assets” in the financial statements and note disclosures to “net position.”

Note 2 – Valuation of Investments

A description of the valuation techniques applied to the Direct Plan’s investments follows:

Investments in registered investment companies: These investments are valued at their net position value on the valuation date.

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.

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 0.40% (40 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 \$1 billion. 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) until such time as the total market value of the assets in the Direct Plan becomes less than \$1 billion for a period of at least 90 consecutive days, at which time the Direct Plan manager fee will revert to the amount prior to such reduction.

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, 2014 were covered by federal depository insurance coverage.

Investments: As of June 30, 2014, net unrealized appreciation (depreciation) of portfolio investments was \$82,562,375 consisting of gross unrealized appreciation of \$82,563,300 and gross unrealized depreciation of \$(925).

At June 30, 2014, 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	8,559,266	\$ 90,018,885	\$ 92,696,853
Emerging Markets Equity Fund	285,370	2,788,016	3,261,779
Emerging Markets Equity Index Fund	1,990,109	18,828,516	21,751,898
Equity Index Fund	13,549,412	171,470,479	204,596,120
Growth and Income Fund	1,599,263	15,046,203	20,342,624
High-Yield Fund	1,983,740	20,133,143	20,789,599
Inflation-Linked Bond Fund	2,409,882	25,033,233	28,147,420
International Equity Fund	831,548	6,995,660	10,020,150
International Equity Index Fund	3,353,226	49,323,699	67,567,509
Large-Cap Growth Fund	123,624	1,303,976	1,942,139
Large-Cap Value Fund	102,939	1,357,483	1,916,731
Mid-Cap Growth Fund	61,639	1,012,638	1,476,880
Mid-Cap Value Fund	68,156	1,183,098	1,700,489
Money Market Fund	7,440,684	7,440,684	7,440,684
Real Estate Securities Fund	1,732,851	14,796,524	24,329,232
Short-Term Bond Fund	7,000,443	72,574,875	73,084,620
Small-Cap Equity Fund	135,566	1,856,395	2,661,155
TIAA-CREF Life Insurance Company:			
Funding Agreement	4,415,764	65,332,390	65,332,390
		\$ <u>566,495,897</u>	\$ <u>649,058,272</u>

OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

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 mutual fund or other investment vehicle to which funds in that Option may be allocated. Because of this ownership structure, the custodial credit risk is 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 mutual 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 mutual 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, 2014.

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, 2014, the average maturities for the underlying fixed income mutual funds are as follows:

<u>Investment</u>	<u>Market Value</u>	<u>Average Maturity</u>
TIAA-CREF Funds (Institutional Class):		
Bond Index Fund	\$ 92,696,853	7.22 years
High-Yield Fund	20,789,599	7.00 years
Inflation-Linked Bond Fund	28,147,420	8.57 years
Short-Term Bond Fund	73,084,620	2.43 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 mutual funds that are exposed to foreign currency risk. At June 30, 2014, the value of investments in underlying mutual funds that significantly invest in foreign denominated contracts are as follows:

<u>Investment</u>	<u>Market Value</u>
TIAA-CREF Funds (Institutional Class):	
Emerging Markets Equity Fund	\$ 3,261,779
Emerging Markets Equity Index Fund	21,751,898
International Equity Fund	10,020,150
International Equity Index Fund	67,567,509

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

NOTE 6 – Subsequent Event

Effective September 2, 2014, the Management Agreement was amended whereby each Investment Option (with the exception of the Guaranteed Option) will pay 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 Investment 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).

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 (“Direct Plan”). It shows financial information relating to the investment options, which are included in the Direct Plan during the period ended June 30, 2014.

OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2014

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	Age 18 & Over	Total
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ 196,498	\$ 252,237	\$ 425,107	\$ 330,523	\$ 226,598	\$ 402,742	\$ 1,833,705
Emerging Markets Equity Index Fund	58,677	48,566	54,893	31,778	8,776	—	202,690
Equity Index Fund	515,760	426,706	475,831	276,466	144,727	—	1,839,490
High-Yield Fund	43,245	54,975	90,965	69,720	50,661	76,500	386,066
Inflation-Linked Bond Fund	60,109	77,406	130,195	101,540	69,231	123,016	561,497
International Equity Index Fund	184,115	158,414	176,757	110,642	68,984	—	698,912
Money Market Fund	—	—	—	—	122,637	607,534	730,171
Real Estate Securities Fund	51,907	46,043	52,040	30,752	16,459	—	197,201
Short-Term Bond Fund	75,633	93,690	159,390	369,141	596,262	1,809,075	3,103,191
SUBTOTAL	1,185,944	1,158,037	1,565,178	1,320,562	1,304,335	3,018,867	9,552,923
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	—	—	—	—
TOTAL INVESTMENTS	1,185,944	1,158,037	1,565,178	1,320,562	1,304,335	3,018,867	9,552,923
Cash	—	—	—	100	—	—	100
Dividends and interest receivable	685	728	1,367	1,320	1,447	2,781	8,328
Receivable from securities transactions	—	—	—	—	—	777	777
Receivable from Direct Plan units sold	1,115	835	81	25	150	25	2,231
TOTAL ASSETS	1,187,744	1,159,600	1,566,626	1,322,007	1,305,932	3,022,450	9,564,359
LIABILITIES							
Accrued Direct Plan manager fee	852	689	1,057	879	994	1,806	6,277
Payable for securities transactions	1,300	1,563	1,448	1,445	1,598	2,781	10,135
Payable for Direct Plan units redeemed	500	—	—	—	—	802	1,302
TOTAL LIABILITIES	2,652	2,252	2,505	2,324	2,592	5,389	17,714
NET POSITION	\$ 1,185,092	\$ 1,157,348	\$ 1,564,121	\$ 1,319,683	\$ 1,303,340	\$ 3,017,061	\$ 9,546,645
UNITS OUTSTANDING	79,250	82,244	117,509	106,556	114,107	290,774	
NET POSITION VALUE PER UNIT	\$ 14.95	\$ 14.07	\$ 13.31	\$ 12.38	\$ 11.42	\$ 10.38	
INVESTMENTS AT COST	\$ 1,036,223	\$ 1,043,007	\$ 1,438,594	\$ 1,234,284	\$ 1,244,148	\$ 2,995,751	\$ 8,992,007

OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2014

Moderate 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
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ 772,960	\$ 5,084,897	\$ 16,945,524	\$ 19,752,037	\$ 18,109,823	\$ 10,180,973	\$ 70,846,214
Emerging Markets Equity Index Fund	520,251	1,935,837	3,282,306	2,492,262	1,736,659	1,152,618	11,119,933
Equity Index Fund	4,465,975	17,069,161	28,835,222	22,640,267	15,159,044	10,034,474	98,204,143
High-Yield Fund	192,695	1,237,186	4,057,281	4,720,292	4,102,404	2,305,979	16,615,837
Inflation-Linked Bond Fund	256,173	1,556,122	5,098,321	5,988,195	5,557,068	3,123,986	21,579,865
International Equity Index Fund	1,528,919	5,854,095	9,933,763	7,793,191	6,084,029	3,960,212	35,154,209
Money Market Fund	—	—	—	—	—	6,710,513	6,710,513
Real Estate Securities Fund	485,951	2,012,375	2,891,614	2,416,741	1,629,596	1,569,288	11,005,565
Short-Term Bond Fund	261,487	1,826,371	6,248,241	7,352,193	20,041,586	31,919,115	67,648,993
SUBTOTAL	8,484,411	36,576,044	77,292,272	73,155,178	72,420,209	70,957,158	338,885,272
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	—	—	—	—
TOTAL INVESTMENTS	8,484,411	36,576,044	77,292,272	73,155,178	72,420,209	70,957,158	338,885,272
Cash	—	25	150	190	521	—	886
Dividends and interest receivable	2,716	17,277	55,738	65,729	70,571	59,635	271,666
Receivable from securities transactions	—	—	—	—	—	28,337	28,337
Receivable from Direct Plan units sold	10,957	10,413	25,220	12,385	16,999	71,059	147,033
TOTAL ASSETS	8,498,084	36,603,759	77,373,380	73,233,482	72,508,300	71,116,189	339,333,194
LIABILITIES							
Accrued Direct Plan n manager fee	6,021	25,182	51,696	49,640	46,521	44,059	223,119
Payable for securities transactions	13,673	27,715	65,486	75,204	82,215	59,635	323,928
Payable for Direct Plan units redeemed	—	—	15,372	3,000	5,855	99,395	123,622
TOTAL LIABILITIES	19,694	52,897	132,554	127,844	134,591	203,089	670,669
NET POSITION	<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>
UNITS OUTSTANDING	<u>394,121</u>	<u>2,181,857</u>	<u>4,503,107</u>	<u>3,982,809</u>	<u>4,088,554</u>	<u>4,388,585</u>	
NET POSITION VALUE PER UNIT	<u>\$ 21.51</u>	<u>\$ 16.75</u>	<u>\$ 17.15</u>	<u>\$ 18.36</u>	<u>\$ 17.70</u>	<u>\$ 16.16</u>	
INVESTMENTS AT COST	<u>\$ 6,717,817</u>	<u>\$ 29,870,359</u>	<u>\$ 66,281,200</u>	<u>\$ 64,271,320</u>	<u>\$ 66,451,914</u>	<u>\$ 66,795,605</u>	<u>\$ 300,388,215</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
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ —	\$ 785,906	\$ 1,070,427	\$ 1,223,086	\$ 1,094,735	\$ 678,659	\$ 4,852,813
Emerging Markets Equity Index Fund	697,724	493,886	388,248	230,670	139,514	47,714	1,997,756
Equity Index Fund	6,008,504	4,274,360	3,379,819	2,004,814	1,225,009	547,631	17,440,137
High-Yield Fund	—	196,257	236,151	238,636	233,468	148,271	1,052,783
Inflation-Linked Bond Fund	—	242,492	325,170	368,423	336,295	209,053	1,481,433
International Equity Index Fund	2,072,316	1,487,135	1,192,612	726,071	459,111	226,059	6,163,304
Real Estate Securities Fund	662,472	452,346	357,802	218,580	133,774	62,155	1,887,129
Short-Term Bond Fund	—	309,826	397,116	449,655	411,282	764,557	2,332,436
SUBTOTAL	<u>9,441,016</u>	<u>8,242,208</u>	<u>7,347,345</u>	<u>5,459,935</u>	<u>4,033,188</u>	<u>2,684,099</u>	<u>37,207,791</u>
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	—	—	—	—
TOTAL INVESTMENTS	<u>9,441,016</u>	<u>8,242,208</u>	<u>7,347,345</u>	<u>5,459,935</u>	<u>4,033,188</u>	<u>2,684,099</u>	<u>37,207,791</u>
Dividends and interest receivable	—	2,454	3,338	3,753	3,272	2,586	15,403
Receivable from securities transactions	—	—	—	—	—	2,103	2,103
Receivable from Direct Plan units sold	16,966	6,435	16,250	2,075	1,450	305	43,481
TOTAL ASSETS	<u>9,457,982</u>	<u>8,251,097</u>	<u>7,366,933</u>	<u>5,465,763</u>	<u>4,037,910</u>	<u>2,689,093</u>	<u>37,268,778</u>
LIABILITIES							
Accrued Direct Plan manager fee	6,498	5,028	4,738	3,608	2,513	1,637	24,022
Payable for securities transactions	16,966	8,889	19,588	5,403	4,722	2,585	58,153
Payable for Direct Plan units redeemed	—	—	—	425	—	2,408	2,833
TOTAL LIABILITIES	<u>23,464</u>	<u>13,917</u>	<u>24,326</u>	<u>9,436</u>	<u>7,235</u>	<u>6,630</u>	<u>85,008</u>
NET POSITION	<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>
UNITS OUTSTANDING	<u>544,763</u>	<u>533,032</u>	<u>490,586</u>	<u>387,734</u>	<u>297,671</u>	<u>217,289</u>	
NET POSITION VALUE PER UNIT	<u>\$ 17.32</u>	<u>\$ 15.45</u>	<u>\$ 14.97</u>	<u>\$ 14.07</u>	<u>\$ 13.54</u>	<u>\$ 12.35</u>	
INVESTMENTS AT COST	<u>\$ 7,918,024</u>	<u>\$ 7,334,140</u>	<u>\$ 6,534,745</u>	<u>\$ 4,964,744</u>	<u>\$ 3,714,420</u>	<u>\$ 2,542,012</u>	<u>\$ 33,008,085</u>

OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2014

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
ASSETS						
Investments, at value:						
TIAA-CREF Funds (Institutional Class):						
Bond Index Fund	\$ —	\$ —	\$ —	\$ 460,246	\$ 7,236,367	\$ 7,467,508
Emerging Markets Equity Fund	1,832,583	—	—	88,212	1,340,984	—
Emerging Markets Equity Index Fund	—	8,431,519	—	—	—	—
Equity Index Fund	—	74,142,830	12,969,520	—	—	—
Growth & Income Fund	9,762,312	—	—	623,857	9,956,455	—
High-Yield Fund	—	—	—	79,317	1,365,164	1,290,432
Inflation-Linked Bond Fund	—	—	—	141,098	2,223,376	2,160,151
International Equity Fund	5,566,172	—	—	270,684	4,183,294	—
International Equity Index Fund	—	25,551,084	—	—	—	—
Large-Cap Growth Fund	1,942,139	—	—	—	—	—
Large-Cap Value Fund	1,916,731	—	—	—	—	—
Mid-Cap Growth Fund	652,188	—	—	67,537	757,155	—
Mid-Cap Value Fund	874,190	—	—	40,493	785,806	—
Real Estate Securities Fund	1,509,641	8,322,715	—	87,178	1,319,803	—
Small-Cap Equity Fund	1,371,214	—	—	85,755	1,204,186	—
SUBTOTAL	25,427,170	116,448,148	12,969,520	1,944,377	30,372,590	10,918,091
TIAA-CREF Life Insurance Company:						
Funding Agreement	—	—	—	—	—	—
TOTAL INVESTMENTS	25,427,170	116,448,148	12,969,520	1,944,377	30,372,590	10,918,091
Dividends and interest receivable	—	—	—	1,171	18,857	19,007
Receivable from securities transactions	—	4,519	16,689	—	—	13,376
Receivable from Direct Plan units sold	66,565	22,513	2,867	—	25,001	4,280
TOTAL ASSETS	25,493,735	116,475,180	12,989,076	1,945,548	30,416,448	10,954,754
LIABILITIES						
Accrued Direct Plan manager fee	16,449	76,365	8,434	1,274	19,782	7,228
Payable for securities transactions	66,066	—	—	1,171	37,136	19,007
Payable for Direct Plan units redeemed	500	27,032	19,555	—	6,722	17,656
TOTAL LIABILITIES	83,015	103,397	27,989	2,445	63,640	43,891
NET POSITION	\$ 25,410,720	\$ 116,371,783	\$ 12,961,087	\$ 1,943,103	\$ 30,352,808	\$ 10,910,863
UNITS OUTSTANDING	1,520,785	6,229,765	705,582	138,503	1,836,053	759,174
NET POSITION VALUE PER UNIT	\$ 16.71	\$ 18.68	\$ 18.37	\$ 14.03	\$ 16.53	\$ 14.37
INVESTMENTS AT COST	\$ 18,380,729	\$ 93,846,441	\$ 9,938,670	\$ 1,548,315	\$ 24,591,590	\$ 10,469,455

Guaranteed		Total	
Option			
\$	—	\$	15,164,121
	—		3,261,779
	—		8,431,519
	—		87,112,350
	—		20,342,624
	—		2,734,913
	—		4,524,625
	—		10,020,150
	—		25,551,084
	—		1,942,139
	—		1,916,731
	—		1,476,880
	—		1,700,489
	—		11,239,337
	—		2,661,155
	—		198,079,896
	<u>65,332,390</u>		<u>65,332,390</u>
	65,332,390		263,412,286
	—		39,035
	33,008		67,592
	18,420		139,646
	<u>65,383,818</u>		<u>263,658,559</u>
	—		129,532
	—		123,380
	51,428		122,893
	<u>51,428</u>		<u>375,805</u>
\$	<u>65,332,390</u>	\$	<u>263,282,754</u>
	<u>4,415,764</u>		
\$	<u>14.80</u>		
\$	<u>65,332,390</u>	\$	<u>224,107,590</u>

[This page intentionally left blank]

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

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	\$ 551,741	\$ 634,789	\$ 838,793	\$ 678,123	\$ 869,764	\$ 1,909,013	\$ 5,482,223
Increase from investment operations:							
Dividends from underlying funds	23,285	20,424	26,798	22,742	22,871	28,271	144,391
Realized gain distributions from underlying funds	3,497	3,114	3,727	3,283	3,641	3,654	20,916
Net unrealized appreciation on underlying fund shares	74,975	45,375	85,993	51,582	40,726	36,784	335,435
Net realized gain on investments in underlying fund shares	70,711	62,983	37,455	30,253	16,764	—	218,166
Net increase from investment operations	172,468	131,896	153,973	107,860	84,002	68,709	718,908
TOTAL ADDITIONS	\$ 724,209	\$ 766,685	\$ 992,766	\$ 785,983	\$ 953,766	\$ 1,977,722	\$ 6,201,131
DEDUCTIONS							
Redemptions	\$ 446,099	\$ 459,474	\$ 341,761	\$ 460,136	\$ 1,092,632	\$ 983,248	\$ 3,783,350
Expenses:							
Direct Plan manager fee	4,552	3,789	5,174	4,632	5,732	9,048	32,927
Total expenses	4,552	3,789	5,174	4,632	5,732	9,048	32,927
Net realized loss on investments in underlying fund shares	—	—	—	—	—	15,808	15,808
TOTAL DEDUCTIONS	\$ 450,651	\$ 463,263	\$ 346,935	\$ 464,768	\$ 1,098,364	\$ 1,008,104	\$ 3,832,085
NET POSITION							
Net increase (decrease) in fiduciary net position	273,558	303,422	645,831	321,215	(144,598)	969,618	2,369,046
Beginning of year	911,534	853,926	918,290	998,468	1,447,938	2,047,443	7,177,599
End of year	\$ 1,185,092	\$ 1,157,348	\$ 1,564,121	\$ 1,319,683	\$ 1,303,340	\$ 3,017,061	\$ 9,546,645

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Moderate 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	\$ 4,097,528	\$ 9,849,831	\$ 20,626,082	\$ 27,871,517	\$ 30,542,046	\$ 30,326,603	\$ 123,313,607
Increase from investment operations:							
Dividends from underlying funds	181,563	782,281	1,556,893	1,502,517	1,268,146	950,539	6,241,939
Realized gain distributions from underlying funds	28,852	126,875	241,976	237,462	187,027	143,970	966,162
Net unrealized appreciation on underlying fund shares	—	—	299,123	1,263,573	1,229,022	814,480	3,606,198
Net realized gain on investments in underlying fund shares	1,859,696	6,115,244	8,222,471	5,567,098	3,389,519	2,198,264	27,352,292
Net increase from investment operations	2,070,111	7,024,400	10,320,463	8,570,650	6,073,714	4,107,253	38,166,591
TOTAL ADDITIONS	\$ 6,167,639	\$ 16,874,231	\$ 30,946,545	\$ 36,442,167	\$ 36,615,760	\$ 34,433,856	\$ 161,480,198
DEDUCTIONS							
Redemptions	\$ 5,224,778	\$ 14,868,856	\$ 24,004,380	\$ 27,334,324	\$ 24,169,811	\$ 22,474,722	\$ 118,076,871
Expenses:							
Direct Plan manager fee	35,050	149,184	297,603	281,813	258,338	242,429	1,264,417
Total expenses	35,050	149,184	297,603	281,813	258,338	242,429	1,264,417
Net unrealized depreciation on underlying fund shares	487,963	916,966	—	—	—	—	1,404,929
TOTAL DEDUCTIONS	\$ 5,747,791	\$ 15,935,006	\$ 24,301,983	\$ 27,616,137	\$ 24,428,149	\$ 22,717,151	\$ 120,746,217
NET POSITION							
Net increase (decrease) in fiduciary net position	419,848	939,225	6,644,562	8,826,030	12,187,611	11,716,705	40,733,981
Beginning of year	8,058,542	35,611,637	70,596,264	64,279,608	60,186,098	59,196,395	297,928,544
End of year	\$ 8,478,390	\$ 36,550,862	\$ 77,240,826	\$ 73,105,638	\$ 72,373,709	\$ 70,913,100	\$ 338,662,525

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
ADDITIONS							
Subscriptions	\$ 4,389,502	\$ 4,532,307	\$ 3,692,615	\$ 2,982,147	\$ 2,342,628	\$ 1,650,653	\$ 19,589,852
Increase from investment operations:							
Dividends from underlying funds	146,514	116,153	113,825	87,635	66,855	35,967	566,949
Realized gain distributions from underlying funds	22,879	17,667	16,727	12,206	9,416	4,745	83,640
Net unrealized appreciation on underlying fund shares	708,565	536,640	437,377	309,615	213,173	90,433	2,295,803
Net realized gain on investments in underlying fund shares	715,137	358,314	351,437	181,136	94,139	40,770	1,740,933
Net increase from investment operations	<u>1,593,095</u>	<u>1,028,774</u>	<u>919,366</u>	<u>590,592</u>	<u>383,583</u>	<u>171,915</u>	<u>4,687,325</u>
TOTAL ADDITIONS	\$ 5,982,597	\$ 5,561,081	\$ 4,611,981	\$ 3,572,739	\$ 2,726,211	\$ 1,822,568	\$ 24,277,177
DEDUCTIONS							
Redemptions	\$ 2,212,212	\$ 1,610,399	\$ 1,625,574	\$ 1,418,635	\$ 1,276,402	\$ 627,505	\$ 8,770,727
Expenses:							
Direct Plan manager fee	30,835	23,587	22,966	17,220	12,746	7,356	114,710
Total expenses	<u>30,835</u>	<u>23,587</u>	<u>22,966</u>	<u>17,220</u>	<u>12,746</u>	<u>7,356</u>	<u>114,710</u>
TOTAL DEDUCTIONS	\$ 2,243,047	\$ 1,633,986	\$ 1,648,540	\$ 1,435,855	\$ 1,289,148	\$ 634,861	\$ 8,885,437
NET POSITION							
Net increase (decrease) in fiduciary net position	3,739,550	3,927,095	2,963,441	2,136,884	1,437,063	1,187,707	15,391,740
Beginning of year	<u>5,694,968</u>	<u>4,310,085</u>	<u>4,379,166</u>	<u>3,319,443</u>	<u>2,593,612</u>	<u>1,494,756</u>	<u>21,792,030</u>
End of year	\$ 9,434,518	\$ 8,237,180	\$ 7,342,607	\$ 5,456,327	\$ 4,030,675	\$ 2,682,463	\$ 37,183,770

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

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
ADDITIONS						
Subscriptions	\$ 4,954,987	\$ 9,173,531	\$ 4,893,919	\$ —	\$ 6,415,431	\$ 2,379,716
Increase from investment operations:						
Interest	—	—	—	—	—	—
Dividends from underlying funds	258,956	2,125,705	157,499	29,691	444,125	265,328
Realized gain distributions from underlying funds	1,274,564	335,770	30,029	76,790	1,101,631	33,829
Net unrealized appreciation on underlying fund shares	3,078,689	1,946,586	1,973,195	183,591	2,538,414	299,382
Net realized gain on investments in underlying fund shares	—	17,911,110	—	—	—	—
Net increase from investment operations	<u>4,612,209</u>	<u>22,319,171</u>	<u>2,160,723</u>	<u>290,072</u>	<u>4,084,170</u>	<u>598,539</u>
TOTAL ADDITIONS	<u><u>\$ 9,567,196</u></u>	<u><u>\$ 31,492,702</u></u>	<u><u>\$ 7,054,642</u></u>	<u><u>\$ 290,072</u></u>	<u><u>\$ 10,499,601</u></u>	<u><u>\$ 2,978,255</u></u>
DEDUCTIONS						
Redemptions	\$ 2,318,438	\$ 11,020,474	\$ 984,731	\$ —	\$ 3,088,293	\$ 3,430,810
Expenses:						
Direct Plan manager fee	88,132	428,492	39,847	7,282	107,087	43,195
Total expenses	<u>88,132</u>	<u>428,492</u>	<u>39,847</u>	<u>7,282</u>	<u>107,087</u>	<u>43,195</u>
Net realized loss on investments in underlying fund shares	<u>2,622</u>	<u>—</u>	<u>3,062</u>	<u>8,924</u>	<u>17,040</u>	<u>81,079</u>
TOTAL DEDUCTIONS	<u><u>\$ 2,409,192</u></u>	<u><u>\$ 11,448,966</u></u>	<u><u>\$ 1,027,640</u></u>	<u><u>\$ 16,206</u></u>	<u><u>\$ 3,212,420</u></u>	<u><u>\$ 3,555,084</u></u>
NET POSITION						
Net increase (decrease) in fiduciary net position	7,158,004	20,043,736	6,027,002	273,866	7,287,181	(576,829)
Beginning of year	<u>18,252,716</u>	<u>96,328,047</u>	<u>6,934,085</u>	<u>1,669,237</u>	<u>23,065,627</u>	<u>11,487,692</u>
End of year	<u><u>\$ 25,410,720</u></u>	<u><u>\$ 116,371,783</u></u>	<u><u>\$ 12,961,087</u></u>	<u><u>\$ 1,943,103</u></u>	<u><u>\$ 30,352,808</u></u>	<u><u>\$ 10,910,863</u></u>

Guaranteed Option	Total
<u>\$ 17,876,766</u>	<u>\$ 45,694,350</u>
713,955	713,955
—	3,281,304
—	2,852,613
—	10,019,857
—	17,911,110
<u>713,955</u>	<u>34,778,839</u>
<u><u>\$ 18,590,721</u></u>	<u><u>\$ 80,473,189</u></u>
<u>\$ 17,499,830</u>	<u>\$ 38,342,576</u>
—	714,035
<u>—</u>	<u>714,035</u>
<u>—</u>	<u>112,727</u>
<u><u>\$ 17,499,830</u></u>	<u><u>\$ 39,169,338</u></u>
1,090,891	41,303,851
<u>64,241,499</u>	<u>221,978,903</u>
<u><u>\$ 65,332,390</u></u>	<u><u>\$ 263,282,754</u></u>

OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN
FINANCIAL HIGHLIGHTS
JUNE 30, 2014

	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	\$	12.86	\$	12.29	\$	11.83	\$	11.32	\$	10.81	\$	10.18
Gain (loss) from investment operations:												
Net investment income(a)		0.23		0.23		0.21		0.19		0.13		0.09
Net realized and unrealized gain on investments		1.86		1.55		1.27		0.87		0.48		0.11
Total gain from investment operations		2.09		1.78		1.48		1.06		0.61		0.20
Net position value, end of year	\$	14.95	\$	14.07	\$	13.31	\$	12.38	\$	11.42	\$	10.38
TOTAL RETURN		16.25%		14.48%		12.51%		9.36%		5.64%		1.96%
RATIOS AND SUPPLEMENTAL DATA												
Net position at end of period (in thousands)	\$	1,185	\$	1,157	\$	1,564	\$	1,320	\$	1,303	\$	3,017
Ratio of expenses to average net position(b)		0.40%		0.40%		0.40%		0.40%		0.40%		0.40%
Ratio of net investment income to average net position		1.65%		1.76%		1.67%		1.56%		1.20%		0.85%

(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 & Over</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net position value, beginning of year	\$ 18.04	\$ 14.28	\$ 14.99	\$ 16.31	\$ 16.18	\$ 15.16
Gain (loss) from investment operations:						
Net investment income(a)	0.33	0.26	0.27	0.30	0.27	0.18
Net realized and unrealized gain on investments	<u>3.14</u>	<u>2.21</u>	<u>1.89</u>	<u>1.75</u>	<u>1.25</u>	<u>0.82</u>
Total gain from investment operations	<u>3.47</u>	<u>2.47</u>	<u>2.16</u>	<u>2.05</u>	<u>1.52</u>	<u>1.00</u>
Net position value, end of year	<u>\$ 21.51</u>	<u>\$ 16.75</u>	<u>\$ 17.15</u>	<u>\$ 18.36</u>	<u>\$ 17.70</u>	<u>\$ 16.16</u>
 TOTAL RETURN	 <u>19.24%</u>	 <u>17.30%</u>	 <u>14.41%</u>	 <u>12.57%</u>	 <u>9.39%</u>	 <u>6.60%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$ 8,478	\$ 36,551	\$ 77,241	\$ 73,106	\$ 72,374	\$ 70,913
Ratio of expenses to average net position(b)	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Ratio of net investment income to average net position	1.67%	1.70%	1.69%	1.73%	1.56%	1.17%

(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, 2014

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 & Over</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net position value, beginning of year	\$ 14.09	\$ 12.97	\$ 12.76	\$ 12.29	\$ 12.03	\$ 11.29
Gain (loss) from investment operations:						
Net investment income(a)	0.24	0.23	0.22	0.22	0.22	0.18
Net realized and unrealized gain on investments	<u>2.99</u>	<u>2.25</u>	<u>1.99</u>	<u>1.56</u>	<u>1.29</u>	<u>0.88</u>
Total gain from investment operations	<u>3.23</u>	<u>2.48</u>	<u>2.21</u>	<u>1.78</u>	<u>1.51</u>	<u>1.06</u>
Net position value, end of year	<u>\$ 17.32</u>	<u>\$ 15.45</u>	<u>\$ 14.97</u>	<u>\$ 14.07</u>	<u>\$ 13.54</u>	<u>\$ 12.35</u>
 TOTAL RETURN	 <u>22.92%</u>	 <u>19.12%</u>	 <u>17.32%</u>	 <u>14.48%</u>	 <u>12.55%</u>	 <u>9.39%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$ 9,435	\$ 8,237	\$ 7,343	\$ 5,456	\$ 4,031	\$ 2,682
Ratio of expenses to average net position(b)	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Ratio of net investment income to average net position	1.50%	1.57%	1.58%	1.64%	1.70%	1.56%

(a) Based on average units outstanding.

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

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	Guaranteed Option
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR							
Net position value, beginning of year	\$ 13.52	\$ 15.19	\$ 14.74	\$ 12.05	\$ 14.22	\$ 13.75	\$ 14.63
Gain (loss) from investment operations:							
Net investment income(a)	0.12	0.27	0.20	0.16	0.20	0.29	0.16
Net realized and unrealized gain on investments	<u>3.07</u>	<u>3.22</u>	<u>3.43</u>	<u>1.82</u>	<u>2.11</u>	<u>0.33</u>	<u>0.01</u>
Total gain from investment operations	<u>3.19</u>	<u>3.49</u>	<u>3.63</u>	<u>1.98</u>	<u>2.31</u>	<u>0.62</u>	<u>0.17</u>
Net position value, end of year	<u>\$ 16.71</u>	<u>\$ 18.68</u>	<u>\$ 18.37</u>	<u>\$ 14.03</u>	<u>\$ 16.53</u>	<u>\$ 14.37</u>	<u>\$ 14.80</u>
 TOTAL RETURN	 <u>23.59%</u>	 <u>22.98%</u>	 <u>24.63%</u>	 <u>16.43%</u>	 <u>16.24%</u>	 <u>4.51%</u>	 <u>1.09%</u>
RATIOS AND SUPPLEMENTAL DATA							
Net position at end of period (in thousands)	\$ 25,411	\$ 116,372	\$ 12,961	\$ 1,943	\$ 30,353	\$ 10,911	\$ 65,332
Ratio of expenses to average net position(b)	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.00%
Ratio of net investment income to average net position	0.78%	1.58%	1.18%	1.23%	1.26%	2.06%	1.12%

(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, 2014, 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, 2014.

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, 2014