

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

**Financial Statements**

**Including**

**Supplemental Information**

**June 30, 2017**





# OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN

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JUNE 30, 2017

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## **Report of Independent Auditors**

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, 2017 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

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

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

### ***Auditors’ Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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, as of June 30, 2017, and the changes in its 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 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 6, 2017 on our consideration of the Direct Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Direct Plan's internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

September 6, 2017

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

As plan manager of the Oklahoma College Savings Plan – Direct Plan (“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, 2017. 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, 2017, 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	12.03%	Ages 0-3	17.44%
Ages 4-7	10.03	Ages 4-7	14.37
Ages 8-11	8.26	Ages 8-11	12.61
Ages 12-14	6.18	Ages 12-14	10.23
Ages 15-17	3.67	Ages 15-17	8.49
Ages 18 & Over	0.95	Ages 18 & Over	6.03
 <u>Moderate Managed Allocation Option</u>		 <u>Risk-Based Investment Options</u>	
Ages 0-3	14.27%	Diversified Equity Option	18.77%
Ages 4-7	12.59	Global Equity Index Option	17.36
Ages 8-11	10.19	U.S. Equity Index Option	18.12
Ages 12-14	8.46	Balanced Option (SEED OK)	11.37
Ages 15-17	6.02	Balanced Option	11.60
Ages 18 & Over	4.34	Fixed Income Option	0.46
		Guaranteed Option	1.45

The Direct Plan received \$17.8 million in net contributions from Account Owners during the year ended June 30, 2017.

The Direct Plan earned \$15.1 million from investment operations, paid out \$2.3 million for operating expenses and had a net increase in fair value of investments of \$57.4 million during the year ended June 30, 2017.

### 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, 2017. 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.

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

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

## Financial Analysis

**Net position** – The following are condensed Statements of Fiduciary Net Position as of June 30, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Investments	\$ 800,922,277	\$ 712,935,563
Cash	46	771
Receivables	708,255	1,324,794
<b>Total Assets</b>	<b>801,630,578</b>	<b>714,261,128</b>
Payables	818,393	1,508,961
<b>Total Liabilities</b>	<b>818,393</b>	<b>1,508,961</b>
<b>Total Net Position</b>	<b>\$ 800,812,185</b>	<b>\$ 712,752,167</b>

Net position represents total contributions from Account Owners, plus 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 agreements ("Funding Agreements") 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 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, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
<b>Additions:</b>		
Subscriptions	\$ 238,018,402	\$ 216,694,961
Investment income	15,144,201	13,848,492
Net increase in fair value of investments	57,435,198	-
<b>Total Additions</b>	<b>\$ 310,597,801</b>	<b>\$ 230,543,453</b>
<b>Deductions:</b>		
Redemptions	(220,214,216)	(201,478,500)
Plan manager fee	(2,323,567)	(2,150,949)
Net decrease in fair value of investments	-	(5,000,299)
<b>Total Deductions</b>	<b>(222,537,783)</b>	<b>(208,629,748)</b>
<b>Changes in net position</b>	<b>88,060,018</b>	<b>21,913,705</b>
Net position - beginning of year	712,752,167	690,838,462
<b>Net position - end of year</b>	<b>\$ 800,812,185</b>	<b>\$ 712,752,167</b>

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2017**

**ASSETS**

Cash	\$ 46
Investments, at value (Cost: \$680,954,461)	800,922,277
Dividends and interest receivable	486,055
Receivable from securities transactions	46,110
Receivable from Plan units sold	176,090
<b>TOTAL ASSETS</b>	<u>801,630,578</u>

**LIABILITIES**

Accrued Plan manager fee	180,488
Payable for securities transactions	538,557
Payable for Plan units redeemed	99,348
<b>TOTAL LIABILITIES</b>	<u>818,393</u>

**NET POSITION**

Held in trust for Account Owners in the Plan	<u>\$ 800,812,185</u>
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See notes to financial statements



**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

**ADDITIONS**

Subscriptions	\$	238,018,402
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Investment income:

Interest		1,005,083
Dividends		14,139,118
		15,144,201

Total investment income

Net increase in fair value of investments		57,435,198
		310,597,801

Total additions

**DEDUCTIONS**

Redemptions		(220,214,216)
Plan manager fee		(2,323,567)
		(222,537,783)

Total deductions

Changes in net position		88,060,018
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Net position – beginning of year		712,752,167
Net position – end of year	\$	800,812,185

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 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 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. Other options may also invest in a funding agreement issued by TIAA-CREF Life Insurance; however, this funding agreement is separate from the one accessible by the Guaranteed Option. The funding agreements (“Funding Agreements”) provide a minimum guaranteed rate of return on the funds invested. 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 restrictions.

Teachers Advisors, LLC. (“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”). TIAA-CREF Individual & Institutional Services, LLC (“Services”), a wholly owned, direct subsidiary of TIAA, serves as the primary distributor and underwriter for the Plan and provides certain underwriting and distribution services in furtherance of TFI’s marketing plan for the Plan. Services is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority.

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

**Investment income:** Securities transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the underlying Funds are recorded on the ex-dividend date. Income distributions from underlying Funds are included in total investment income and gain distributions are included in net increase in fair value of investments. Realized gains and losses are based upon the specific identification method.

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

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

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

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

**New accounting pronouncement:** In May 2017, GASB issued Statement No. 85, *Omnibus* (“Statement”). The Statement addresses practice issues that have been identified during implementation and application of certain GASB statements including fair value measurement. The Statement is effective for financial statements for periods beginning after June 15, 2017. The Plan adopted the Statement for this annual report. The adoption of the Statement did not have a material impact on the Plan’s financial statements and notes disclosures.

### **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 Agreements:** The Funding Agreements, to which the Conservative Managed Allocation Option, the Moderate Managed Allocation Option, the Aggressive Managed Allocation Option, and the Guaranteed Option allocate assets, are considered nonparticipating interest-earning investment contracts and are accounted for at cost. Because the Funding Agreements are valued at cost, they are not included in the fair value hierarchy.

As of June 30, 2017, 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 of 0.35% (35 basis points) of the average daily net position held by that Option. In addition, Advisors is paid investment management fees on the underlying investments in the Funds. The Direct Plan manager fee applies to total assets in the Direct Plan up to \$750 million. If the total market value of the assets in the Direct Plan becomes equal to or greater than \$750 million for a period of at least 90 consecutive days, the Direct Plan manager fee will be reduced by 0.05% (5 basis points) to an 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 an annual rate of 0.25% (25 basis points). On June 14, 2017, total assets in the Direct Plan reached \$750 million thereby reducing the Direct Plan manager fee to 0.30%.

### **Note 4 – Investments**

**Cash deposits:** All cash deposits at June 30, 2017 were covered by federal depository insurance coverage.

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

**Investments:** As of June 30, 2017, net unrealized appreciation of portfolio investments was \$119,967,816.

At June 30, 2017, 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	10,570,437	\$ 111,821,597	\$ 114,583,539
Emerging Markets Equity Fund	325,315	3,091,844	3,630,516
Emerging Markets Equity Index Fund	2,084,570	19,262,992	22,117,289
Equity Index Fund	13,991,681	184,219,047	252,829,670
Growth & Income Fund	1,943,738	18,994,656	25,832,279
High-Yield Fund	2,632,664	25,874,944	25,905,410
Inflation-Linked Bond Fund	2,722,707	28,710,668	31,120,546
International Equity Fund	1,096,873	9,670,991	13,327,012
International Equity Index Fund	4,260,795	64,563,924	80,955,113
Large-Cap Growth Fund	155,659	1,787,798	2,806,535
Large-Cap Value Fund	131,168	1,825,757	2,462,029
Mid-Cap Growth Fund	85,697	1,472,169	1,904,191
Mid-Cap Value Fund	90,814	1,668,597	2,173,170
Real Estate Securities Fund	1,923,140	18,084,904	30,443,298
Short-Term Bond Index Fund	2,876,641	28,680,113	28,680,113
Small-Cap Equity Fund	189,894	2,739,750	3,666,857
TIAA-CREF Life Insurance Company:			
Funding Agreements	92,886,203	158,484,710	158,484,710
		<u>\$ 680,954,461</u>	<u>\$ 800,922,277</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 Direct Plan's current 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 Agreements are guaranteed insurance products issued by TIAA-CREF Life. TIAA-CREF Life had a Standard & Poor's credit rating of AA+ at June 30, 2017.

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

**Interest rate risk:** Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. At June 30, 2017, the average maturities for the underlying fixed income Funds are as follows:

<u>Investment</u>	<u>Value</u>	<u>Weighted Average Maturity</u>
TIAA-CREF Funds (Institutional Class):		
Bond Index Fund	\$ 114,583,539	7.96 years
High-Yield Fund	25,905,410	6.87 years
Inflation-Linked Bond Fund	31,120,546	5.79 years
Short-Term Bond Index Fund	28,680,113	3.17 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, 2017, the values of investments in underlying Funds that significantly invest in foreign denominated contracts are as follows:

<u>Investment</u>	<u>Value</u>
TIAA-CREF Funds (Institutional Class):	
Emerging Markets Equity Fund	\$ 3,630,516
Emerging Markets Equity Index Fund	22,117,289
International Equity Fund	13,327,012
International Equity Index Fund	80,955,113

#### **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 direct-sold plan 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, 2017.

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**JUNE 30, 2017**

**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	\$ 242,887	\$ 767,178	\$ 775,131	\$ 656,623	\$ 625,555	\$ 780,008	\$ 3,847,382
Emerging Markets Equity Index Fund	77,357	142,649	93,317	63,747	34,476	—	411,546
Equity Index Fund	557,699	1,233,737	875,012	535,851	340,256	—	3,542,555
High-Yield Fund	47,276	175,916	172,955	153,917	152,169	170,294	872,527
Inflation-Linked Bond Fund	57,927	214,119	216,203	192,528	182,619	229,960	1,093,356
International Equity Index Fund	213,171	428,693	292,854	204,730	151,498	—	1,290,946
Real Estate Securities Fund	66,046	138,601	100,607	66,905	46,350	—	418,509
Short-Term Bond Index Fund	40,938	136,977	127,465	161,392	275,357	848,005	1,590,134
SUBTOTAL	1,303,301	3,237,870	2,653,544	2,035,693	1,808,280	2,028,267	13,066,955
TIAA-CREF Life Insurance Company:							
Funding Agreements	54,617	171,290	170,197	645,793	1,815,746	3,774,903	6,632,546
TOTAL INVESTMENTS	1,357,918	3,409,160	2,823,741	2,681,486	3,624,026	5,803,170	19,699,501
Dividends and interest receivable	841	2,600	2,701	3,189	4,958	7,293	21,582
Receivable from securities transactions	—	—	—	—	7,874	—	7,874
Receivable from Plan units sold	975	948	195	758	1,401	1,069	5,346
TOTAL ASSETS	1,359,734	3,412,708	2,826,637	2,685,433	3,638,259	5,811,532	19,734,303
<b>LIABILITIES</b>							
Accrued Plan manager fee	352	822	703	696	981	1,289	4,843
Payable for securities transactions	1,760	3,374	2,562	3,088	3,574	6,089	20,447
Payable for Plan units redeemed	—	—	132	—	8,976	—	9,108
TOTAL LIABILITIES	2,112	4,196	3,397	3,784	13,531	7,378	34,398
NET POSITION	\$ 1,357,622	\$ 3,408,512	\$ 2,823,240	\$ 2,681,649	\$ 3,624,728	\$ 5,804,154	\$ 19,699,905
UNITS OUTSTANDING	78,376	212,771	188,946	197,567	298,573	543,383	
NET POSITION VALUE PER UNIT	\$17.32	\$16.02	\$14.94	\$13.57	\$12.14	\$10.68	
INVESTMENTS AT COST	\$ 1,110,627	\$ 3,048,772	\$ 2,538,054	\$ 2,482,496	\$ 3,493,629	\$ 5,783,652	\$ 18,457,230

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**JUNE 30, 2017**

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

	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>	<b>Total</b>
<b>ASSETS</b>							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ 719,581	\$ 3,772,047	\$ 15,274,567	\$ 22,510,803	\$ 22,873,882	\$ 14,344,550	\$ 79,495,430
Emerging Markets Equity Index Fund	384,661	1,187,312	2,401,843	2,589,997	2,132,470	1,572,544	10,268,827
Equity Index Fund	3,918,823	13,046,455	24,117,155	25,927,760	18,851,176	12,576,365	98,437,734
High-Yield Fund	156,465	852,651	3,319,138	5,354,333	5,505,555	3,421,845	18,609,987
Inflation-Linked Bond Fund	179,275	898,724	3,581,778	6,009,301	6,607,913	4,183,281	21,460,272
International Equity Index Fund	1,460,663	4,709,350	8,907,870	9,289,229	7,329,090	5,234,720	36,930,922
Real Estate Securities Fund	487,016	1,861,468	2,844,508	3,137,664	2,416,736	1,399,713	12,147,105
Short-Term Bond Index Fund	153,143	684,812	2,245,360	3,622,995	5,658,400	12,365,196	24,729,906
<b>SUBTOTAL</b>	<b>7,459,627</b>	<b>27,012,819</b>	<b>62,692,219</b>	<b>78,442,082</b>	<b>71,375,222</b>	<b>55,098,214</b>	<b>302,080,183</b>
TIAA-CREF Life Insurance Company:							
Funding Agreements	153,291	840,659	3,317,118	5,031,513	22,641,355	45,254,305	77,238,241
<b>TOTAL INVESTMENTS</b>	<b>7,612,918</b>	<b>27,853,478</b>	<b>66,009,337</b>	<b>83,473,595</b>	<b>94,016,577</b>	<b>100,352,519</b>	<b>379,318,424</b>
Cash	—	—	—	—	21	—	21
Dividends and interest receivable	2,715	13,972	53,261	79,641	108,586	108,803	366,978
Receivable from securities transactions	—	—	—	—	—	38,236	38,236
Receivable from Plan units sold	2,408	4,665	7,229	19,923	17,512	19,286	71,023
<b>TOTAL ASSETS</b>	<b>7,618,041</b>	<b>27,872,115</b>	<b>66,069,827</b>	<b>83,573,159</b>	<b>94,142,696</b>	<b>100,518,844</b>	<b>379,794,682</b>
<b>LIABILITIES</b>							
Accrued Plan manager fee	2,092	7,255	16,688	20,711	23,680	23,323	93,749
Payable for securities transactions	4,973	17,424	56,109	93,706	107,337	78,191	357,740
Payable for Plan units redeemed	—	—	—	—	—	57,522	57,522
<b>TOTAL LIABILITIES</b>	<b>7,065</b>	<b>24,679</b>	<b>72,797</b>	<b>114,417</b>	<b>131,017</b>	<b>159,036</b>	<b>509,011</b>
<b>NET POSITION</b>	<b>\$ 7,610,976</b>	<b>\$ 27,847,436</b>	<b>\$ 65,997,030</b>	<b>\$ 83,458,742</b>	<b>\$ 94,011,679</b>	<b>\$ 100,359,808</b>	<b>\$ 379,285,671</b>
<b>UNITS OUTSTANDING</b>	<b>299,883</b>	<b>1,427,997</b>	<b>3,372,941</b>	<b>4,041,067</b>	<b>4,850,300</b>	<b>5,800,119</b>	
<b>NET POSITION VALUE PER UNIT</b>	<b>\$25.38</b>	<b>\$19.50</b>	<b>\$19.57</b>	<b>\$20.65</b>	<b>\$19.38</b>	<b>\$17.30</b>	
<b>INVESTMENTS AT COST</b>	<b>\$ 5,451,596</b>	<b>\$ 20,811,718</b>	<b>\$ 53,456,465</b>	<b>\$ 70,673,009</b>	<b>\$ 85,162,736</b>	<b>\$ 94,410,086</b>	<b>\$ 329,965,610</b>



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

	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>	<b>Total</b>
<b>ASSETS</b>							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ —	\$ 2,384,125	\$ 2,563,962	\$ 3,035,507	\$ 3,113,485	\$ 2,070,262	\$ 13,167,341
Emerging Markets Equity Index Fund	701,100	1,501,879	874,669	531,221	373,473	176,382	4,158,724
Equity Index Fund	7,137,891	13,564,249	7,906,595	4,551,304	3,198,193	1,666,688	38,024,920
High-Yield Fund	—	604,495	581,286	717,379	691,077	492,799	3,087,036
Inflation-Linked Bond Fund	—	708,279	711,868	821,776	859,462	616,620	3,718,005
International Equity Index Fund	2,649,285	4,964,280	2,935,553	1,735,632	1,149,561	606,794	14,041,105
Real Estate Securities Fund	834,966	1,481,648	896,643	546,697	378,667	194,851	4,333,472
Short-Term Bond Index Fund	—	386,005	528,588	527,383	551,084	367,013	2,360,073
SUBTOTAL	11,323,242	25,594,960	16,999,164	12,466,899	10,315,002	6,191,409	82,890,676
TIAA-CREF Life Insurance Company:							
Funding Agreements	—	525,568	528,808	659,493	661,533	2,072,710	4,448,112
TOTAL INVESTMENTS	11,323,242	26,120,528	17,527,972	13,126,392	10,976,535	8,264,119	87,338,788
Cash	—	25	—	—	—	—	25
Dividends and interest receivable	—	8,454	8,783	10,418	10,665	8,807	47,127
Receivable from Plan units sold	5,890	7,313	4,380	3,375	1,726	8,032	30,716
TOTAL ASSETS	11,329,132	26,136,320	17,541,135	13,140,185	10,988,926	8,280,958	87,416,656
<b>LIABILITIES</b>							
Accrued Plan manager fee	2,999	6,383	4,279	3,192	2,706	1,881	21,440
Payable for securities transactions	4,757	9,976	12,572	13,112	11,664	15,387	67,468
Payable for Plan units redeemed	1,133	5,114	—	—	—	—	6,247
TOTAL LIABILITIES	8,889	21,473	16,851	16,304	14,370	17,268	95,155
NET POSITION	\$ 11,320,243	\$ 26,114,847	\$ 17,524,284	\$ 13,123,881	\$ 10,974,556	\$ 8,263,690	\$ 87,321,501
UNITS OUTSTANDING	540,577	1,432,817	1,006,243	817,770	721,569	610,786	
NET POSITION VALUE PER UNIT	\$20.94	\$18.23	\$17.42	\$16.05	\$15.21	\$13.53	
INVESTMENTS AT COST	\$ 8,513,380	\$ 22,907,940	\$ 15,346,019	\$ 11,819,261	\$ 10,076,437	\$ 7,823,207	\$ 76,486,244

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**JUNE 30, 2017**

	Risk-Based Investment Options					
	Diversified Equity Option	Global Equity Index Option	U.S. Equity Index Option	Balanced Option (SEED OK)	Balanced Option	Fixed Income Option
<b>ASSETS</b>						
Investments, at value:						
TIAA-CREF Funds (Institutional Class):						
Bond Index Fund	\$ —	\$ —	\$ —	\$ 551,942	\$ 9,507,781	\$ 8,013,663
Emerging Markets Equity Fund	1,994,984	—	—	87,826	1,547,706	—
Emerging Markets Equity Index Fund	—	7,278,192	—	—	—	—
Equity Index Fund	—	77,209,926	35,614,535	—	—	—
Growth & Income Fund	12,393,744	—	—	727,622	12,710,913	—
High-Yield Fund	—	—	—	88,003	1,796,516	1,451,341
Inflation-Linked Bond Fund	—	—	—	139,813	2,542,413	2,166,687
International Equity Fund	7,256,230	—	—	281,353	5,789,429	—
International Equity Index Fund	—	28,692,140	—	—	—	—
Large-Cap Growth Fund	2,806,535	—	—	—	—	—
Large-Cap Value Fund	2,462,029	—	—	—	—	—
Mid-Cap Growth Fund	823,665	—	—	79,904	1,000,622	—
Mid-Cap Value Fund	1,089,689	—	—	47,715	1,035,766	—
Real Estate Securities Fund	2,083,440	9,457,456	—	111,761	1,891,555	—
Small-Cap Equity Fund	1,865,308	—	—	109,738	1,691,811	—
SUBTOTAL	32,775,624	122,637,714	35,614,535	2,225,677	39,514,512	11,631,691
TIAA-CREF Life Insurance Company:						
Funding Agreements	—	—	—	—	—	—
TOTAL INVESTMENTS	32,775,624	122,637,714	35,614,535	2,225,677	39,514,512	11,631,691
Dividends and interest receivable	—	—	—	1,481	26,696	22,191
Receivable from Plan units sold	4,580	11,052	6,962	—	10,286	1,950
TOTAL ASSETS	32,780,204	122,648,766	35,621,497	2,227,158	39,551,494	11,655,832
<b>LIABILITIES</b>						
Accrued Plan manager fee	8,102	30,371	8,790	551	9,774	2,868
Payable for securities transactions	3,009	7,934	5,346	1,481	28,410	24,041
Payable for Plan units redeemed	1,571	3,118	1,616	—	8,572	100
TOTAL LIABILITIES	12,682	41,423	15,752	2,032	46,756	27,009
NET POSITION	\$ 32,767,522	\$ 122,607,343	\$ 35,605,745	\$ 2,225,126	\$ 39,504,738	\$ 11,628,823
UNITS OUTSTANDING	1,633,479	5,429,314	1,508,649	138,504	2,083,549	766,952
NET POSITION VALUE PER UNIT	\$20.06	\$22.58	\$23.60	\$16.07	\$18.96	\$15.16
INVESTMENTS AT COST	\$ 23,920,439	\$ 89,011,186	\$ 27,464,274	\$ 1,786,802	\$ 32,455,292	\$ 11,241,573

	<b>Guaranteed Option</b>	<b>Total</b>
\$	—	\$18,073,386
	—	3,630,516
	—	7,278,192
	—	112,824,461
	—	25,832,279
	—	3,335,860
	—	4,848,913
	—	13,327,012
	—	28,692,140
	—	2,806,535
	—	2,462,029
	—	1,904,191
	—	2,173,170
	—	13,544,212
	—	3,666,857
	—	244,399,753
	70,165,811	70,165,811
	70,165,811	314,565,564
	—	50,368
	34,175	69,005
	70,199,986	314,684,937
	—	60,456
	22,681	92,902
	11,494	26,471
	34,175	179,829
\$	70,165,811	\$ 314,505,108
	4,567,305	
	\$15.36	
\$	70,165,811	\$ 256,045,377

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**OKLAHOMA COLLEGE SAVINGS PLAN**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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	\$ 670,258	\$ 1,145,443	\$ 1,373,736	\$ 2,019,089	\$ 2,771,876	\$ 3,764,905	\$ 11,745,307
Increase from investment operations:							
Dividends from underlying funds	27,523	67,475	57,381	52,767	68,620	75,117	348,883
Realized gain distributions from underlying funds	3,328	6,979	4,902	3,023	2,728	379	21,339
Net unrealized appreciation on underlying fund shares	99,956	228,686	155,039	104,919	60,962	—	649,562
Net realized gain on investments in underlying fund shares	21,285	—	—	1,690	7,841	4,603	35,419
Net increase from investment operations	152,092	303,140	217,322	162,399	140,151	80,099	1,055,203
TOTAL ADDITIONS	\$ 822,350	\$ 1,448,583	\$ 1,591,058	\$ 2,181,488	\$ 2,912,027	\$ 3,845,004	\$ 12,800,510
DEDUCTIONS							
Redemptions	\$ 706,056	\$ 680,870	\$ 991,498	\$ 1,553,777	\$ 2,291,320	\$ 2,058,506	\$ 8,282,027
Expenses:							
Plan manager fee	4,378	10,211	8,633	8,557	12,056	15,255	59,090
Total expenses	4,378	10,211	8,633	8,557	12,056	15,255	59,090
Net unrealized depreciation on underlying fund shares	—	—	—	—	—	17,982	17,982
Net realized loss on investments in underlying fund shares	—	4,281	7,953	—	—	—	12,234
TOTAL DEDUCTIONS	\$ 710,434	\$ 695,362	\$ 1,008,084	\$ 1,562,334	\$ 2,303,376	\$ 2,091,743	\$ 8,371,333
NET POSITION							
Net increase in fiduciary net position	111,916	753,221	582,974	619,154	608,651	1,753,261	4,429,177
Beginning of year	1,245,706	2,655,291	2,240,266	2,062,495	3,016,077	4,050,893	15,270,728
End of year	\$ 1,357,622	\$ 3,408,512	\$ 2,823,240	\$ 2,681,649	\$ 3,624,728	\$ 5,804,154	\$ 19,699,905

**OKLAHOMA COLLEGE SAVINGS PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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	\$ 3,746,650	\$ 8,819,850	\$ 18,292,455	\$ 28,783,018	\$ 36,667,497	\$ 39,917,643	\$ 136,227,113
Increase from investment operations:							
Dividends from underlying funds	180,422	627,204	1,525,924	1,867,567	2,031,533	1,647,209	7,879,859
Realized gain distributions from underlying funds	28,145	89,326	158,878	159,379	124,904	87,572	648,204
Net unrealized appreciation on underlying fund shares	666,020	2,096,053	3,802,149	4,631,840	3,525,739	2,006,714	16,728,515
Net realized gain on investments in underlying fund shares	256,795	662,746	1,208,657	249,230	39,431	326,496	2,743,355
Net increase from investment operations	1,131,382	3,475,329	6,695,608	6,908,016	5,721,607	4,067,991	27,999,933
TOTAL ADDITIONS	\$ 4,878,032	\$ 12,295,179	\$ 24,988,063	\$ 35,691,034	\$ 42,389,104	\$ 43,985,634	\$ 164,227,046
DEDUCTIONS							
Redemptions	\$ 4,691,087	\$ 12,402,351	\$ 24,633,330	\$ 31,723,081	\$ 35,024,477	\$ 30,174,981	\$ 138,649,307
Expenses:							
Plan manager fee	27,889	97,473	228,847	278,976	314,043	297,297	1,244,525
Total expenses	27,889	97,473	228,847	278,976	314,043	297,297	1,244,525
TOTAL DEDUCTIONS	\$ 4,718,976	\$ 12,499,824	\$ 24,862,177	\$ 32,002,057	\$ 35,338,520	\$ 30,472,278	\$ 139,893,832
NET POSITION							
Net increase (decrease) in fiduciary net position	159,056	(204,645)	125,886	3,688,977	7,050,584	13,513,356	24,333,214
Beginning of year	7,451,920	28,052,081	65,871,144	79,769,765	86,961,095	86,846,452	354,952,457
End of year	\$ 7,610,976	\$ 27,847,436	\$ 65,997,030	\$ 83,458,742	\$ 94,011,679	\$ 100,359,808	\$ 379,285,671

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

	<b>Ages 0-3</b>	<b>Ages 4-7</b>	<b>Ages 8-11</b>	<b>Ages 12-14</b>	<b>Ages 15-17</b>	<b>Ages 18 &amp; Over</b>	<b>Total</b>
<b>ADDITIONS</b>							
Subscriptions	\$ 5,427,524	\$ 9,265,302	\$ 7,718,094	\$ 6,259,903	\$ 5,650,074	\$ 4,534,042	\$ 38,854,939
Increase from investment operations:							
Dividends from underlying funds	230,535	461,686	310,267	248,450	206,759	132,017	1,589,714
Realized gain distributions from underlying funds	44,319	68,351	39,999	25,658	17,092	7,627	203,046
Net unrealized appreciation on underlying fund shares	1,380,466	2,500,869	1,424,448	851,343	573,424	258,413	6,988,963
Net realized gain on investments in underlying fund shares	136,656	—	—	873	231	1,918	139,678
Net increase from investment operations	1,791,976	3,030,906	1,774,714	1,126,324	797,506	399,975	8,921,401
<b>TOTAL ADDITIONS</b>	<b>\$ 7,219,500</b>	<b>\$ 12,296,208</b>	<b>\$ 9,492,808</b>	<b>\$ 7,386,227</b>	<b>\$ 6,447,580</b>	<b>\$ 4,934,017</b>	<b>\$ 47,776,340</b>
<b>DEDUCTIONS</b>							
Redemptions	\$ 5,555,430	\$ 4,511,177	\$ 4,189,181	\$ 3,938,555	\$ 3,315,431	\$ 2,148,215	\$ 23,657,989
Expenses:							
Plan manager fee	36,985	74,680	49,282	37,924	31,582	21,004	251,457
Total expenses	36,985	74,680	49,282	37,924	31,582	21,004	251,457
Net realized loss on investments in underlying fund shares	—	6,768	3,194	—	—	—	9,962
<b>TOTAL DEDUCTIONS</b>	<b>\$ 5,592,415</b>	<b>\$ 4,592,625</b>	<b>\$ 4,241,657</b>	<b>\$ 3,976,479</b>	<b>\$ 3,347,013</b>	<b>\$ 2,169,219</b>	<b>\$ 23,919,408</b>
<b>NET POSITION</b>							
Net increase in fiduciary net position	1,627,085	7,703,583	5,251,151	3,409,748	3,100,567	2,764,798	23,856,932
Beginning of year	9,693,158	18,411,264	12,273,133	9,714,133	7,873,989	5,498,892	63,464,569
End of year	\$ 11,320,243	\$ 26,114,847	\$ 17,524,284	\$ 13,123,881	\$ 10,974,556	\$ 8,263,690	\$ 87,321,501

**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

<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	\$ 3,892,082	\$ 8,560,836	\$ 9,828,923	\$ —	\$ 5,924,300	\$ 2,415,056
Increase from investment operations:						
Interest	—	—	—	—	—	—
Dividends from underlying funds	378,921	2,421,163	552,036	36,523	641,092	290,927
Realized gain distributions from underlying funds	366,298	470,160	132,793	16,378	290,775	—
Net unrealized appreciation on underlying fund shares	4,503,759	14,890,012	4,324,101	181,642	3,292,269	—
Net realized gain on investments in underlying fund shares	—	1,108,619	—	—	—	—
Net increase from investment operations	5,248,978	18,889,954	5,008,930	234,543	4,224,136	290,927
<b>TOTAL ADDITIONS</b>	<b>\$ 9,141,060</b>	<b>\$ 27,450,790</b>	<b>\$ 14,837,853</b>	<b>\$ 234,543</b>	<b>\$ 10,148,436</b>	<b>\$ 2,705,983</b>
<b>DEDUCTIONS</b>						
Redemptions	\$ 3,488,429	\$ 14,382,984	\$ 3,897,402	\$ —	\$ 5,142,172	\$ 2,343,903
Expenses:						
Plan manager fee	101,562	393,468	101,948	7,200	125,199	39,118
Total expenses	101,562	393,468	101,948	7,200	125,199	39,118
Net unrealized depreciation on underlying fund shares	—	—	—	—	—	178,894
Net realized loss on investments in underlying fund shares	21,114	—	5,170	198	42,546	11,589
<b>TOTAL DEDUCTIONS</b>	<b>\$ 3,611,105</b>	<b>\$ 14,776,452</b>	<b>\$ 4,004,520</b>	<b>\$ 7,398</b>	<b>\$ 5,309,917</b>	<b>\$ 2,573,504</b>
<b>NET POSITION</b>						
Net increase in fiduciary net position	5,529,955	12,674,338	10,833,333	227,145	4,838,519	132,479
Beginning of year	27,237,567	109,933,005	24,772,412	1,997,981	34,666,219	11,496,344
End of year	\$ 32,767,522	\$ 122,607,343	\$ 35,605,745	\$ 2,225,126	\$ 39,504,738	\$ 11,628,823



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<b>Guaranteed Option</b>	<b>Total</b>
\$ 20,569,846	\$ 51,191,043
1,005,083	1,005,083
—	4,320,662
—	1,276,404
—	27,191,783
—	1,108,619
1,005,083	34,902,551
\$ 21,574,929	\$ 86,093,594

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\$ 20,370,003	\$ 49,624,893
—	768,495
—	768,495
—	178,894
—	80,617
\$ 20,370,003	\$ 50,652,899

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1,204,926	35,440,695
68,960,885	279,064,413
\$ 70,165,811	\$ 314,505,108

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**OKLAHOMA COLLEGE SAVINGS PLAN – DIRECT PLAN**  
**FINANCIAL HIGHLIGHTS**  
**JUNE 30, 2017**

**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	\$ 15.46	\$ 14.56	\$ 13.80	\$ 12.78	\$ 11.71	\$ 10.58
Gain (loss) from investment operations:						
Net investment income <sup>(a)</sup>	0.30	0.29	0.28	0.23	0.19	0.14
Net realized and unrealized gain (loss) on investments	<u>1.56</u>	<u>1.17</u>	<u>0.86</u>	<u>0.56</u>	<u>0.24</u>	<u>(0.04)</u>
Total gain from investment operations	<u>1.86</u>	<u>1.46</u>	<u>1.14</u>	<u>0.79</u>	<u>0.43</u>	<u>0.10</u>
Net position value, end of year	<u>\$ 17.32</u>	<u>\$ 16.02</u>	<u>\$ 14.94</u>	<u>\$ 13.57</u>	<u>\$ 12.14</u>	<u>\$ 10.68</u>
 TOTAL RETURN	 <u>12.03%</u>	 <u>10.03%</u>	 <u>8.26%</u>	 <u>6.18%</u>	 <u>3.67%</u>	 <u>0.95%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$ 1,358	\$ 3,409	\$ 2,823	\$ 2,682	\$ 3,625	\$ 5,804
Ratio of expenses to average net position <sup>(b)</sup>	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Ratio of net investment income to average net position	1.81%	1.92%	1.93%	1.77%	1.60%	1.34%

(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**

	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	\$	22.21	\$	17.32	\$	17.76	\$	19.04	\$	18.28	\$	16.58
Gain from investment operations:												
Net investment income <sup>(a)</sup>		0.44		0.34		0.36		0.39		0.35		0.26
Net realized and unrealized gain on investments		<u>2.73</u>		<u>1.84</u>		<u>1.45</u>		<u>1.22</u>		<u>0.75</u>		<u>0.46</u>
Total gain from investment operations		<u>3.17</u>		<u>2.18</u>		<u>1.81</u>		<u>1.61</u>		<u>1.10</u>		<u>0.72</u>
Net position value, end of year	\$	<u>25.38</u>	\$	<u>19.50</u>	\$	<u>19.57</u>	\$	<u>20.65</u>	\$	<u>19.38</u>	\$	<u>17.30</u>
TOTAL RETURN		<u>14.27%</u>		<u>12.59%</u>		<u>10.19%</u>		<u>8.46%</u>		<u>6.02%</u>		<u>4.34%</u>
RATIOS AND SUPPLEMENTAL DATA												
Net position at end of period (in thousands)	\$	7,611	\$	27,847	\$	65,997	\$	83,459	\$	94,012	\$	100,360
Ratio of expenses to average net position <sup>(b)</sup>		0.34%		0.34%		0.34%		0.34%		0.34%		0.34%
Ratio of net investment income to average net position		1.87%		1.86%		1.94%		1.95%		1.87%		1.55%

(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, 2017**

**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
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR											
Net position value, beginning of year	\$	17.83	\$	15.94	\$	15.47	\$	14.56	\$	14.02	\$ 12.76
Gain from investment operations:											
Net investment income <sup>(a)</sup>		0.35		0.30		0.30		0.29		0.28	0.24
Net realized and unrealized gain on investments		<u>2.76</u>		<u>1.99</u>		<u>1.65</u>		<u>1.20</u>		<u>0.91</u>	<u>0.53</u>
Total gain from investment operations		<u>3.11</u>		<u>2.29</u>		<u>1.95</u>		<u>1.49</u>		<u>1.19</u>	<u>0.77</u>
Net position value, end of year	\$	<u>20.94</u>	\$	<u>18.23</u>	\$	<u>17.42</u>	\$	<u>16.05</u>	\$	<u>15.21</u>	\$ <u>13.53</u>
TOTAL RETURN		<u>17.44%</u>		<u>14.37%</u>		<u>12.61%</u>		<u>10.23%</u>		<u>8.49%</u>	<u>6.03%</u>
RATIOS AND SUPPLEMENTAL DATA											
Net position at end of period (in thousands)	\$	11,320	\$	26,115	\$	17,524	\$	13,124	\$	10,975	\$ 8,264
Ratio of expenses to average net position <sup>(b)</sup>		0.34%		0.34%		0.34%		0.34%		0.34%	0.34%
Ratio of net investment income to average net position		1.79%		1.77%		1.81%		1.90%		1.89%	1.80%

(a) Based on average units outstanding

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

### Risk-Based Investment Options

	<b>Diversified Equity Option</b>	<b>Global Equity Index Option</b>	<b>U.S. Equity Index Option</b>	<b>Balanced Option (SEED OK)</b>	<b>Balanced Option</b>	<b>Fixed Income Option</b>	<b>Guaranteed Option</b>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR							
Net position value, beginning of year	\$ 16.89	\$ 19.24	\$ 19.98	\$ 14.43	\$ 16.99	\$ 15.09	\$ 15.14
Gain (loss) from investment operations:							
Net investment income <sup>(a)</sup>	0.17	0.37	0.33	0.21	0.25	0.33	0.22
Net realized and unrealized gain (loss) on investments	3.00	2.97	3.29	1.43	1.72	(0.26)	—
Total gain from investment operations	3.17	3.34	3.62	1.64	1.97	0.07	0.22
Net position value, end of year	<u>\$ 20.06</u>	<u>\$ 22.58</u>	<u>\$ 23.60</u>	<u>\$ 16.07</u>	<u>\$ 18.96</u>	<u>\$ 15.16</u>	<u>\$ 15.36</u>
 TOTAL RETURN	 <u>18.77%</u>	 <u>17.36%</u>	 <u>18.12%</u>	 <u>11.37%</u>	 <u>11.60%</u>	 <u>0.46%</u>	 <u>1.45%</u>
RATIOS AND SUPPLEMENTAL DATA							
Net position at end of period (in thousands)	\$ 32,768	\$ 122,607	\$ 35,606	\$ 2,225	\$ 39,505	\$ 11,629	\$ 70,166
Ratio of expenses to average net position <sup>(b)</sup>	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	—%
Ratio of net investment income to average net position	0.93%	1.76%	1.51%	1.39%	1.41%	2.21%	1.48%

(a) Based on average units outstanding

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma College Savings Plan - Direct Plan (the "Direct Plan"), which comprise the statement of fiduciary net position as of June 30, 2017, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 6, 2017.

### **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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Direct Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pricewaterhouse Coopers LLP*

September 6, 2017