



## **Annual Report**

**June 30, 2020**



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**June 30, 2020**

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## **Report of Independent Auditors**

To the Board of Trustees of the Oklahoma College Savings Plan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Oklahoma College Savings Plan – Direct Plan, which comprise the statement of fiduciary net position as of June 30, 2020, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Oklahoma College Savings Plan – Direct Plan, as of June 30, 2020, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## ***Other Matters***

### ***Required supplementary information***

The accompanying management's discussion and analysis on pages 3 through 7 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other information***

Our audit was conducted for the purpose of forming an opinion on the Oklahoma College Savings Plan – Direct Plan's basic financial statements taken as a whole. The supplemental information on pages 20 through 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental 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 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 18, 2020 on our consideration of the Oklahoma College Savings Plan – Direct Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oklahoma College Savings Plan – Direct Plan's internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

Baltimore, Maryland  
September 18, 2020



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**  
**June 30, 2020**

As Plan Manager of the Oklahoma College Savings Plan – Direct Plan (the Direct Plan) offered by the state of Oklahoma, TIAA-CREF Tuition Financing, Inc. (TFI) offers this discussion and analysis of the Direct Plan's financial performance for the year ended June 30, 2020, with comparative information for the year ended June 30, 2019. Readers should consider the information presented in this section in conjunction with the Direct Plan's financial statements and notes to the financial statements (collectively, "the basic financial statements"). Readers may also find useful the supplementary information on pages 20 through 28, which provide information about the activities and balances attributable to each investment option offered to account owners.

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

**Financial Highlights**

The following table summarizes returns (net of fees) posted by each investment option during the years ended June 30, 2020 and 2019:

	Year Ended June 30, 2020	Year Ended June 30, 2019		Year Ended June 30, 2020	Year Ended June 30, 2019
<u>Conservative Managed Allocation Option</u>			<u>Moderate Managed Allocation Option</u>		
Age Band 0-3 Years	-1.42% <sup>(1)</sup>	6.55%	Age Band 0-3 Years	-2.91% <sup>(1)</sup>	6.70%
Age Band 4-7 Years	-0.85% <sup>(1)</sup>	6.57%	Age Band 4-7 Years	-1.70% <sup>(1)</sup>	6.72%
Age Band 8-11 Years	0.14% <sup>(1)</sup>	6.35%	Age Band 8-11 Years	-0.72% <sup>(1)</sup>	6.57%
Age Band 12-14 Years	0.68% <sup>(1)</sup>	5.53%	Age Band 12-14 Years	-0.09% <sup>(1)</sup>	6.38%
Age Band 15-17 Years	1.28% <sup>(1)</sup>	3.94%	Age Band 15-17 Years	0.65% <sup>(1)</sup>	5.37%
Age Band 18 Years and Over	2.24% <sup>(1)</sup>	2.88%	Age Band 18 Years and Over	0.93% <sup>(1)</sup>	4.04%

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

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**  
**June 30, 2020**

**Financial Highlights (Continued)**

	Year Ended June 30, 2020	Year Ended June 30, 2019		Year Ended June 30, 2020	Year Ended June 30, 2019
<u>Aggressive Managed Allocation Option</u>			<u>Enrollment Year Investment Options</u>		
Age Band 0-3 Years	-4.47% <sup>(1)</sup>	6.90%	2036/2037 Enrollment Option	6.20% <sup>(1)</sup>	N/A
Age Band 4-7 Years	-2.80% <sup>(1)</sup>	6.61%	2034/2035 Enrollment Option	6.10% <sup>(1)</sup>	N/A
Age Band 8-11 Years	-1.95% <sup>(1)</sup>	6.58%	2032/2033 Enrollment Option	5.90% <sup>(1)</sup>	N/A
Age Band 12-14 Years	-0.73% <sup>(1)</sup>	6.56%	2030/2031 Enrollment Option	5.50% <sup>(1)</sup>	N/A
Age Band 15-17 Years	0.14% <sup>(1)</sup>	6.43%	2028/2029 Enrollment Option	5.00% <sup>(1)</sup>	N/A
Age Band 18 Years and Over	0.68% <sup>(1)</sup>	5.55%	2026/2027 Enrollment Option	4.70% <sup>(1)</sup>	N/A
			2024/2025 Enrollment Option	4.30% <sup>(1)</sup>	N/A
<u>Risk-Based Investment Options</u>			2022/2023 Enrollment Option	3.80% <sup>(1)</sup>	N/A
Diversified Equity Option	-0.56%	2.56%	2020/2021 Enrollment Option	3.00% <sup>(1)</sup>	N/A
Global Equity Index Option	2.68%	6.91%	In School Option	2.00% <sup>(1)</sup>	N/A
U.S. Equity Index Option	6.17%	8.63%			
Balanced Option	1.87%	4.20%			
Fixed Income Option	6.49%	6.87%			
Guaranteed Option	1.95%	1.79%			

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

The Direct Plan received \$14.5 million and \$16.6 million in net subscriptions during the years ended June 30, 2020 and 2019, respectively.

During the year ended June 30, 2020, the Direct Plan earned \$31.4 million in net investment income, resulting from \$26.0 million in interest and dividends and a \$5.4 million net increase in the fair value of investments. During the year ended June 30, 2019, the Direct Plan earned \$51.2 million in net investment income, resulting from \$19.4 million in interest and dividends and a \$31.8 net increase in the fair value of investments.

Direct Plan fees during the years ended June 30, 2020 and 2019 totaled \$2.5 million and \$2.4 million, respectively. These fees are calculated on the average net position in each investment option and are paid to the Direct Plan Manager for performing administrative, marketing, and other services with respect to the respect to the Direct Plan.

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**  
**June 30, 2020**

**Overview of the Basic Financial Statements**

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

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

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

**Financial Analysis**

**Fiduciary Net Position**

The following are condensed Statements of Fiduciary Net Position as of June 30, 2020 and 2019:

	<u><b>June 30, 2020</b></u>	<u><b>June 30, 2019</b></u>
Total Assets	\$ 984,530,446	\$ 941,889,072
Total Liabilities	<u>865,529</u>	<u>1,586,909</u>
Fiduciary Net Position	<u><u>\$ 983,664,917</u></u>	<u><u>\$ 940,302,163</u></u>

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

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**  
**June 30, 2020**

**Financial Analysis (Continued)**

Fiduciary Net Position (Continued)

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

Changes in Fiduciary Net Position

The following are condensed Statements of Changes in Fiduciary Net Position for the years ended June 30, 2020 and 2019:

	<b>Year Ended June 30, 2020</b>	<b>Year Ended June 30, 2019</b>
<b>Additions</b>		
Subscriptions <sup>(1)</sup>	\$ 294,695,461	\$ 299,233,930
Net investment income	31,393,791	51,236,866
<b>Total Additions</b>	<u>326,089,252</u>	<u>350,470,796</u>
<b>Deductions</b>		
Redemptions <sup>(2)</sup>	(280,183,461)	(282,662,352)
Direct Plan Manager fee	(2,543,037)	(2,427,752)
<b>Total Deductions</b>	<u>(282,726,498)</u>	<u>(285,090,104)</u>
<b>Increase in Net Position</b>	43,362,754	65,380,692
<b>Fiduciary Net Position - Beginning of Year</b>	940,302,163	874,921,471
<b>Fiduciary Net Position - End of Year</b>	<u><u>\$ 983,664,917</u></u>	<u><u>\$ 940,302,163</u></u>

<sup>(1)</sup> Subscriptions include contributions and exchanges between investment options.

<sup>(2)</sup> Redemptions include withdrawals and exchanges between investment options.

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**  
**June 30, 2020**

**Recent Developments**

Direct Plan Manager Fee Reduction

Effective February 18, 2020, the Direct Plan Manager fee was reduced for each investment option (with the exception of the Guaranteed Option, which is not assessed the Direct Plan Manager fee) from 0.30% to 0.25% of average daily net position.

COVID-19 Impact

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

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



**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2020**

**ASSETS**

Investments	\$ 983,844,862
Cash	619,192
Receivables from securities sold	66,392
<b>Total Assets</b>	<u>984,530,446</u>

**LIABILITIES**

Accrued Direct Plan Manager fee	183,551
Payables for securities purchased	132,986
Withdrawals payable	548,992
<b>Total Liabilities</b>	<u>865,529</u>

**NET POSITION HELD IN TRUST FOR  
 ACCOUNT OWNERS AND BENEFICIARIES**

\$ 983,664,917

See accompanying notes to financial statements.



**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2020**

**ADDITIONS**

Subscriptions	\$ 294,695,461
Investment income:	
Interest	3,539,004
Dividends	22,410,355
Net increase in the fair value of investments	5,444,432
Total net investment income	<u>31,393,791</u>
<b>Total Additions</b>	<u>326,089,252</u>

**DEDUCTIONS**

Redemptions	280,183,461
Direct Plan Manager fee	2,543,037
<b>Total Deductions</b>	<u>282,726,498</u>

**CHANGES IN NET POSITION**

43,362,754

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

940,302,163

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

\$ 983,664,917

See accompanying notes to financial statements.



## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

### ***NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS***

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

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

Account owners may invest their contributions in one or more investment options. The Direct Plan offers six Risk-Based Investment Options which allow account owners to choose their own strategy based on their risk tolerance and time horizon. Prior to May 8, 2020, the Direct Plan offered a Conservative Managed Allocation Option, Moderate Managed Allocation Option, and Aggressive Managed Allocation Option (collectively, the "Managed Allocation Options"), all of which allowed account owners to invest in a predetermined asset allocation strategy that became progressively more conservative as the beneficiary aged. Effective May 8, 2020, assets in the Managed Allocation Options were transitioned to one of ten Enrollment Year Investment Options based on the anticipated year of enrollment of the beneficiary in an eligible educational institution. The Enrollment Year Investment Options seek to match their respective risk levels to investment time horizons with asset allocations becoming increasingly more conservative as the beneficiary enrollment year approaches. The investment options, along with underlying asset allocations and fees, as approved by the Board, are described in the current Oklahoma College Savings Plan – Direct Plan Description and Participant Agreement (the Direct Plan Description).



## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

### ***NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS (Continued)***

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

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

### ***NOTE 2: SIGNIFICANT ACCOUNTING POLICIES***

#### **(a) Basis of Accounting**

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

#### **(b) Investment Valuation**

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

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



## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(b) Investment Valuation (Continued)**

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

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

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

#### **(c) Investment Transactions**

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

#### **(d) Cash**

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

#### **(e) Subscriptions**

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



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

***NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)***

**(f) Redemptions**

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

**(g) Income Taxes**

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

**(h) Unit Value**

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

**(i) Guarantees and Indemnifications**

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



## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 3: INVESTMENTS

#### (a) Investments by Type

At June 30, 2020, the Direct Plan's investments consist of the following:

	Units	Cost	Value
Mutual Funds (at fair value):			
TIAA-CREF Equity Index Fund	14,002,210	\$ 295,741,023	\$ 315,469,781
TIAA-CREF International Equity Index Fund	5,664,820	93,016,005	101,117,042
TIAA-CREF Emerging Markets Equity Index Fund	1,944,690	18,474,411	20,302,566
TIAA-CREF Real Estate Securities Fund	1,966,796	30,061,589	31,527,742
TIAA-CREF Bond Index Fund	12,311,808	141,869,920	143,555,680
TIAA-CREF Inflation-Linked Bond Fund	3,687,454	43,407,434	43,991,324
TIAA-CREF High-Yield Fund	3,630,422	31,456,216	32,492,277
TIAA-CREF Short-Term Bond Index Fund	3,899,867	39,661,961	39,739,641
TIAA-CREF Growth & Income Fund	2,066,216	27,369,658	29,092,321
TIAA-CREF Mid-Cap Growth Fund	94,386	1,911,314	2,101,973
TIAA-CREF Mid-Cap Value Fund	145,830	1,914,698	1,996,415
TIAA-CREF Small-Cap Equity Fund	251,723	3,183,407	3,446,089
TIAA-CREF Emerging Markets Equity Fund	1,268,704	12,547,402	14,019,179
Total Mutual Funds		<u>740,615,038</u>	<u>778,852,030</u>
Funding Agreements (at cost):			
TIAA-CREF Life Funding Agreements	N/A	204,992,832	204,992,832
Total Investments		<u>\$ 945,607,870</u>	<u>\$ 983,844,862</u>

#### (b) Funding Agreements

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

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



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 3: INVESTMENTS (Continued)**

**(b) Funding Agreements (Continued)**

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

The crediting rate on the funding agreements from July 1, 2019 through June 30, 2020 is 1.95%.

**(c) Investment Risk**

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

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

Investment Policy

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

Custodial Credit Risk

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



## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 3: INVESTMENTS (Continued)

#### (c) Investment Risk (Continued)

##### Credit Risk

Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The mutual funds investing primarily in fixed income securities are subject to credit risk. The mutual funds in which the Direct Plan invests are not rated by a nationally recognized statistical rating organization. The funding agreements are a guaranteed insurance product issued by TIAA Life. While the funding agreements themselves are not rated by a nationally recognized statistical rating organization, TIAA Life has a Standard & Poor's credit rating of AA+ at June 30, 2020.

##### Interest Rate Risk

Interest rate risk represents the risk that changes in interest rates will adversely affect the fair value of an investment. Mutual funds that invest in fixed income securities indirectly expose the Direct Plan to interest rate risk. As of June 30, 2020, the fair values and the weighted average maturities for the bond funds in which the Direct Plan invests are as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
TIAA-CREF Bond Index Fund	\$ 143,555,680	8.2 years
TIAA-CREF Inflation-Linked Bond Fund	\$ 43,991,324	5.3 years
TIAA-CREF High-Yield Fund	\$ 32,492,277	6.2 years
TIAA-CREF Short-Term Bond Index Fund	\$ 39,739,641	2.0 years

##### Foreign Currency Risk

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

At June 30, 2020, the fair value of investments in mutual funds that invest significantly in foreign securities are as follows:

	<u>Fair Value</u>
TIAA-CREF International Equity Index Fund	\$ 101,117,042
TIAA-CREF Emerging Markets Equity Index Fund	\$ 20,302,566
TIAA-CREF Emerging Markets Equity Fund	\$ 14,019,179



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 4: SUBSCRIPTIONS AND REDEMPTIONS**

As explained in Note 2(e) and Note 2(f), subscriptions and redemptions include contributions to the Direct Plan and withdrawals from the Direct Plan as directed by account owners, respectively, as well as exchanges between investment options and transfers between one beneficiary to another or from one account owner to another that result in a reinvestment of assets. Total subscriptions and redemptions during the year ended June 30, 2020 are as follows:

Contributions	\$ 110,001,739
Exchanges and transfers in	<u>184,693,722</u>
Total subscriptions	<u><u>\$ 294,695,461</u></u>
Withdrawals	\$ 95,489,739
Exchanges and transfers out	<u>184,693,722</u>
Total redemptions	<u><u>\$ 280,183,461</u></u>

**NOTE 5: DIRECT PLAN FEES AND UNDERLYING FUND EXPENSES**

**(a) Direct Plan Fees**

Each investment option (with the exception of the Guaranteed Option, which is not charged a fee) pays a fee to the Direct Plan Manager as compensation for performing duties specified in the management agreement. Through February 18, 2020, the Direct Plan Manager fee was 0.30% of the average daily net position held in each investment option. Effective February 18, 2020, the Direct Plan Manager fee was reduced to 0.25%.

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

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

**(b) Underlying Fund Expenses**

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



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

***NOTE 6: UNCERTAINTIES***

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

### **Supplementary Information**

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



**STATEMENTS OF FIDUCIARY NET POSITION**  
**June 30, 2020**

	Enrollment Year Investment Options				
	2036/2037 Enrollment Option	2034/2035 Enrollment Option	2032/2033 Enrollment Option	2030/2031 Enrollment Option	2028/2029 Enrollment Option
<b>ASSETS</b>					
Investments	\$ 8,152,840	\$ 17,900,654	\$ 29,528,225	\$ 40,138,814	\$ 52,888,698
Cash (cash overdraft)	11,322	1,769	19,976	37,552	16,321
Receivables from securities sold	6,801	-	-	-	-
<b>Total Assets</b>	<b>8,170,963</b>	<b>17,902,423</b>	<b>29,548,201</b>	<b>40,176,366</b>	<b>52,905,019</b>
<b>LIABILITIES</b>					
Accrued Direct Plan Manager fee	1,650	3,650	5,995	8,214	10,857
Payables for securities purchased	-	8,334	3,907	6,626	6,355
Withdrawals payable	15,000	50	3,146	12,891	941
<b>Total Liabilities</b>	<b>16,650</b>	<b>12,034</b>	<b>13,048</b>	<b>27,731</b>	<b>18,153</b>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b>	<b>\$ 8,154,313</b>	<b>\$ 17,890,389</b>	<b>\$ 29,535,153</b>	<b>\$ 40,148,635</b>	<b>\$ 52,886,866</b>
<b>UNITS OUTSTANDING <sup>(1)</sup></b>	<b>767,826</b>	<b>1,686,182</b>	<b>2,788,966</b>	<b>3,805,558</b>	<b>5,036,844</b>
<b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>	<b>\$ 10.62</b>	<b>\$ 10.61</b>	<b>\$ 10.59</b>	<b>\$ 10.55</b>	<b>\$ 10.50</b>

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

*(Continued)*

See Independent Auditor's Report.



**STATEMENTS OF FIDUCIARY NET POSITION**  
**June 30, 2020**

	Enrollment Year Investment Options				
	2026/2027 Enrollment Option	2024/2025 Enrollment Option	2022/2023 Enrollment Option	2020/2021 Enrollment Option	In School Option
<b>ASSETS</b>					
Investments	\$ 56,245,487	\$ 68,787,790	\$ 81,608,786	\$ 94,368,087	\$ 159,193,205
Cash (cash overdraft)	20,955	(3,725)	(29)	47,565	188,821
Receivables from securities sold	4,175	29,926	16,808	-	-
<b>Total Assets</b>	<u>56,270,617</u>	<u>68,813,991</u>	<u>81,625,565</u>	<u>94,415,652</u>	<u>159,382,026</u>
<b>LIABILITIES</b>					
Accrued Direct Plan Manager fee	11,447	14,081	16,641	19,336	32,663
Payables for securities purchased	-	-	-	35,898	7,831
Withdrawals payable	10,545	38,189	31,633	17,802	190,527
<b>Total Liabilities</b>	<u>21,992</u>	<u>52,270</u>	<u>48,274</u>	<u>73,036</u>	<u>231,021</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b>	<u>\$ 56,248,625</u>	<u>\$ 68,761,721</u>	<u>\$ 81,577,291</u>	<u>\$ 94,342,616</u>	<u>\$ 159,151,005</u>
<b>UNITS OUTSTANDING <sup>(1)</sup></b>	<u>5,372,361</u>	<u>6,592,687</u>	<u>7,859,084</u>	<u>9,159,477</u>	<u>15,603,040</u>
<b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>	<u>\$ 10.47</u>	<u>\$ 10.43</u>	<u>\$ 10.38</u>	<u>\$ 10.30</u>	<u>\$ 10.20</u>

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

See Independent Auditor's Report.



**STATEMENTS OF FIDUCIARY NET POSITION**  
**June 30, 2020**

	Risk-Based Investment Options						
	U.S. Equity Index Option	Global Equity Index Option	Diversified Equity Index Option	Balanced Option	Fixed Income Option	Guaranteed Option	Plan Total
<b>ASSETS</b>							
Investments	\$ 68,767,465	\$ 118,983,198	\$ 38,816,628	\$ 47,353,336	\$ 14,896,923	\$ 86,214,726	\$ 983,844,862
Cash (cash overdraft)	60,634	51,923	13,239	7,205	(1,068)	146,732	619,192
Receivables from securities sold	-	-	-	8,682	-	-	66,392
<b>Total Assets</b>	<u>68,828,099</u>	<u>119,035,121</u>	<u>38,829,867</u>	<u>47,369,223</u>	<u>14,895,855</u>	<u>86,361,458</u>	<u>984,530,446</u>
<b>LIABILITIES</b>							
Accrued Direct Plan Manager fee	14,061	24,453	7,952	9,648	2,903	-	183,551
Payables for securities purchased	30,799	4,737	4,559	-	300	23,640	132,986
Withdrawals payable	37,889	46,351	1,326	18,842	773	123,087	548,992
<b>Total Liabilities</b>	<u>82,749</u>	<u>75,541</u>	<u>13,837</u>	<u>28,490</u>	<u>3,976</u>	<u>146,727</u>	<u>865,529</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b>	<u>\$ 68,745,350</u>	<u>\$ 118,959,580</u>	<u>\$ 38,816,030</u>	<u>\$ 47,340,733</u>	<u>\$ 14,891,879</u>	<u>\$ 86,214,731</u>	<u>\$ 983,664,917</u>
<b>UNITS OUTSTANDING <sup>(1)</sup></b>	<u>2,207,622</u>	<u>4,305,450</u>	<u>1,679,620</u>	<u>2,177,587</u>	<u>864,801</u>	<u>5,321,897</u>	
<b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>	<u>\$ 31.14</u>	<u>\$ 27.63</u>	<u>\$ 23.11</u>	<u>\$ 21.74</u>	<u>\$ 17.22</u>	<u>\$ 16.20</u>	

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

See Independent Auditor's Report.



**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**June 30, 2020**

	Enrollment Year Investment Options				
	2036/2037 Enrollment Option	2034/2035 Enrollment Option	2032/2033 Enrollment Option	2030/2031 Enrollment Option	2028/2029 Enrollment Option
<b>ADDITIONS</b>					
Subscriptions	\$ 744,174	\$ 763,973	\$ 962,759	\$ 872,308	\$ 1,058,996
Net investment income (loss)	458,908	1,027,725	1,616,330	2,089,154	2,533,802
Total Additions	<u>1,203,082</u>	<u>1,791,698</u>	<u>2,579,089</u>	<u>2,961,462</u>	<u>3,592,798</u>
<b>DEDUCTIONS</b>					
Redemptions	139,305	413,612	372,130	558,027	828,720
Direct Plan Manager fee	2,789	6,262	10,306	14,182	18,785
Total Deductions	<u>142,094</u>	<u>419,874</u>	<u>382,436</u>	<u>572,209</u>	<u>847,505</u>
<b>INVESTMENT OPTION CONVERSION IN (OUT)</b>	<u>7,093,325</u>	<u>16,518,565</u>	<u>27,338,500</u>	<u>37,759,382</u>	<u>50,141,573</u>
<b>NET INCREASE (DECREASE)</b>	8,154,313	17,890,389	29,535,153	40,148,635	52,886,866
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<u><u>\$ 8,154,313</u></u>	<u><u>\$ 17,890,389</u></u>	<u><u>\$ 29,535,153</u></u>	<u><u>\$ 40,148,635</u></u>	<u><u>\$ 52,886,866</u></u>

*(Continued)*

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**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**June 30, 2020**

	Enrollment Year Investment Options				
	2026/2027 Enrollment Option	2024/2025 Enrollment Option	2022/2023 Enrollment Option	2020/2021 Enrollment Option	In School Option
<b>ADDITIONS</b>					
Subscriptions	\$ 1,438,960	\$ 1,851,958	\$ 1,800,163	\$ 1,271,772	\$ 2,255,173
Net investment income (loss)	2,501,492	2,861,697	3,016,221	2,795,584	3,208,351
Total Additions	3,940,452	4,713,655	4,816,384	4,067,356	5,463,524
<b>DEDUCTIONS</b>					
Redemptions	495,938	1,350,355	1,165,367	1,770,398	3,950,952
Direct Plan Manager fee	19,798	24,415	28,945	33,807	57,429
Total Deductions	515,736	1,374,770	1,194,312	1,804,205	4,008,381
<b>INVESTMENT OPTION CONVERSION IN (OUT)</b>	52,823,909	65,422,836	77,955,219	92,079,465	157,695,862
<b>NET INCREASE (DECREASE)</b>	56,248,625	68,761,721	81,577,291	94,342,616	159,151,005
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	-	-	-	-	-
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<u>\$ 56,248,625</u>	<u>\$ 68,761,721</u>	<u>\$ 81,577,291</u>	<u>\$ 94,342,616</u>	<u>\$ 159,151,005</u>

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**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
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	<b>Conservative Managed Allocation Option</b>					
	<b>Age Band 0-3 Years</b>	<b>Age Band 4-7 Years</b>	<b>Age Band 8-11 Years</b>	<b>Age Band 12-14 Years</b>	<b>Age Band 15-17 Years</b>	<b>Age Band 18 Years and Over</b>
<b>ADDITIONS</b>						
Subscriptions	\$ 979,084	\$ 1,791,169	\$ 2,850,662	\$ 2,136,538	\$ 4,789,309	\$ 5,475,134
Net investment income (loss)	(42,458)	(95,554)	35,945	31,385	97,733	230,738
Total Additions	<u>936,626</u>	<u>1,695,615</u>	<u>2,886,607</u>	<u>2,167,923</u>	<u>4,887,042</u>	<u>5,705,872</u>
<b>DEDUCTIONS</b>						
Redemptions	777,762	2,065,949	1,479,356	1,867,149	2,477,845	3,671,362
Direct Plan Manager fee	4,834	13,667	13,378	11,930	18,783	23,036
Total Deductions	<u>782,596</u>	<u>2,079,616</u>	<u>1,492,734</u>	<u>1,879,079</u>	<u>2,496,628</u>	<u>3,694,398</u>
<b>INVESTMENT OPTION CONVERSION IN (OUT)</b>	<u>(1,938,193)</u>	<u>(4,865,266)</u>	<u>(6,027,858)</u>	<u>(4,608,190)</u>	<u>(8,470,712)</u>	<u>(10,454,005)</u>
<b>NET INCREASE (DECREASE)</b>	<u>(1,784,163)</u>	<u>(5,249,267)</u>	<u>(4,633,985)</u>	<u>(4,319,346)</u>	<u>(6,080,298)</u>	<u>(8,442,531)</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	<u>1,784,163</u>	<u>5,249,267</u>	<u>4,633,985</u>	<u>4,319,346</u>	<u>6,080,298</u>	<u>8,442,531</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.



**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**June 30, 2020**

	Moderate Managed Allocation Option					
	Age Band 0-3 Years	Age Band 4-7 Years	Age Band 8-11 Years	Age Band 12-14 Years	Age Band 15-17 Years	Age Band 18 Years and Over
<b>ADDITIONS</b>						
Subscriptions	\$ 3,988,129	\$ 7,420,740	\$ 13,777,310	\$ 22,143,884	\$ 30,330,356	\$ 40,051,870
Net investment income (loss)	(470,236)	(523,173)	(388,104)	(207,866)	756,293	1,913,345
Total Additions	<u>3,517,893</u>	<u>6,897,567</u>	<u>13,389,206</u>	<u>21,936,018</u>	<u>31,086,649</u>	<u>41,965,215</u>
<b>DEDUCTIONS</b>						
Redemptions	3,310,326	8,351,579	18,280,298	25,175,453	35,343,032	40,691,008
Direct Plan Manager fee	22,445	66,404	152,836	206,228	274,865	312,890
Total Deductions	<u>3,332,771</u>	<u>8,417,983</u>	<u>18,433,134</u>	<u>25,381,681</u>	<u>35,617,897</u>	<u>41,003,898</u>
<b>INVESTMENT OPTION CONVERSION IN (OUT)</b>	<u>(8,479,216)</u>	<u>(24,677,822)</u>	<u>(56,416,561)</u>	<u>(76,518,295)</u>	<u>(103,300,331)</u>	<u>(125,547,429)</u>
<b>NET INCREASE (DECREASE)</b>	(8,294,094)	(26,198,238)	(61,460,489)	(79,963,958)	(107,831,579)	(124,586,112)
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	<u>8,294,094</u>	<u>26,198,238</u>	<u>61,460,489</u>	<u>79,963,958</u>	<u>107,831,579</u>	<u>124,586,112</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**June 30, 2020**

	<b>Aggressive Managed Allocation Option</b>					
	<b>Age Band 0-3 Years</b>	<b>Age Band 4-7 Years</b>	<b>Age Band 8-11 Years</b>	<b>Age Band 12-14 Years</b>	<b>Age Band 15-17 Years</b>	<b>Age Band 18 Years and Over</b>
<b>ADDITIONS</b>						
Subscriptions	\$ 7,221,238	\$ 11,834,369	\$ 14,499,018	\$ 8,819,841	\$ 7,702,601	\$ 6,874,733
Net investment income (loss)	(1,016,270)	(1,121,416)	(720,141)	(203,745)	28,817	205,642
Total Additions	<u>6,204,968</u>	<u>10,712,953</u>	<u>13,778,877</u>	<u>8,616,096</u>	<u>7,731,418</u>	<u>7,080,375</u>
<b>DEDUCTIONS</b>						
Redemptions	5,671,731	9,907,536	6,846,040	5,433,933	5,405,021	5,609,225
Direct Plan Manager fee	37,606	95,312	99,969	56,658	48,899	40,866
Total Deductions	<u>5,709,337</u>	<u>10,002,848</u>	<u>6,946,009</u>	<u>5,490,591</u>	<u>5,453,920</u>	<u>5,650,091</u>
<b>INVESTMENT OPTION CONVERSION IN (OUT)</b>	<u>(14,504,779)</u>	<u>(36,831,097)</u>	<u>(41,880,158)</u>	<u>(23,412,867)</u>	<u>(19,855,430)</u>	<u>(17,040,427)</u>
<b>NET INCREASE (DECREASE)</b>	<u>(14,009,148)</u>	<u>(36,120,992)</u>	<u>(35,047,290)</u>	<u>(20,287,362)</u>	<u>(17,577,932)</u>	<u>(15,610,143)</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	<u>14,009,148</u>	<u>36,120,992</u>	<u>35,047,290</u>	<u>20,287,362</u>	<u>17,577,932</u>	<u>15,610,143</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**June 30, 2020**

	Risk-Based Investment Options						
	U.S. Equity Index Option	Global Equity Index Option	Diversified Equity Index Option	Balanced Option	Fixed Income Option	Guaranteed Option	Plan Total
<b>ADDITIONS</b>							
Subscriptions	\$ 19,285,930	\$ 11,142,946	\$ 5,979,967	\$ 7,815,814	\$ 7,786,091	\$ 36,978,492	\$ 294,695,461
Net investment income (loss)	3,888,237	3,531,312	(105,324)	977,874	857,243	1,624,250	31,393,791
Total Additions	23,174,167	14,674,258	5,874,643	8,793,688	8,643,334	38,602,742	326,089,252
<b>DEDUCTIONS</b>							
Redemptions	12,721,701	23,929,049	6,451,429	7,599,649	5,515,742	30,556,482	280,183,461
Direct Plan Manager fee	179,725	360,284	113,335	134,848	37,521	-	2,543,037
Total Deductions	12,901,426	24,289,333	6,564,764	7,734,497	5,553,263	30,556,482	282,726,498
<b>INVESTMENT OPTION CONVERSION IN (OUT)</b>	-	-	-	-	-	-	-
<b>NET INCREASE (DECREASE)</b>	10,272,741	(9,615,075)	(690,121)	1,059,191	3,090,071	8,046,260	43,362,754
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	58,472,609	128,574,655	39,506,151	46,281,542	11,801,808	78,168,471	940,302,163
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<u>\$ 68,745,350</u>	<u>\$ 118,959,580</u>	<u>\$ 38,816,030</u>	<u>\$ 47,340,733</u>	<u>\$ 14,891,879</u>	<u>\$ 86,214,731</u>	<u>\$ 983,664,917</u>

See Independent Auditor's Report.



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

To the Board of Trustees of the Oklahoma College Savings Plan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Oklahoma College Savings Plan - Direct Plan, which comprise the statement of fiduciary net position as of June 30, 2020, 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 18, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Oklahoma College Savings Plan - Direct Plan's internal control over financial reporting ("internal control") 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 Oklahoma College Savings Plan - Direct Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oklahoma College Savings Plan - Direct Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Oklahoma College Savings Plan - Direct Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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.

*PricewaterhouseCoopers LLP*

Baltimore, Maryland  
September 18, 2020