

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**

**Consolidated Financial Statements and
Supplemental Schedule
For the Years Ended August 31, 2021 and 2020
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**
Consolidated Financial Statements and Supplemental Schedule
For the Years Ended August 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees and Senior Management of
W. K. Kellogg Foundation and
W. K. Kellogg Foundation Trust

We have audited the accompanying consolidated financial statements of W. K. Kellogg Foundation (the Foundation) and W. K. Kellogg Foundation Trust (the Trust), which comprise the consolidated statements of financial position as of August 31, 2021 and 2020, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

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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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation and the Trust as of August 31, 2021 and 2020, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of gifts and receipts from inception through August 31, 2021, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the consolidated financial statements as a whole.

Mitchell Titus, LLP

December 8, 2021

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**
Consolidated Statements of Financial Position
As of August 31, 2021 and 2020

	2021			2020		
	Consolidated	W. K. Kellogg Foundation	W. K. Kellogg Foundation Trust	Consolidated	W. K. Kellogg Foundation	W. K. Kellogg Foundation Trust
ASSETS						
Cash and cash equivalents	\$ 275,050,728	\$ 68,048,661	\$ 207,002,067	\$ 169,272,394	\$ 32,300,263	\$ 136,972,131
Kellogg Company common stock	3,733,584,251	-	3,733,584,251	4,334,858,633	-	4,334,858,633
Diversified investments	4,572,038,752	201,411,568	4,370,627,184	3,563,001,952	168,360,407	3,394,641,545
Mission-driven investments	93,747,457	93,747,457	-	76,107,650	76,107,650	-
Program-related investments	37,711,709	37,711,709	-	36,085,639	36,085,639	-
Accrued interest and dividends	35,583,004	270,245	35,312,759	36,053,674	329,983	35,723,691
Property and equipment	49,556,039	49,556,039	-	49,201,529	49,201,529	-
Other assets**	1,472,755	2,254,425	564,883	1,608,597	1,187,601	420,996
Grant receivable - Social Bond*	-	150,000,000	-	-	-	-
Interest in irrevocable trusts	28,135,157	28,135,157	-	22,423,540	22,423,540	-
Total assets	\$ 8,826,879,852	\$ 631,135,261	\$ 8,347,091,144	\$ 8,288,613,608	\$ 385,996,612	\$ 7,902,616,996
LIABILITIES AND NET ASSETS						
<i>Liabilities</i>						
Accounts payable	\$ 1,312,279	\$ 1,312,279	\$ -	\$ 703,429	\$ 703,429	\$ -
Accrued liabilities**	5,508,250	5,508,250	1,346,553	7,378,011	6,264,645	1,113,366
Grant commitments payable	272,925,004	272,925,004	-	177,676,946	177,676,946	-
Grant commitments payable - Social Bond*	-	-	150,000,000	-	-	-
Long-term debt - Social Bond	300,000,000	-	300,000,000	-	-	-
Social Bonds accrued interest expense	3,053,750	-	3,053,750	-	-	-
Deferred federal excise tax liability	72,047,822	1,446,810	70,601,012	98,457,201	1,005,159	97,452,042
Postretirement liability	90,102,739	90,102,739	-	97,628,085	97,628,085	-
Total liabilities	744,949,844	371,295,082	525,001,315	381,843,672	283,278,264	98,565,408
<i>Net assets</i>						
Without donor restrictions	231,705,022	231,705,022	-	80,294,808	80,294,808	-
With donor restrictions	7,850,224,986	28,135,157	7,822,089,829	7,826,475,128	22,423,540	7,804,051,588
Total net assets	8,081,930,008	259,840,179	7,822,089,829	7,906,769,936	102,718,348	7,804,051,588
Total liabilities and net assets	\$ 8,826,879,852	\$ 631,135,261	\$ 8,347,091,144	\$ 8,288,613,608	\$ 385,996,612	\$ 7,902,616,996

*Intercompany grant receivable - Social Bond and intercompany grant commitments payable - Social Bond of \$150,000,000 are eliminated in the consolidated total at August 31, 2021.

**An intercompany receivable reported within other assets and an accrued liability of \$1,346,553 are eliminated in the consolidated totals at August 31, 2021.

The accompanying notes are an integral part of these consolidated financial statements.

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**
Consolidated Statements of Activities
For the Years Ended August 31, 2021 and 2020

	2021			2020		
	Consolidated	W. K. Kellogg Foundation	W. K. Kellogg Foundation Trust	Consolidated	W. K. Kellogg Foundation	W. K. Kellogg Foundation Trust
REVENUE AND GAINS (LOSSES)						
Contributions from W. K. Kellogg Foundation Trust*	\$ -	\$ 358,000,000	\$ -	\$ -	\$ 356,000,000	\$ -
Contributions from W. K. Kellogg Foundation Trust - Social Bond**	-	300,000,000	-	-	-	-
Contributions from irrevocable trusts	240,016	240,016	-	300,719	300,719	-
Total contributions	240,016	658,240,016	-	300,719	356,300,719	-
Interest and dividends	130,514,099	3,133,040	127,381,059	133,902,802	3,541,423	130,361,379
Net realized gains (losses) on investments, net of costs of earning income	335,864,695	6,413,497	329,451,198	343,502,538	(7,856,562)	351,359,100
Change in unrealized gains (losses) on investments and change in value in interest in irrevocable trusts	266,145,859	59,044,703	207,101,156	375,098,737	10,756,318	364,342,419
Net investment income (loss)	732,524,653	68,591,240	663,933,413	852,504,077	6,441,179	846,062,898
Total revenue and gains (losses)	732,764,669	726,831,256	663,933,413	852,804,796	362,741,898	846,062,898
EXPENSES						
Distributions to the W. K. Kellogg Foundation*	-	-	358,000,000	-	-	356,000,000
Grant to the W.K. Kellogg Foundation - Social Bond**	-	-	300,000,000	-	-	-
Grants	496,959,820	496,959,820	-	249,705,429	249,705,429	-
Debt issuance costs - Social Bond	2,743,383	-	2,743,383	-	-	-
Interest expense - Social Bond	6,290,725	-	6,290,725	-	-	-
Program expenses	49,608,095	49,608,095	-	45,760,249	45,760,249	-
Supporting expenses	28,829,097	28,829,097	-	28,634,983	28,634,983	-
Federal excise tax provision (benefit)	(20,458,387)	680,549	(21,138,936)	13,032,496	169,579	12,862,917
Total expenses	563,972,733	576,077,561	645,895,172	337,133,157	324,270,240	368,862,917
Other components of net periodic benefit cost	(3,069,655)	(3,069,655)	-	(4,352,419)	(4,352,419)	-
Accumulated postretirement benefit gain	9,437,791	9,437,791	-	5,569,503	5,569,503	-
Total increase (decrease) in net assets	175,160,072	157,121,831	18,038,241	516,888,723	39,688,742	477,199,981
Net assets, at beginning of year	7,906,769,936	102,718,348	7,804,051,588	7,389,881,213	63,029,606	7,326,851,607
Net assets, at end of year	\$ 8,081,930,008	\$ 259,840,179	\$ 7,822,089,829	\$ 7,906,769,936	\$ 102,718,348	\$ 7,804,051,588
CHANGES IN NET ASSETS BY CATEGORY						
Increase in net assets without restrictions	\$ 151,410,214	\$ 151,410,214	\$ -	\$ 37,668,416	\$ 37,668,416	\$ -
Increase in net assets with donor restrictions	23,749,858	5,711,617	18,038,241	479,220,307	2,020,326	477,199,981
Total increase in net assets	\$ 175,160,072	\$ 157,121,831	\$ 18,038,241	\$ 516,888,723	\$ 39,688,742	\$ 477,199,981

*Intercompany contributions and distributions of \$358,000,000 and \$356,000,000 for the years ended August 31, 2021 and 2020, respectively, have been eliminated in the consolidated totals.

**Intercompany contribution and grant expense - Social Bond of \$300,000,000 is eliminated in the consolidated total for the period ended August 31, 2021.

The accompanying notes are an integral part of these consolidated financial statements.

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**
Consolidated Statements of Cash Flows
For the Years Ended August 31, 2021 and 2020

	2021			2020		
	Consolidated	W. K. Kellogg Foundation	W. K. Kellogg Foundation Trust	Consolidated	W. K. Kellogg Foundation	W. K. Kellogg Foundation Trust
CASH FLOWS FROM OPERATING ACTIVITIES						
Increase (decrease) in net assets	\$ 175,160,072	\$ 157,121,831	\$ 18,038,241	\$ 516,888,723	\$ 39,688,742	\$ 477,199,981
<i>Adjustments to reconcile changes in net assets to cash flows used in operating activities</i>						
Depreciation	3,492,335	3,492,335	-	2,986,136	2,986,136	-
Net realized (gains) losses on long-term investments	(356,824,995)	(7,965,100)	(348,859,895)	(361,200,136)	6,103,540	(367,303,676)
Change in net unrealized (gains) losses on investments and change in value in interest in irrevocable trusts	(266,493,655)	(59,392,499)	(207,101,156)	(375,446,534)	(11,104,115)	(364,342,419)
Adjustment for inherent contribution - program-related loans receivable and related amortization and unrealized loss	88,962	88,962	-	(1,064,625)	(1,064,625)	-
Provision (benefit) for deferred excise tax	(26,409,379)	441,651	(26,851,030)	7,512,752	196,023	7,316,729
<i>Change in operating assets and liabilities</i>						
Accrued interest and dividends	470,670	59,738	410,932	2,114,830	80,379	2,034,451
Other assets	(1,210,711)	(1,066,824)	(143,887)	(220,726)	(247,705)	26,979
Grant receivable - Social Bond*	-	(150,000,000)	-	-	-	-
Accounts payable	608,850	608,850	-	85,561	85,561	-
Accrued liabilities	(523,208)	(756,395)	233,187	2,592,792	1,479,426	1,113,366
Grant commitments payable	95,248,058	95,248,058	-	(42,696,621)	(42,696,621)	-
Grant commitments payable - Social Bond*	-	-	150,000,000	-	-	-
Social Bonds accrued interest expense	3,053,750	-	3,053,750	-	-	-
Postretirement liability	(7,525,346)	(7,525,346)	-	(1,848,354)	(1,848,354)	-
Net cash (used in) provided by operating activities	<u>(380,864,597)</u>	<u>30,355,261</u>	<u>(411,219,858)</u>	<u>(250,296,202)</u>	<u>(6,341,613)</u>	<u>(243,954,589)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(1,384,664,421)	(12,997,144)	(1,371,667,277)	(1,371,112,841)	(21,581,328)	(1,349,531,513)
Proceeds from sale of investments	1,576,869,229	23,952,158	1,552,917,071	1,651,033,903	53,047,807	1,597,986,096
Proceeds from payments on loan receivables	1,042,318	1,042,318	-	961,432	961,432	-
Disbursements for program-related investments	(2,757,350)	(2,757,350)	-	(6,142,598)	(6,142,598)	-
Acquisition of fixed assets	(3,846,845)	(3,846,845)	-	(4,274,617)	(4,274,617)	-
Net cash provided by investing activities	<u>186,642,931</u>	<u>5,393,137</u>	<u>181,249,794</u>	<u>270,465,279</u>	<u>22,010,696</u>	<u>248,454,583</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from long-term debt - Social Bond	300,000,000	-	300,000,000	-	-	-
Net cash provided by financing activities	<u>300,000,000</u>	<u>-</u>	<u>300,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	105,778,334	35,748,398	70,029,936	20,169,077	15,669,083	4,499,994
Cash and cash equivalents, beginning of year	169,272,394	32,300,263	136,972,131	149,103,317	16,631,180	132,472,137
Cash and cash equivalents, end of year	<u>\$ 275,050,728</u>	<u>\$ 68,048,661</u>	<u>\$ 207,002,067</u>	<u>\$ 169,272,394</u>	<u>\$ 32,300,263</u>	<u>\$ 136,972,131</u>

*Changes in the intercompany grant receivable - Social Bond and intercompany grant commitments payable - Social Bond of \$150,000,000 are eliminated in the consolidated total at August 31, 2021.

The accompanying notes are an integral part of these consolidated financial statements.

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2021 and 2020

NOTE 1 NATURE OF BUSINESS

W.K. Kellogg Foundation (the Foundation) was established in 1930 as a Michigan nonprofit corporation functioning as a private grantmaking foundation. The W.K. Kellogg Foundation Trust (the Trust) was established in 1931 as a charitable trust under Michigan law and subsequently restated in 1934. Both entities were established by breakfast cereal innovator and entrepreneur Will Keith Kellogg for the purpose of improving the health, happiness and well-being of children. The Foundation is guided by the belief that all children should have an equal opportunity to thrive and has a goal to promote equitable outcomes for children of all races and ethnicities. To achieve this goal, it works with communities to create conditions for vulnerable children to realize their full potential in school, work, and life.

The Foundation is based in Battle Creek, Michigan, and works throughout the U.S. and internationally, as well as with sovereign tribes. Special emphasis is paid to priority places where there are high concentrations of poverty and where children face significant barriers to success. The Foundation's priority places are Michigan, Mississippi, New Mexico, and New Orleans in the U.S.; and internationally, in Mexico and Haiti.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements and accompanying notes have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP).

The Foundation and the Trust recognize contributions as revenue and expense, respectively, in the period received/made. Contributions, net assets, and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. Refer to Note 8—Net Assets With Donor Restrictions for additional information.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and the Trust, of which the Foundation is the sole beneficiary. The Foundation and the Trust have separate boards, with the majority of the Trust's board members in common with the Foundation and are under common management. All material intercompany transactions and account balances were eliminated in the consolidation of accounts.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid securities with original maturities of 90 days or less at the date of acquisition.

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2021 and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Program-Related Investments (PRIs)

The Foundation makes PRIs to other organizations in the U.S. and Latin America. PRIs are strategic investments, beyond grants, made by the Foundation for the primary objective of furthering the Foundation's charitable purpose. These investments are comprised primarily of loans and equity investments. The production of income is not the primary driver of a PRI. For the fiscal years ended August 31, 2021 and 2020, the Foundation entered into one and three new PRIs, respectively.

The Foundation's loan portfolio includes loans invested in not-for-profit and private sector entities. These investments enable partner organizations to support the Foundation's mission. The partners use community-led strategies to improve the health, happiness and well-being of children and ensure equitable outcomes for children of all races and ethnicities. Interest payments are due on the outstanding loan amounts generally at interest rates of 1%-2%. Repayment of the outstanding loan amounts is scheduled by the maturity dates, ranging from August 2021 to August 2032.

Loan PRIs consist of loans outstanding bearing a below-market interest rate. Loans are measured at fair value at inception to determine if a contribution element exists. Loans are recorded on a net basis, reflecting a discount on loan receivable (if a contribution element exists) or a reasonable loss reserve. The loss reserve is reviewed on an annual basis and adjusted if collectability risk has significantly changed based on the Foundation's understanding of the borrower's financial health and/or payment history. Management has reviewed all PRIs for the years ended August 31, 2021 and 2020, and no loss reserve has been recorded. Any costs of making loans are expensed as incurred.

Loans receivable are reported net of a discount of \$3,297,833 and \$3,721,992 at August 31, 2021 and 2020, respectively.

Equity PRIs include investments in equity funds. Equity investments are recorded at fair value. To arrive at the fair value, the Foundation obtains regular valuations from the investees, as well as the audited financial statements. The Foundation records unrealized gains or losses throughout the life of the investments and realized gains or losses upon liquidation or sale.

Investments

The Foundation and the Trust report investments at fair value. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values could affect the amounts reported in the accompanying consolidated financial statements. On March 11, 2020, the World Health Organization declared an outbreak of a coronavirus (COVID-19) pandemic. As a result, additional economic uncertainties have arisen that could negatively impact the Foundation's and Trust's investment portfolios.

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2021 and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments *(continued)*

Three major categories of investments are presented in the consolidated statements of financial position: Kellogg Company common stock, diversified investments, and mission-driven investments (MDIs). Diversified investments represent investments in public equity securities, fixed-income debt securities, mutual funds, commingled funds, hedge funds, real estate funds, and private equity funds.

MDIs consist of temporary investments (see Note 3—Investments and Fair Value for description), fixed-income securities, and private equity investments. MDIs focus on providing both social and financial returns closely aligned with the Foundation’s program elements, approaches, and geographic areas of focus as described in Note 1—Nature of Business.

Property and Equipment

Property and equipment are recorded at cost. Depreciation of property and equipment is generally computed on the straight-line basis over the estimated useful lives of the assets that range from three to forty years. For the years ended August 31, 2021 and 2020, depreciation expense was \$3,492,335 and \$2,986,136, respectively.

Interest in Irrevocable Trusts

The Foundation has irrevocable rights as the beneficiary to two remaining trusts and reports the fair value of its interest in irrevocable trusts on the consolidated statements of financial position. The change in value in interest in irrevocable trusts is the gains or losses of the investments held in these trusts reported on the consolidated statement of activities. During the year ended August 31, 2022, the last survivor of an irrevocable trust that the Foundation has an interest in passed away. The irrevocable trust corpus of approximately \$26,000,000 will be liquidated, distributed to the Foundation and the trust terminated.

Grants

Unconditional grants are recorded as an expense in the year they are committed. Conditional grants are recorded as an expense when the conditions have been met. As of August 31, 2021 and 2020, the Foundation had conditional grants outstanding of \$61,412,714 and \$78,830,996, respectively.

Line of Credit

The Trust has entered into an unsecured, committed credit facility agreement that totaled \$200 million, with interest on outstanding borrowings charged at the 30-day LIBOR rate plus an additional stated number of basis points. There were no outstanding borrowings as of August 31, 2021 and 2020.

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2021 and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. Actual results could differ from those estimates.

Distribution of Trust Receipts

Under the Trust agreement, the Trust is required to distribute to the Foundation, at a minimum, its net interest income and dividends at least quarterly. As funds are distributed to the Foundation from the Trust, net assets are released from restriction.

Tax Status

The Foundation and the Trust are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). As private foundations described in Section 509(a) of the IRC, the Trust and Foundation are subject to federal excise tax on net investment income, including net realized gains. On December 20, 2019, the U.S. Government enacted the Further Consolidated Appropriations Act, 2020 (the Act), simplifying the excise taxes for private foundations. The Act replaces the two-tiered system (1% or 2% based on certain distribution requirements) with a flat rate of 1.39%. The change is effective for the tax year ended August 31, 2021. Prior to that change, the Foundation was subject to a 2% (1% if certain criteria are met) federal excise tax on net investment income, including net realized gains, as defined by the IRC. The Foundation and the Trust are invested in certain alternative investments that may generate unrelated business taxable income (UBTI) and, therefore, may be subject to unrelated business income tax at applicable corporate and trust rates.

Pension and Other Postretirement Benefits Plan

The Foundation recognizes the funded status of the pension and other postretirement benefit plans on the consolidated statements of financial position, measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end consolidated statements of financial position, and provides additional disclosures in Note 7—Postretirement Benefits.

Adoption of Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update intends to clarify the scope and the accounting guidance for: (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The guidance was effective for the Foundation and the Trust for the year ended August 31, 2020, as it relates to contributions received and August 31, 2021, as it relates to contributions made. The Foundation and Trust have adopted these standards and there was no impact on the consolidated financial statements.

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**
Notes to Consolidated Financial Statements
For the Years Ended August 31, 2021 and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adoption of Accounting Pronouncements *(continued)*

In August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU removes the requirements to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of level transfers, and the valuation processes for Level 3 fair value measurements. This ASU also requires entities that calculate net asset value (NAV) to disclose the timing of liquidation of an investee's assets and the date when redemption restrictions might lapse, only if the timing was communicated to the entity or publicly announced, and disclose information on measurement uncertainty as of the reporting date. In addition, this ASU requires entities to present the changes in unrealized gains and losses for recurring Level 3 fair value measurements, as well as the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, based on materiality. The Foundation and Trust adopted this standard for the year ended August 31, 2021 and there was no significant impact to the disclosures in the notes to the consolidated financial statements.

Reclassifications

Certain prior-year amounts reported in the consolidated statements of activities were reclassified to conform to the current-year presentation.

NOTE 3 INVESTMENTS AND FAIR VALUE

The investment goal of the Foundation and the Trust is to maintain or grow its spending power in real (inflation-adjusted) terms, with risk at a level appropriate for the Foundation's programmatic spending and objectives. The Foundation and the Trust diversify investments among various financial instruments and asset categories by using multiple investment strategies. The financial assets of the Foundation and the Trust are managed by a select group of investment managers and held in custody by a major commercial bank, except for assets invested with private equities, hedge funds, and commingled funds that have separate arrangements appropriate to their legal structure.

Temporary investments consist of cash and cash equivalents, demand deposits, and short-term investment funds maintained at commercial banks. These investments are held as part of the Foundation's and the Trust's long-term investment strategy. Temporary investments are considered highly liquid instruments with maturities of 90 days or less at the time of purchase. The Foundation and the Trust maintain their cash and cash equivalents with high-quality financial institutions and such amounts may exceed Federal Deposit Insurance Corporation limits.

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NOTE 3 INVESTMENTS AND FAIR VALUE *(continued)*

Public equity securities and fixed-income securities, which include stocks and bonds that are listed on national securities exchanges, quoted on the NASDAQ or on the over-the-counter market, are valued at the last reported sale price, or in the absence of a recorded sale, at the most recent bid price at the reporting date. These securities include U.S. and foreign government debt and corporate bonds. The Foundation's and the Trust's investments in corporate and government bonds are exposed to issuer credit risk until these bonds are sold or mature. Futures, forwards, and options, which are traded on exchanges, are valued at the last reported sale price or at the most recent bid price if they are traded over-the-counter market.

The Trust is invested in Kellogg Company common stock and held 59,131,838 and 61,131,838 shares as of August 31, 2021 and 2020, respectively. The Foundation and the Trust are potentially subject to market risk, resulting from its concentration in Kellogg Company common stock.

Commingled, hedge, real estate, and private equity funds are valued based on the NAV reported by the investment manager, which are generally calculated based on the last reported sale price of the underlying assets held by such funds. These funds are typically structured as limited partnerships and limited liability companies.

Since there is no readily available market for investments in limited partnerships and limited liability companies, such investments are stated at fair value as estimated in an inactive market. These investments include securities of companies that may not be immediately liquid, such as private debt and private equity securities and real estate or other assets. The valuations of these investments are based upon values provided by the investment managers, based on guidelines established with those investment managers and in consideration of other factors related to the Foundation's and the Trust's interests in these investments.

The Foundation and the Trust obtain and consider the audited financial statements of such investees when evaluating the overall reasonableness of carrying value. The financial statements of the investees are audited annually by independent auditors, although the fiscal year end for the investees does not coincide with the Foundation's and the Trust's fiscal year end. The Foundation and the Trust utilize the practical expedient methodology in compliance with U.S. GAAP and use NAVs reported in the manager statements to estimate fair value. The Foundation and the Trust believe this method provides a reasonable estimate of fair value. However, the recorded value may differ from the fair value had a readily available market existed for such investments.

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NOTE 3 INVESTMENTS AND FAIR VALUE *(continued)*

Investment transactions are recorded on the trade-date. Dividend and interest income are accrued when earned. Realized gains or losses recognized upon sales and withdrawals and unrealized appreciation (depreciation) resulting from market fluctuations are recognized when they occur and are computed using the specific-identification method. Gains on distributions from private equity funds, which may be received in cash or securities, are reflected in investment income as realized gains and losses. Investment expenses are netted against realized gains for the years ended August 31, 2021 and 2020, respectively, as outlined in the table below.

	<u>2021</u>	<u>2020</u>
Trust	\$ 19,408,697	\$ 15,944,576
Foundation	<u>1,481,750</u>	<u>1,697,022</u>
Consolidated	<u>\$ 20,890,447</u>	<u>\$ 17,641,598</u>

Assets and liabilities denominated in foreign currencies at year end are translated into U.S. dollars based upon exchange rates as of August 31, with any resulting adjustment included in net unrealized gains and losses on investments. Transactions in foreign currencies during the year are translated into U.S. dollars at the exchange rate prevailing on the transaction date and are recorded as realized gains or losses.

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a fair value disclosure framework that prioritizes and ranks the level of observable inputs used in measuring investments at fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1:* Inputs based on quoted prices for identical assets or liabilities in an active market that the Foundation and the Trust can access. An active market for the asset or liability is one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market usually provides the most reliable evidence of fair value and is generally used without adjustment if available. This classification includes public equities and other fixed-income securities with observable market prices.
- Level 2:* Inputs that are observable either directly or indirectly but are not Level 1 inputs. Level 2 inputs include quoted prices for similar instruments, broker quotes, or observable inputs that directly impact value such as interest rates, prepayment speeds, and credit risk. Pricing inputs, including broker quotes, are generally those other than exchange-quoted prices in active markets, and fair values are determined through the use of models or other valuation methodologies.

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NOTE 3 INVESTMENTS AND FAIR VALUE *(continued)*

Level 3: Inputs that are unobservable. Level 3 inputs are generally used in situations where there is little, if any, market activity for the investment. These inputs into the determination of fair value require significant management judgment or estimation. Due to the inherent uncertainty of these estimates, these values may differ significantly from the values that would have been used had a ready market for these investments existed.

Investments that provide an NAV are considered to be recorded at management's best estimate at fair value. These securities are included in the fair value hierarchy table as investments measured at NAV. Investments in this category generally include private fund investment structures and limited partnership interests.

The following tables present the fair value of investments carried on the consolidated statements of financial position, by level within the valuation hierarchy, as of August 31, 2021 and 2020, respectively.

	2021			
	Total	Level 1	Level 2	Level 3
ASSETS				
Temporary investments	\$ 97,559,011	\$ 97,559,011	\$ -	\$ -
Kellogg Company common stock	3,733,584,251	3,733,584,251	-	-
Equities	471,932,418	471,932,418	-	-
Fixed-income securities	175,112,612	-	170,140,004	4,972,608
Private equities	9,520,662	-	-	9,520,662
Total fair value measurements	4,487,708,954	<u>\$ 4,303,075,680</u>	<u>\$ 170,140,004</u>	<u>\$ 14,493,270</u>
Investments measured at NAV	3,987,702,525			
Total investments	<u>\$ 8,475,411,479</u>			
Interests in irrevocable trusts	<u>\$ 28,135,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,135,157</u>
2020				
	Total	Level 1	Level 2	Level 3
ASSETS				
Temporary investments	\$ 182,277,909	\$ 182,277,909	\$ -	\$ -
Kellogg Company common stock	4,334,858,633	4,334,858,633	-	-
Equities	568,989,028	568,989,028	-	-
Fixed-income securities	182,317,006	-	177,351,545	4,965,461
Private equities	10,045,619	-	-	10,045,619
Total fair value measurements	5,278,488,195	<u>\$ 5,086,125,570</u>	<u>\$ 177,351,545</u>	<u>\$ 15,011,080</u>
Investments measured at NAV	2,852,615,208			
Total investments	<u>\$ 8,131,103,403</u>			
Interests in irrevocable trusts	<u>\$ 22,423,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,423,540</u>

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NOTE 3 INVESTMENTS AND FAIR VALUE *(continued)*

There was a net receivable/(payable) on unsettled trades of \$(107,321,765) and \$29,698,195 as of August 31, 2021 and 2020, respectively. The net receivables/payables are reported in diversified investments in the accompanying consolidated statements of financial position.

The following tables summarize foreign investment holdings as of August 31, 2021 and 2020:

	2021			
	Total	Level 1	Level 2	Level 3
FOREIGN HOLDINGS				
Equities	\$ 136,826,852	\$ 136,826,852	\$ -	\$ -
Fixed-income securities	5,180,806	-	5,180,806	-
Total fair value measurements	142,007,658	<u>\$ 136,826,852</u>	<u>\$ 5,180,806</u>	<u>\$ -</u>
Investments measured at NAV	1,164,150,300			
Total investments	<u>\$ 1,306,157,958</u>			
	2020			
	Total	Level 1	Level 2	Level 3
FOREIGN HOLDINGS				
Equities	\$ 142,818,553	\$ 142,818,553	\$ -	\$ -
Fixed-income securities	4,711,141	-	4,711,141	-
Total fair value measurements	147,529,694	<u>\$ 142,818,553</u>	<u>\$ 4,711,141</u>	<u>\$ -</u>
Investments measured at NAV	846,588,709			
Total investments	<u>\$ 994,118,403</u>			

The Foundation and the Trust invest in commingled funds and alternative investments, which are structured as partnerships, limited liability companies, and offshore investment funds. The following table summarizes the investment strategy types of the funds as of the years ended August 31, 2021 and 2020:

	2021		2020	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Commingled funds(a)	\$ 720,269,840	\$ -	\$ 512,535,604	\$ -
Hedge funds(b)	1,729,384,142	-	1,286,332,077	-
Fixed-income funds(c)	35,493,737	-	20,000,000	-
Private equity funds(d)	1,271,670,784	532,055,361	840,093,560	466,989,390
Real estate funds(d)	230,884,022	116,863,097	193,653,967	152,859,441
Total	<u>\$ 3,987,702,525</u>	<u>\$ 648,918,458</u>	<u>\$ 2,852,615,208</u>	<u>\$ 619,848,831</u>

- (a) "Commingled funds" are highly liquid and the majority of these funds can be redeemed within short-term periods of time.
- (b) The redemption frequency of "hedge funds" can be quarterly, semi-annually, annually, or multi-year, with a notice of redemption ranging from 30 to 180 days. This category includes hedge funds that invest using different strategies, such as long/short equity, credit focused, multi-strategy, arbitrage, and other means.

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NOTE 3 INVESTMENTS AND FAIR VALUE *(continued)*

- (c) “Fixed-income funds” represent participation in fixed-income instruments through private partnerships, which are highly liquid and can be redeemed within short-term periods of time.
- (d) “Private equity funds” and “real estate funds” are liquidated through distributions generated upon the sale of the underlying investments. The private equity funds and real estate funds categories include private funds that invest globally in public and private companies across several industries.

Grant Commitments Payable

The fair value of grant commitments payable is determined at the time of award. The fair values of grants payable in more than one year, which totaled approximately \$66,730,157 and \$68,274,868 at August 31, 2021 and 2020, respectively, were evaluated based on discounted cash flows analyses, utilizing an assumed risk-free rate of interest. It should be noted that no change in the present value discount was recognized during these years as the Foundation asserts the fair value approximates the recorded value and the adjustment was deemed to be immaterial. Total grant commitments payable in more than one year at August 31, 2021, are expected to be paid to grantees as follows: approximately \$58,290,588 in fiscal year 2023, \$7,264,569 in fiscal year 2024, and \$1,175,000 in fiscal year 2025.

NOTE 4 INCOME TAXES AND SUPPLEMENTAL CASH FLOW INFORMATION

The current provision for the Foundation and Trust for federal excise tax is based on a 1.39% and 1.00% rate for the fiscal years ended August 31, 2021 and 2020, respectively. The deferred provision is based on unrealized appreciation on investments at a 1.39% and 2.00% rate for the fiscal years ended August 31, 2021 and 2020, respectively. Certain income defined as UBTI by the IRC may be subject to tax at ordinary rates and is included in the current tax provision. The current and deferred tax provisions and cash flows associated with taxes are reflected in the table below.

	Foundation		Trust	
	2021	2020	2021	2020
Current tax (benefit) provision	\$ 238,899	\$ (26,444)	\$ 5,712,094	\$ 5,546,188
Deferred tax (benefit) provision	441,650	196,023	(26,851,030)	7,316,729
Total current and deferred tax (benefit) provision	\$ 680,549	\$ 169,579	\$ (21,138,936)	\$ 12,862,917
Cash payments for federal excise tax	\$ 91,992	\$ 58,269	\$ 6,550,000	\$ 5,500,000
Cash payments (refunds) for federal UBI tax	(20,000)	-	(1,000,000)	(280,011)
Total cash payments for federal taxes	\$ 71,992	\$ 58,269	\$ 5,550,000	\$ 5,219,989

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NOTE 4 INCOME TAXES AND SUPPLEMENTAL CASH FLOW INFORMATION
(continued)

To ensure compliance with the Internal Revenue Service (IRS) guidelines, the Foundation continues to develop and manage internal budgets on the cash or modified-cash basis. Cash expenditures for the fiscal years ended August 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Grants	\$ 403,351,430	\$ 295,080,632
Program activities and general operations	76,772,590	75,455,673
Costs of earning income and excise tax	<u>1,551,604</u>	<u>1,753,023</u>
Total	<u>\$ 481,675,624</u>	<u>\$ 372,289,328</u> *

* Amounts presented are based on preliminary tax preparation. As the return is finalized, the listed amounts may be subject to change.

Management evaluated all tax positions and concluded that the Foundation and the Trust have no uncertain tax positions that require recognition in the accompanying consolidated financial statements or further disclosure in the notes to the consolidated financial statements. The Foundation and the Trust file annual informational returns with the IRS and state and local tax authorities. The entities are subject to audits by taxing jurisdictions; however, no audits for any periods are currently in progress. Management believes that the entities are no longer subject to audits for years prior to 2017 under federal, state, and local tax jurisdictions.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2021 and 2020, are summarized as follows:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 17,498,617	\$ 17,498,617
Buildings and building improvements	64,268,951	62,974,963
Equipment	2,763,936	2,717,225
Furniture and fixtures	5,167,736	9,511,750
Capitalized software costs	27,770,902	19,391,380
Work in process	<u>213,184</u>	<u>7,346,996</u>
	117,683,326	119,440,931
Accumulated depreciation	<u>(68,127,287)</u>	<u>(70,239,402)</u>
Total	<u>\$ 49,556,039</u>	<u>\$ 49,201,529</u>

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NOTE 6 LONG-TERM DEBT – SOCIAL BOND

In October 2020, the Trust issued \$300,000,000 of Series 2020 taxable social bonds that will mature on October 1, 2050. The bonds were not registered with the U.S. Securities Act of 1933 or the securities laws of any jurisdiction, but instead were offered and sold only to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Interest is due semiannually at a fixed rate of 2.443% and a balloon payment of principal is due at maturity on October 1, 2050. The outstanding balances of long-term debt related to this issue were \$300,000,000 and \$0 for the years ended August 31, 2021 and 2020.

NOTE 7 POSTRETIREMENT BENEFITS

The Foundation has defined contribution and defined benefit retirement plans covering full-time employees. The Foundation funded and charged to expense contributions of \$3,824,761 and \$3,565,791 in 2021 and 2020, respectively, related to the defined contribution plan.

The defined benefit retirement plan is funded in amounts sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended. The Foundation contributed \$400,000 to the defined benefit retirement plan during each of the years ended August 31, 2021 and 2020. The defined benefit retirement plan was closed to employees hired after June 1, 2012, and the plan formula was changed for prospective benefit accruals beginning September 1, 2012. The pension plan's assets consist of mutual funds that are considered Level 1 assets in accordance with ASC 820.

The Foundation also provides postretirement medical and life insurance benefits ("Other benefits") to employees who meet eligibility requirements.

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NOTE 7 POSTRETIREMENT BENEFITS *(continued)*

The postretirement medical and life insurance plan was closed to employees hired after June 1, 2012, and the plan formula was changed for prospective benefit accruals beginning September 1, 2012. The total postretirement benefits liability of \$90,102,739 and \$97,628,085 at August 31, 2021 and 2020, respectively, is comprised of the following components:

	Pension Benefits		Other Benefits	
	2021	2020	2021	2020
Benefit obligation—August 31	\$ 8,475,393	\$ 10,310,019	\$ 87,620,149	\$ 93,587,777
Fair value of plan assets—August 31	5,992,803	6,269,711	-	-
Unfunded status	\$ (2,482,590)	\$ (4,040,308)	\$ (87,620,149)	\$ (93,587,777)
Accrued benefit cost recognized in the consolidated statements of financial position	\$ (2,482,590)	\$ (4,040,308)	\$ (87,620,149)	\$ (93,587,777)
Accumulated benefit obligation	\$ 3,896,836	\$ 5,093,287		
Amounts not yet reflected in net periodic benefit costs				
Accumulated loss	\$ (1,499,806)	\$ (3,353,184)	\$ (4,752,572)	\$ (12,336,985)
Total	\$ (1,499,806)	\$ (3,353,184)	\$ (4,752,572)	\$ (12,336,985)
Changes in amounts not yet reflected in net periodic benefit costs				
Net actuarial gain (loss)	\$ 1,257,951	\$ (1,000,222)	\$ 7,353,365	\$ 4,970,913
Amortization of prior service cost (credit)	-	-	-	-
Amortization of actuarial gain	595,427	966,837	231,048	631,975
Total	\$ 1,853,378	\$ (33,385)	\$ 7,584,413	\$ 5,602,888
Amortization amounts to be reflected in net periodic benefit costs for fiscal year 2022				
Net actuarial gain (loss)	\$ (76,022)	\$ (270,651)	\$ -	\$ (231,048)
Total	\$ (76,022)	\$ (270,651)	\$ -	\$ (231,048)
Benefit costs, employer contribution and benefits paid				
Benefit cost	\$ 695,660	\$ 1,034,912	\$ 4,421,803	\$ 5,377,069
Employer contribution	400,000	400,000	2,805,018	2,290,832
Benefits paid	1,839,135	2,035,458	2,805,018	2,290,832
Assumptions to determine benefits obligations				
Discount rate	2.64%	2.58%	2.64%	2.58%
Expected rate of return on plan assets	6.50%	6.50%	N/A	N/A
Rate of compensation increase	4.00%	4.00%	N/A	N/A
Measurement date	August 31	August 31	August 31	August 31
Assumptions used to determine expense				
Discount rate	2.58%	3.05%	2.58%	3.05%
Expected rate of return on plan assets	6.50%	6.50%	N/A	N/A
Rate of compensation increase	4.00%	4.00%	N/A	N/A
Health care cost trend rate assumptions				
Immediate trend rate assumption pre-/post-Medicare	N/A	N/A	6.20%	6.70%
Ultimate trend rate	N/A	N/A	4.00%	4.50%
Year trend rate is reached pre-/post-Medicare	N/A	N/A	2041	2034

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NOTE 7 POSTRETIREMENT BENEFITS *(continued)*

During fiscal year 2021, the Foundation changed its mortality assumption to the PRI-2012 table for non-annuitants, annuitants and contingent surviving spouses with the MP2020 projection scale. During fiscal year 2020, the Foundation changed its mortality assumption to the PRI-2012 table for non-annuitants, annuitants and contingent surviving spouses with the MP2019 projection scale.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the defined benefit retirement plan and the postretirement medical plan based on the same assumptions used to measure the Foundation's benefit obligation at August 31, 2021:

<u>Years Ending August 31</u>	<u>Pension</u>	<u>Postretirement</u>
2022	\$ 673,772	\$ 2,963,924
2023	376,410	3,113,795
2024	755,314	3,267,838
2025	410,812	3,405,328
2026	321,952	3,523,765
2027-2031	3,075,141	19,541,538

Investment Policy

The Foundation's Retirement Plan Committee (RPC) oversees and monitors the pension plan investment policy with technical expertise provided by the Fund Evaluation Group. To realize the plan's expected rate of return and be within an actuarial tolerance range based on asset allocation, pension plan assets are split (80%/20%) between the Vanguard Total World Stock Index Fund Institutional Shares (VTWIX) and the Western Asset Core Plus Bond Fund (WACPX), respectively, with accounts held at and reported by The Vanguard Group. The VTWIX equity fund tracks the performance of a benchmark index that measures the investment return for large-, mid-, and small-capitalization global stocks. The WACPX bond fund focuses mainly on a high-quality, U.S. domestic core fixed-income portfolio that may be enhanced with an allocation to high-yield, non-U.S. and emerging market debt. The asset allocation was selected to maximize the return as pension plan cash flow requirements may be met by the Foundation's operating budget, as needed.

Basis Used to Determine the Overall Expected Rate of Return on Plan Assets

To develop the expected long-term rate of return on plan assets assumption, the Foundation considered the historical returns and the future expectations for returns for each asset class in the fund, as well as its target asset allocation. This strategy resulted in the selection of the 6.50% long-term rate of return on plan assets assumption for each of 2021 and 2020.

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NOTE 7 POSTRETIREMENT BENEFITS *(continued)*

Risks and Uncertainties

Contributions are made to the employee benefit plans based on the present value of accumulated plan benefits, which are based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the consolidated financial statements.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of the Trust include all net assets, which are restricted until released to the Foundation. Releases from restrictions of \$358,000,000 and \$356,000,000 were recorded for the years ended August 31, 2021 and 2020, respectively. Donor restrictions are deemed satisfied at the time the Trust makes a contribution to the Foundation.

Net assets with donor restrictions of the Foundation consist of contributions receivable from irrevocable trusts, which are restricted until such assets are received. The Foundation's net assets with donor restrictions increased by \$5,711,617 and \$2,020,326 for the years ended August 31, 2021 and 2020, respectively, which represented the change in the fair value of the trusts to which the Foundation has irrevocable rights as beneficiary.

NOTE 9 ANALYSIS OF EXPENSES

The Foundation's grant and administrative expenses have been allocated between programs and supporting activities. Grants and charitable costs relate to activities of the Foundation, such as reviewing grant applications, awarding, monitoring and evaluating the grants, as well as the actual grant expenses. Certain costs, principally employee benefits, occupancy and telecommunication services, are allocated among the programs and supporting services on the basis of headcount in the respective functional areas.

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NOTE 9 ANALYSIS OF EXPENSES *(continued)*

The expenses are summarized on a functional basis in the tables below for 2021 and 2020:

	2021	
	Program	Support
Salaries and benefits	\$ 26,699,637	\$ 10,857,726
Professional services	15,395,240	13,732,444
Depreciation	2,619,251	873,084
Occupancy	1,259,156	1,070,758
Travel, conferences and meetings	(76,964)	(44,563)
Technology and equipment	2,969,420	1,871,718
Other expenses	742,355	467,930
	<u>49,608,095</u>	<u>28,829,097</u>
Grants	<u>496,959,820</u>	<u>-</u>
	<u>\$ 546,567,915</u>	<u>\$ 28,829,097</u>
	2020	
	Program	Support
Salaries and benefits	\$ 24,697,045	\$ 12,217,319
Professional services	12,414,794	11,622,705
Depreciation	2,239,602	746,534
Occupancy	1,126,537	957,982
Travel, conferences and meetings	1,355,529	784,874
Technology and equipment	3,280,826	2,068,007
Other expenses	645,916	237,562
	<u>45,760,249</u>	<u>28,634,983</u>
Grants	<u>249,705,429</u>	<u>-</u>
	<u>\$ 295,465,678</u>	<u>\$ 28,634,983</u>

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NOTE 10 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation and the Trust's financial assets available to meet cash needs for general expenditures within one year of the consolidated statement of financial position are as follows at August 31, 2021 and 2020:

	August 31, 2021		
	Consolidated	Foundation	Trust
Cash, including cash held in investments	\$ 296,567,448	\$ 73,682,064	\$ 222,885,384
Actively traded investments	4,375,656,674	134,295,302	4,241,361,372
Investments measured at NAV	2,243,793,396	44,400,297	2,199,393,099
Available financial assets	<u>\$ 6,916,017,518</u>	<u>\$ 252,377,663</u>	<u>\$ 6,663,639,855</u>

	August 31, 2020		
	Consolidated	Foundation	Trust
Cash, including cash held in investments	\$ 194,404,917	\$ 39,682,178	\$ 154,722,739
Actively traded investments	5,081,199,205	114,273,861	4,966,925,344
Investments measured at NAV	1,608,338,938	31,517,187	1,576,821,751
Available financial assets	<u>\$ 6,883,943,060</u>	<u>\$ 185,473,226</u>	<u>\$ 6,698,469,834</u>

The Foundation and the Trust structure their financial assets to be available for general expenditures, grant disbursements and other operational obligations as they arise. The Trust's assets are subject to an annual spending policy of 5% and are appropriated annually by the Board of Directors for distribution to the Foundation as its sole beneficiary. The Foundation's assets are also subject to an annual spending policy of 5% and are appropriated annually by the Board of Directors for grantmaking. While the amounts depicted in the table above are available to meet cash needs within one year of the date of the consolidated statement of financial position, they are further subject to the annual appropriations by the Board of Directors. Although the Trust and the Foundation do not intend to liquidate assets other than for amounts needed for general expenditures appropriated during the year, these assets could be made available if necessary.

NOTE 11 SUBSEQUENT EVENTS

The Foundation and the Trust evaluated events and transactions occurring between September 1, 2021, and December 8, 2021, which is the date that the consolidated financial statements were available to be issued, for disclosure and recognition purposes.

SUPPLEMENTAL SCHEDULE

**W. K. KELLOGG FOUNDATION AND
W. K. KELLOGG FOUNDATION TRUST**
Supplemental Schedule of Gifts and Receipts
From Inception through August 31, 2021

This schedule represents an analysis of W. K. Kellogg Foundation gifts and Trust receipts at historical value from inception through August 31, 2021. The Foundation and the Trust were established in 1930 and 1934, respectively.

Assets stated at estimated values at dates received

Gifts from founder and his estate \$ 8,449,738

Distribution from W. K. Kellogg Foundation Trust

Kellogg Company preferred stock	\$ 7,541,625	
Securities received under terms of founder's will and W. K. Kellogg Distribution Trust	4,109,252	
		11,650,877

Gifts from others

Pomona Ranch and Gull Lake Estate contributed by U.S. Government	1,077,562	
Assets contributed by Fellowship Corporation	203,207	
Gift from Morris estate	3,231,208	
Gift from Tuttle estate	677,568	
Miscellaneous gifts	208,108	
		5,397,653

Assets acquired through dissolution of trusts

W. K. Kellogg Foundation Trust at Old Merchants National Bank and Trust Company	514,861	
Boys' Club Trust	171,076	
Gull Lake Estate Trust	358,538	
Palm Springs Trust	60,910	
Karl H. Kellogg Trust	108,654	
Chapin-Rhodes-Beldon Trust	229,020	
Belden-Chapin Trust	143,138	
Bernhard Peterson Trust	33,029	
Clara Way Trusts	380,370	
Williamson Trusts	1,389,816	
W. K. Kellogg Northwestern Mutual Insurance Trust	523,413	
J.H. Williamson Trust	258,401	
Glenn A. Cross Trust	4,353,834	
Carrie Staines Trust	52,463,328	
		60,988,388
		\$ 86,486,656

