

FINANCIAL STATEMENTS

The Fluor Foundation
Years Ended December 31, 2021 and 2020
With Report of Independent Auditors

The Fluor Foundation

Financial Statements

Years Ended December 31, 2021 and 2020

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Report of Independent Auditors

Board of Trustees
The Fluor Foundation

Opinion

We have audited the financial statements of The Fluor Foundation, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fluor Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fluor Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Restatement of 2020 Financial Statements

As discussed in Note 3 to the financial statements, the 2020 financial statements have been restated to correct the misstatement associated to the contributed services from an affiliate (Fluor Corporation) not recognized in 2020. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about the Fluor Foundation’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

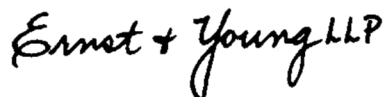
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fluor Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fluor Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Dallas, Texas
October 20, 2022

The Fluor Foundation
Statements of Financial Position
December 31, 2021 and 2020

	2021	Restated 2020
	<i>(In Thousands)</i>	
Assets		
Cash and cash equivalents	\$ 1,031	\$ 1,474
Investments at fair value:		
Corporate bonds	—	2,965
Interest receivable		1
Software licenses, net	51	64
Total assets	<u>\$ 1,082</u>	<u>\$ 4,504</u>
Liabilities and net assets		
Current liabilities:		
Accrued expenses	\$ 31	\$ 32
Federal tax payable	7	6
Total liabilities	38	38
Unrestricted net assets	1,044	4,466
Total liabilities and net assets	<u>\$ 1,082</u>	<u>\$ 4,504</u>

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

The Fluor Foundation
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021	Restated 2020
	<i>(In Thousands)</i>	
Revenues:		
Contributions from Fluor Corporation	\$ -	\$ -
In-kind contributions	833	897
Total revenues	833	897
Expenses:		
Cash donations, net of federal excise tax	3,382	3,666
Management and general expenses	845	864
Investment management and administration fees	31	33
Total expenses	4,258	4,563
Net appreciation (depreciation) in investments:		
Corporate bonds	(1)	(9)
Total net appreciation (depreciation) in investments	(1)	(9)
Interest and dividend income	4	64
Increase (decrease) in net assets	(3,422)	(3,611)
Net assets at beginning of year	4,466	8,077
Net assets at end of year	\$ 1,044	\$ 4,466

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

The Fluor Foundation
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	Restated 2020
	<i>(In Thousands)</i>	
Operating activities		
Increase (decrease) in net assets	\$ (3,422)	\$ (3,611)
Adjustments to reconcile the decrease in net assets to net operating cash flow:		
Net unrealized (gain) loss on investments	10	(9)
Net realized (gain) loss on investments	(9)	18
Amortization of software	65	57
Gain resulting from in-kind contribution of software	(53)	(90)
Changes in operating assets and liabilities	2	30
Net operating cash flow	<u>(3,407)</u>	<u>(3,605)</u>
Investing activities		
Proceeds from the sales and maturities of investments	2,967	3,852
Purchases of investments	(3)	(61)
Net investing cash flow	<u>2,964</u>	<u>3,791</u>
Increase (decrease) in cash and cash equivalents	(443)	186
Cash and cash equivalents at beginning of year	1,474	1,288
Cash and cash equivalents at end of year	<u>\$ 1,031</u>	<u>\$ 1,474</u>

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

The Fluor Foundation
Notes to Financial Statements
December 31, 2021 and 2020

1. Organization

The Fluor Foundation (the Foundation), a private, nonprofit corporation, was incorporated in 1952 to receive donations and to disburse those funds for charitable public health and critical human needs, education, economic development, and environmental causes. In addition, the Foundation provides a match program for eligible employees and Fluor Corporation Board members at a rate of 25%, with an annual match limit of \$15,000 per employee or Board member. This match program was rebranded as “Fluor Cares” in July 2021 with the rollout of a new platform, and the Matching Gifts to Education Program merged into the Fluor Cares program at that time. Fluor Corporation is the sole contributor to the Foundation, and all funds contributed by Fluor Corporation are considered unrestricted.

Members of the Foundation Board of Trustees have affiliations with certain charitable and nonprofit organizations that were recipients of contributions from the Foundation.

2. Accounting Policies

Contributions Received

Contributions received from Fluor are recognized when received at their fair market values, generally made as cash contributions.

Pledges Payable

Pledges by the Foundation are made on a conditional basis, subject to annual review. As such, the pledges payable are not considered fixed commitments and are recognized when the related cash donations are paid.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available through the date of financial statements issuance. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include securities with maturities of three months or less at the date of purchase.

Subsequent Events

Management has evaluated all material events occurring through October 20, 2022.

Investments

Investments are recorded at fair value with the unrealized gains and losses included in changes in net assets. Investments in corporate bonds consist of investment-grade bonds. Corporate bonds are valued based on pricing models, which are determined from a compilation of primarily observable market information, broker quotes in nonactive markets or similar assets (Type 2 under GAAP). Securities not traded on the last business day are valued at the last reported bid price. Investments in mutual funds are carried at fair market value, which represents the net asset value of the shares of the fund as of the close of business at period end. The fair value of the mutual fund is measured based on quoted prices in active markets for identical assets (Type 1 under GAAP).

Purchases and sales of investments are recorded on the trade date. Realized gains or losses on sales, redemptions or distributions of investments are based upon each investment manager's average historical cost. Interest income is recorded on an accrual basis and dividends on the date received.

Software Licenses

The cost of software utilized by the Foundation is included as an asset and amortized over time in line with the terms of the service agreements.

Concentrations of Credit Risk

Investments in corporate bonds primarily consist of U.S. investment-grade rated bonds

In-Kind Contributions

During 2021 and 2020, the Foundation received donated services for management services, tax preparation, bookkeeping, facilities, and computer software. The value of in-kind revenues is the following (in thousands):

	FY 2021	FY 2020
Salaries and Benefits	\$ 736	\$ 752
Facility Costs	36	44
Bookkeeping	3	9
Tax Preparation	5	2
Software	53	90
Total	\$ 833	\$ 897

Contributed services recognized as in-kind services are those which are provided by personnel of Fluor Corporation (an affiliate) that directly benefit the Foundation and for which no amounts are charged. The Foundation recognizes all services received from personnel of an affiliate that

directly benefit the Foundation and which can be measured. Contributed management services received are valued at the direct personnel costs incurred (compensation plus an estimate of fringe benefits) and estimated facility and software value by the donor in providing such services.

Recent Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board issued ASU 2020-07, “Presentation and Disclosures by Not-for-Profit Entities (“NFPs”) for Contributed Nonfinancial Assets.” This ASU requires the NFPs to present contributed nonfinancial assets as a separate line item in the statement of activities. NFPs also need to disclose the disaggregation of the contributed nonfinancial assets by category. ASU 2020-07 will be effective for the Foundation as of January 1, 2022, and the adoption will not have a material impact on the Foundation’s financial statements.

3. Restatement of Financial Statements

The Foundation did not report in-kind contributions, expenses and related assets within the financial statements as of December 31, 2020. Accordingly, the financial statements have been restated to reflect revenue for in-kind contributions and related expenses as summarized below (in thousands):

	FY 2020		
	As Previously Reported	Restatement	As Restated
In-kind contributions	\$ <u>0</u>	\$ <u>897</u>	\$ <u>897</u>
Management and general expenses	\$ <u>0</u>	\$ <u>864</u>	\$ <u>864</u>
Software licenses, net	\$ <u>0</u>	\$ <u>64</u>	\$ <u>64</u>
Net assets at beginning of year	\$ <u>8,046</u>	\$ <u>31</u>	\$ <u>8,077</u>
Net assets at end of year	\$ <u>4,402</u>	\$ <u>64</u>	\$ <u>4,466</u>

4. Fair Value of Financial Instruments

The following table delineates assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	December 31, 2021				December 31, 2020			
	Fair Value Measurements Using				Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
	(Level 1)	(Level 2)	(Level 3)		(Level 1)	(Level 2)	(Level 3)	
Assets:								
Cash ⁽¹⁾	\$ 1,031	\$ 1,031	\$ —	\$ —	\$ 1,153	\$ 1,153	\$ —	\$ —
Money market mutual fund ⁽¹⁾	—	—	—	—	321	321	—	—
Corporate bonds ⁽²⁾	—	—	—	—	2,965	—	2,965	—

(1) Represents the net asset value as of the close of business at the end of the period based on the last trade or official close of an active market or exchange.

(2) Values based on pricing models, which are determined from a compilation of primarily observable market information, broker quotes in on-active markets or similar assets.

5. Federal Tax

The Foundation has been classified by the Internal Revenue Service as a private foundation as defined in Section 509(a) of the Internal Revenue Code (IRC) and, accordingly, is exempt from federal and state income taxes under Section 501(c)(3). The Foundation is subject to federal excise tax of 1.39% based on taxable net investment income, which includes dividend and interest income, as well as realized gains on investments.

6. Pledges

At December 31, 2021, the Foundation had made conditional cash pledges to various charitable and nonprofit organizations due in the following years (in thousands):

Organization	Pledges Due in		
	2022	2023 Through 2026	Total
Boys & Girls Clubs of America	\$ 250	\$ —	\$ 250
Texas A&M University	200	—	200
North Carolina A&T Real Estate Foundation	50	50	100
Prairie View A&M University	50	50	100
Tuskegee University	50	50	100
	\$ 600	\$ 150	\$ 750