Exhibit 1.c

COST POLICY STATEMENT

Worksystems, Inc.
EIN: 93-0857426

I. General Accounting Policies

A. Basis of Accounting – Accrual Basis

B. Fiscal Period - July 1 through June 30

C. Allocation Basis for Individual Cost Elements – Direct Allocation Basis

D. Indirect Cost Rate Allocation Base – All direct expenses; indirect allocations are applied to all direct expenses incurred by all funding sources.

E. Fringe Benefit Allocation Base – The rate is applied to the salary cost of working hours recorded by individual employees.

F. Worksystems maintains adequate internal controls to ensure that no costs are charged both directly and indirectly to any Federal contract or grant. Worksystems uses the Blackbaud Financial Edge accounting system, which is specific to nonprofit organizations. Revenue and expenses are tracked by fund, grant/cost center, funding source, and other account segments and transaction codes as needed to provide reports to funders and management.

G. Worksystems accumulates all indirect costs in two separate funds, Organizational Support (Fund 111) and Administrative Services (Fund 114), by type of indirect expense. Organizational Support costs are associated with the general support of the organization. These include the executive components such as Executive Director, Chief Operating Officer, Board Activities, Communications and Organizational Affairs. Administrative Services are costs associated with Fiscal, Procurement/Contracting and Human Resources services, and include all related support costs. The definition is intended to be consistent with the WIOA administrative definition at 20 CFR 683.215(b).

II. Description of Cost Allocation Methodology

A. Personnel Expenses

1. Direct Costs – A majority of Worksystems' employees direct charge their salaries since their work is specifically identifiable to specific grants, Contracts, or other activities of the organization such as grant management. The charges are supported by auditable labor distribution reports which reflect the actual activities of employees.

2. Indirect Costs - The following employee positions charged 100% of their salary costs to indirect cost pools for the period July 1, 2023, through June 30, 2024:

Executive Director
Chief Operating Officer
Chief Financial Officer
Controller
Senior Accountants
Accountants
People & Culture Manager (HR Manager)
Office & Culture Coordinator (HR Specialist)
HR Generalist
Accounting & Payroll Specialist
Compliance & Procurement Manager
Contract & Procurement Specialist
Executive Assistant
Administrative Assistant
Communications Manager

Mixed Charges - The following employees charge their salary costs to both direct and indirect activities:

Information Systems Director
SQL Developer
Database Administrator
Information Systems Business Analyst
Information Services Support & Project Manager

The distinction between direct and indirect is primarily based on functions performed. For example, when the positions shown are performing functions that are necessary and beneficial to all programs, they are indirect. When functions are specific to one or more programs, they are direct because they do not benefit all programs.

Auditable labor distribution records which reflect the actual activities of employees are maintained to support the mix of direct/indirect charges. The appropriate Worksystems' manager certifies the time records.

B. Fringe Benefits

Worksystems contributes the following fringe benefits for its employees:

1. Unemployment insurance
2. Workers' compensation
3. FICA/Medicare
4. Health insurance
5. Matching contributions to a defined contribution retirement plan
6. Employee Assistance Program
7. Mass transit pass

Treatment of Fringe Benefits: Worksystems' accounting system tracks fringe benefits costs by the same manner that salary costs are recorded.

Treatment of Paid Absences: Release time costs (Paid Time Off and Holiday Pay) are considered part of salary costs. Consequently, separate claims for release time cost are not made. Worksystems' accounting system records release time as a direct or indirect cost in the same manner that salary costs are recorded. Leave earned but not used during the fiscal period is recorded as a cost in the period earned.

C. Depreciation and Amortization

Worksystems does not currently charge depreciation to any funding source.

D. Fees and Other Expenses

Bank fees are charged on an indirect basis. Disallowed fees are charged to non-federal unrestricted funds.

E. Insurance

Directors and Officers Liability, Employee Dishonesty, Umbrella insurance, Property and General Liability and Cyber/Crime insurance are charged indirectly.

F. Local Travel and Parking

Travel and parking costs may be charged as either direct or indirect costs depending on the purpose of the activity.

G. Occupancy and Equipment

Office space is currently leased from Schnitzer Properties Riviera Plaza, LLC. The lease includes utilities and provides for equal monthly payments during each year of the lease. The Worksystems office space costs are allocated and/or direct charged based on salary costs. The cost of space occupied by staff whose salaries are direct charged is charged directly. The cost of space occupied by staff whose salaries are indirectly charged is charged indirectly. The cost of space for staff whose salaries are charged on a mixed basis is allocated on a mixed basis in the same ratio as their salaries are allocated. Office equipment, furniture and equipment leases are charged directly to programs which use the items purchased. Office equipment, furniture and leased equipment used by staff engaged in indirect activities are charged to the indirect pool. When these items are purchased for use at Worksystems' office and will benefit multiple funding sources, they are charged to the Central Office Allocation fund and allocated on the same basis as the occupancy costs.

Compliance with 2 CFR 200.446: Worksystems does not maintain any unused facilities. Due to the pandemic, Worksystems adopted a hybrid work model on July 1, 2022, that provides a flexible mix of in-person and remote work options for employees. The model uses criteria to define when an activity is best done in person or remote. Staff apply the criteria to their work, seeking guidance from their Manager when needed. Recognizing that Worksystems' office space lease with Schnitzer Properties Riviera Plaza, LLC, expires on March 31, 2025, Worksystems began to assess its facility to determine its necessity in meeting current and future workload requirements and to minimize any idle capacity. This assessment included an evaluation of reasonable space utilization for indirect staff (noted in Exhibit 2.a.i), direct staff, and space requirements for regular in-person meetings with regional partners. As a result of this assessment, Worksystems concluded that its existing space no longer met its needs and entered into a lease agreement with LC Harrison Square Owner, LLC on August 30, 2024, with an initial term of 134 months beginning on April 1, 2025. The new office space is approximately 1,500 square feet smaller than the prior office space and is specifically designed for Worksystems' hybrid work model. The design incorporates shifting to co-working office spaces and to reduce costs, Worksystems is also subleasing space to the Oregon Employment Department. By adhering to the guidelines outlined in 2 CFR 200.446, Worksystems ensures that any costs associated with idle capacity are managed responsibly and in compliance with federal regulations. This commitment to compliance supports our goal of maintaining efficient and effective operations while maximizing the use of its resources.

H. Office

To the maximum extent possible, office expenses, printing and postage are direct charged to the contract/grant which uses these items. Office expenses, printing and postage used by employees who are engaged in indirect activities are charged to the indirect pool. Incidental supply costs and postage which cannot be reasonably direct charged to an activity are included in the Central Office Allocation fund and allocated on the same basis as occupancy costs. All printing or photocopying that is outsourced to third parties is direct charged to the benefiting activity.

I. Outreach

Required costs of advertising for procurement, recruitment or legal notices are treated as an indirect cost. Only when media outreach is specific to a unique provision of an activity or funding source would such costs be charged directly.

J. Professional Fees and Legal Fees

Worksystems incurs professional fees for its annual audit, legal fees, and human resource consulting. The costs of the annual audit, legal fees, and human resource consulting are charged indirectly.

K. Professional Membership

Professional membership costs may be charged as either direct or indirect costs depending on the purpose of the membership.

L. Staff and Board Development

Staff development costs may be charged as either direct or indirect costs depending on the purpose of the training.

Board expenses for staff support for Board activities, Board training and printing costs for Board materials are charged on an indirect basis. The Worksystems Board of Directors and the Workforce Development Board receive no direct compensation.

M. Subcontracted Community Services

All Subrecipient Contracts are directly charged to the appropriate funding source.

N. Technology

Technology includes telephone, computer hardware and software purchases. Computer purchases for Worksystems staff are charged to the Technology Allocation fund and allocated out in the same basis as occupancy costs, unless the computer is for a specific program or grant then it is directly charged to the benefiting program or grant. Telephone expenses are charged directly and indirectly in the same ratio as occupancy expense.

O. Third Party Match and Stand-In Costs

Stand-In, Federal Leveraged Resources and Third-Party Match Contributions are reported to Worksystems from Contractors and are attributed to the appropriate funding source.

P. Training and Placement Subcontracted Services

Worksystems contracts for specific Trainings, program development, and evaluation services. Facility space for the Tigard and Gresham WorkSource Portland Metro Centers are leased from the State of Oregon Employment Department. The leases include utilities and provide for equal monthly payments during each year of the lease.

1. All costs associated with On-the-Job Trainings are charged directly to the benefiting program or activity.
2. Program development Contracts are charged directly to the benefiting program or activity.
3. Overall regional evaluation Contracts are charged indirectly.
4. The WorkSource Portland Metro Center costs are allocated to the WIOA 1B Formula funded programs occupying that space, Adult and Dislocated Worker. The costs are allocated monthly to these funds based on the number of eligible and enrolled participants.

Q. Technology and Central Office Support

Worksystems has two direct allocation pools - Technology Support and Central Office Allocation. They are both charged to funds based on salary costs. Technology represents the collective cost of providing and supporting the overall technology and infrastructure for Worksystems and all its employees. Central Office Allocation includes all office and related support costs for Worksystems' office facility. These costs include central reception, office rental, office repair, maintenance, copier rentals, postage, validated parking, etc. All employees with workstations at the central office are allocated their proportionate share of actual costs in support of the facility.

R. Client Tracking

Client tracking includes all costs associated with the development, enhancement, maintenance, hosting and technical support of the I-Trac participant tracking system. Actual costs are allocated based upon the number of participants and the use of data elements by the system.

S. Capital Items

Capital expenditures are charged directly to programs only in cases where a contract or grant specifically authorizes such charges. The capitalization threshold for Worksystems is $5,000.

T. Unallowable Costs

Worksystems recognizes that the following costs, as defined in 2 CFR 200, Subpart E, or the FAR (Subpart 31.205) cannot be charged to Federal awards and has internal controls in place to ensure that that this is followed. Examples of unallowable costs are:

1. Advertising and public relations
2. Bad debts
3. Entertainment/alcoholic beverages
4. Capital expenditures (not pre-authorized)
5. Defense claims by the Federal Government
6. Interest
7. Lobbying and fund raising

Andrew L. Fitch	Andrew L Fitch	March 31, 2025	Chief Financial Officer
Signature	Name	Date	Title

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