UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from________ to ________

Commission File Number 1-32961

CBIZ, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation
or organization)

6801 Brecksville Rd, Door N, Independence, Ohio
(Address of principal executive offices)

22-2769024
(I.R.S. Employer
Identification No.)

44131
(Zip Code)
(216) 447-9000
(Registrant's telephone number, including area code)
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Par Value	CBZ	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class of Common Stock	Outstanding at October 23, 2023
Common Stock, par value $0.01 per share	49,841,832

CBIZ, INC. AND SUBSIDIARIES

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CBIZ, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,415	$ 4,697
Restricted cash	38,229	28,487
Accounts receivable, net	465,848	334,498
Other current assets	37,879	29,431
Current assets before funds held for clients	543,371	397,113
Funds held for clients	122,531	171,313
Total current assets	**665,902**	**568,426**
Non-current assets:		
Property and equipment, net	55,291	45,184
Goodwill and other intangible assets, net	1,014,607	951,702
Assets of deferred compensation plan	130,284	118,862
Right-of-use assets, net	193,552	184,043
Other non-current assets	14,858	10,907
Total non-current assets	**1,408,592**	**1,310,698**
Total assets	**$ 2,074,494**	**$ 1,879,124**
LIABILITIES		
Current liabilities:		
Accounts payable	$ 80,609	$ 80,725
Income taxes payable	16,184	1,607
Accrued personnel costs	118,289	130,456
Contingent purchase price liabilities	70,129	63,262
Operating lease liabilities	36,488	36,358
Other current liabilities	28,837	26,532
Current liabilities before client fund obligations	350,536	338,940
Client fund obligations	123,910	173,467
Total current liabilities	**474,446**	**512,407**
Non-current liabilities:		
Bank debt	394,700	265,700
Debt issuance costs	(1,692)	(2,046)
Total long-term debt, net	393,008	263,654
Income taxes payable	2,029	2,211
Deferred income taxes, net	31,749	24,763
Deferred compensation plan obligations	130,284	118,862
Contingent purchase price liabilities	49,885	68,748
Lease liabilities	181,834	174,454
Other non-current liabilities	665	573
Total non-current liabilities	**789,454**	**653,265**
Total liabilities	**1,263,900**	**1,165,672**
STOCKHOLDERS' EQUITY		
Common stock	1,374	1,363
Additional paid in capital	828,864	799,147
Retained earnings	867,821	734,116
Treasury stock	(891,880)	(824,778)
Accumulated other comprehensive income	4,415	3,604
Total stockholders' equity	**810,594**	**713,452**
Total liabilities and stockholders' equity	**$ 2,074,494**	**$ 1,879,124**

See the accompanying notes to the unaudited condensed consolidated financial statements

CBIZ, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	**$ 410,539**	**$ 363,262**	**$ 1,263,647**	**$ 1,116,936**
Operating expenses	342,148	306,017	1,027,146	886,052
Gross margin	**68,391**	**57,245**	**236,501**	**230,884**
Corporate general and administrative expenses	13,136	15,893	44,527	43,128
Operating income	**55,255**	**41,352**	**191,974**	**187,756**
Other (expense) income:				
Interest expense	(5,848)	(2,305)	(15,023)	(5,209)
Gain on sale of operations, net	77	176	176	311
Other (expense) income, net	(2,288)	(2,622)	8,245	(24,932)
Total other expense, net	(8,059)	(4,751)	(6,602)	(29,830)
Income before income tax expense	**47,196**	**36,601**	**185,372**	**157,926**
Income tax expense	13,514	9,131	51,667	41,074
Net Income	**33,682**	**27,470**	**133,705**	**116,852**
Earnings per share:				
Basic	**$ 0.68**	**$ 0.53**	**$ 2.67**	**$ 2.25**
Diluted	**$ 0.67**	**$ 0.53**	**$ 2.64**	**$ 2.22**
Basic weighted average shares outstanding	49,838	51,457	50,054	51,827
Diluted weighted average shares outstanding	50,371	52,238	50,644	52,720
Comprehensive income:				
Net income	$ 33,682	$ 27,470	$ 133,705	$ 116,852
Other comprehensive income, net of tax	487	2,179	811	4,584
Comprehensive income	**$ 34,169**	**$ 29,649**	**$ 134,516**	**$ 121,436**

See the accompanying notes to the unaudited condensed consolidated financial statements

CBIZ, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)
(In thousands)

	Issued Common Shares	Treasury Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Totals
June 30, 2023	**137,081**	**87,259**	**$ 1,371**	**$ 818,693**	**$ 834,139**	**$ (882,088)**	**$ 3,928**	**$ 776,043**
Net income	—	—	—	—	33,682	—	—	33,682
Other comprehensive income	—	—	—	—	—	—	487	487
Share repurchases	—	176	—	—	—	(9,472)	—	(9,472)
Indirect repurchase of shares for minimum tax withholding	—	4	—	—	—	(224)	—	(224)
Restricted stock units and awards	9	—	1	(1)	—	—	—	—
Stock options exercised	212	—	1	4,122	—	—	—	4,123
Stock-based compensation	—	—	—	3,102	—	—	—	3,102
Business acquisitions	54	—	1	2,798	—	—	—	2,799
Excise tax on share repurchases	—	—	—	150	—	(96)	—	54
September 30, 2023	**137,356**	**87,439**	**$ 1,374**	**$ 828,864**	**$ 867,821**	**$ (891,880)**	**$ 4,415**	**$ 810,594**

	Issued Common Shares	Treasury Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Totals
June 30, 2022	**135,823**	**84,221**	**$ 1,358**	**$ 781,142**	**$ 718,144**	**$ (737,559)**	**$ 1,438**	**$ 764,523**
Net income	—	—	—	—	27,470	—	—	27,470
Other comprehensive income	—	—	—	—	—	—	2,179	2,179
Share repurchases	—	744	—	—	—	(32,422)	—	(32,422)
Restricted stock units and awards	1	—	—	—	—	—	—	—
Stock options exercised	254	—	2	4,096	—	—	—	4,098
Stock-based compensation	—	—	—	5,559	—	—	—	5,559
Business acquisitions	68	—	1	2,717	—	—	—	2,718
September 30, 2022	**136,146**	**84,965**	**$ 1,361**	**$ 793,514**	**$ 745,614**	**$ (769,981)**	**$ 3,617**	**$ 774,125**

See the accompanying notes to the unaudited condensed consolidated financial statement

CBIZ, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)
(In thousands)

	Issued Common Shares	Treasury Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Totals
December 31, 2022	**136,295**	**86,115**	**$ 1,363**	**$ 799,147**	**$ 734,116**	**$ (824,778)**	**$ 3,604**	**$ 713,452**
Net income	—	—	—	—	133,705	—	—	133,705
Other comprehensive income	—	—	—	—	—	—	811	811
Share repurchases	—	1,151	—	—	—	(58,000)	—	(58,000)
Indirect repurchase of shares for minimum tax withholding	—	173	—	—	—	(8,448)	—	(8,448)
Restricted stock units and awards	153	—	2	(2)	—	—	—	—
Performance share units	244	—	2	(2)	—	—	—	—
Stock options exercised	433	—	4	8,371	—	—	—	8,375
Stock-based compensation	—	—	—	9,721	—	—	—	9,721
Business acquisitions	231	—	3	11,092	—	—	—	11,095
Excise tax on share repurchases	—	—	—	537	—	(654)	—	(117)
September 30, 2023	**137,356**	**87,439**	**$ 1,374**	**$ 828,864**	**$ 867,821**	**$ (891,880)**	**$ 4,415**	**$ 810,594**

	Issued Common Shares	Treasury Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss) Income	Totals
December 31, 2021	**135,187**	**83,149**	**$ 1,352**	**$ 770,117**	**$ 628,762**	**$ (694,716)**	**$ (967)**	**$ 704,548**
Net income	—	—	—	—	116,852	—	—	116,852
Other comprehensive income	—	—	—	—	—	—	4,584	4,584
Share repurchases	—	1,628	—	—	—	(67,976)	—	(67,976)
Indirect repurchase of shares for minimum tax withholding	—	188	—	—	—	(7,289)	—	(7,289)
Restricted stock units and awards	120	—	1	(1)	—	—	—	—
Performance share units	211	—	2	(2)	—	—	—	—
Stock options exercised	541	—	5	7,989	—	—	—	7,994
Stock-based compensation	—	—	—	11,987	—	—	—	11,987
Business acquisitions	87	—	1	3,424	—	—	—	3,425
September 30, 2022	**136,146**	**84,965**	**$ 1,361**	**$ 793,514**	**$ 745,614**	**$ (769,981)**	**$ 3,617**	**$ 774,125**

See the accompanying notes to the unaudited condensed consolidated financial statements

CBIZ, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	**$ 133,705**	**$ 116,852**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	26,965	24,707
Gain on sale of operations, net	(176)	(311)
Bad debt expense, net of recoveries	1,011	1,295
Adjustment to contingent earnout liability	2,071	1,917
Stock-based compensation expense	9,721	11,987
Deferred income taxes	6,689	5,690
Other, net	(1,156)	(2,096)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Accounts receivable, net	(121,249)	(125,700)
Other assets	(8,222)	(2,610)
Accounts payable	(1,057)	6,203
Income taxes payable	14,414	12,709
Accrued personnel costs	(12,593)	18,863
Other liabilities	7,131	(9,447)
Net cash provided by operating activities	**57,254**	**60,059**
Cash flows from investing activities:		
Business acquisitions and purchases of client lists, net of cash acquired	(53,110)	(79,289)
Purchases of client fund investments	(2,472)	(19,771)
Proceeds from the sales and maturities of client fund investments	6,815	11,500
Proceeds from sales of divested operations	1,696	2,906
Change in funds held for clients	875	(171)
Additions to property and equipment	(19,035)	(6,030)
Other, net	(11,399)	(4,695)
Net cash used in investing activities	**(76,630)**	**(95,550)**
Cash flows from financing activities:		
Proceeds from bank debt	975,300	655,500
Payment of bank debt	(846,300)	(539,700)
Payment for acquisition of treasury stock	(57,736)	(65,976)
Indirect repurchase of shares for minimum tax withholding	(8,448)	(7,289)
Changes in client funds obligations	(49,557)	(30,024)
Proceeds from exercise of stock options	8,375	7,994
Payment of contingent consideration for acquisitions and client lists	(40,076)	(12,408)
Other, net	—	(2,072)
Net cash (used in) provided by financing activities	**(18,442)**	**6,025**
Net decrease in cash, cash equivalents and restricted cash	**(37,818)**	**(29,466)**
Cash, cash equivalents and restricted cash at beginning of year	160,145	150,474
Cash, cash equivalents and restricted cash at end of period	**$ 122,327**	**$ 121,008**
Reconciliation of cash, cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets:		
Cash and cash equivalents	$ 1,415	$ 2,040
Restricted cash	38,229	39,555
Cash equivalents included in funds held for clients	82,683	79,413
Total cash, cash equivalents and restricted cash	**$ 122,327**	**$ 121,008**

See the accompanying notes to the unaudited condensed consolidated financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Selected Terms Used in Notes to the Condensed Consolidated Financial Statements

ASA – Administrative Service Agreement

ASC – Accounting Standards Codification

ASU – Accounting Standards Update

CPA firm – Certified Public Accounting firm

FASB – The Financial Accounting Standards Board

GAAP – United States Generally Accepted Accounting Principles

SOFR – Secured Overnight Financing Rate

LIBOR – London Interbank Offered Rate

SEC – United States Securities and Exchange Commission

Description of Business: CBIZ, Inc. is a diversified services company which, acting through its subsidiaries, has been providing professional business services since 1996, primarily to small and medium-sized businesses, as well as individuals, governmental entities, and not-for-profit enterprises throughout the United States and parts of Canada. CBIZ, Inc. manages and reports its operations along three practice groups: Financial Services, Benefits and Insurance Services and National Practices. A further description of products and services offered by each of the practice groups is provided in Note 12, Segment Disclosures, to the accompanying unaudited condensed consolidated financial statements.

Effective April 1, 2023, CBIZ formed Rockside Insurance Company, Inc. ("Rockside"), a captive insurance company licensed in Vermont. Rockside, wholly owned by CBIZ, provides insurance coverages for a portion of the retention deductibles from CBIZ's certain insurance programs with third party insurers.

Basis of Consolidation: The accompanying unaudited condensed consolidated financial statements include the operations of CBIZ, Inc. and all of its wholly-owned subsidiaries (“CBIZ”, the “Company”, “we”, “us”, or “our”), after elimination of all intercompany balances and transactions. These unaudited condensed consolidated financial statements do not reflect the operations or accounts of variable interest entities as the impact is not material to the financial condition, results of operations or cash flows of CBIZ.

Unaudited Interim Financial Statements: The unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this quarterly report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

In the opinion of CBIZ management, the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial condition, results of operations, and cash flows for the interim periods presented, but are not necessarily indicative of the results of operations to be anticipated for the full year ending December 31, 2023.

Use of Estimates: The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Changes in circumstances could cause actual results to differ materially from these estimates.

Changes in Accounting Policies: We have consistently applied the accounting policies for the periods presented as described in Note 1, Basis of Presentation and Significant Accounting Policies, to the consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Reclassifications: Certain prior period amounts have been reclassified to conform to current year's presentation.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

The FASB ASC is the sole source of authoritative GAAP other than the SEC issued rules and regulations that apply only to SEC registrants. The FASB issues an ASU to communicate changes to the FASB ASC. We assess and review the impact of all issued ASUs. During the nine months ended September 30, 2023, we have implemented all new ASUs that are in effect and that may impact our consolidated financial statements.

Accounting Standards Adopted in 2023

In August 2023, the FASB issued ASU No. 2023-04, *Liabilities (Topic 405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 121*, which amended and added various SEC paragraphs in the ASC to reflect the issuance of SEC Staff Bulletin No. 121. We adopted ASU No. 2023-04 upon issuance and the adoption had no material impact on our condensed consolidated financial statements and related disclosures.

In July 2023, the FASB issued ASU No. 2023-03, *Presentation of Financial Statements (Topic 205), Income Statement - Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation - Stock Compensation (Topic 718): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280 - General Revision of Regulation S-X: Income or Loss Applicable to Common Stock,* which amended and added various SEC paragraphs in the ASC to reflect the issuance of SEC Staff Bulletin No. 120. We adopted ASU No. 2023-04 upon issuance and the adoption had no material impact on our condensed consolidated financial statements and related disclosures.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, less allowance for doubtful accounts, reflects the net realizable value of receivables and approximates fair value. Unbilled revenue is recorded at estimated net realizable value. Assessing the collectability of the receivables (billed and unbilled) requires management judgment based on a combination of factors, including but not limited to, an evaluation of our historical incurred loss experience, credit-worthiness of our clients, age of the trade receivable balance, current economic conditions that may affect a client’s ability to pay, and reasonable and supportable forecasts. Receivables are charged-off against the allowance when the balance is deemed uncollectible.

Accounts receivable, net, at September 30, 2023 and December 31, 2022 was as follows (in thousands):

	September 30, 2023	December 31, 2022
Trade accounts receivable	$ 301,331	$ 267,409
Unbilled revenue, at net realizable value	189,287	87,890
Total accounts receivable	490,618	355,299
Allowance for doubtful accounts	(24,770)	(20,801)
Accounts receivable, net	$ 465,848	$ 334,498

Changes to the allowance for doubtful accounts for the nine months ended September 30, 2023 and twelve months ended December 31, 2022 were as follows (in thousands):

	September 30, 2023	December 31, 2022
Balance at beginning of period	$ (20,801)	$ (16,158)
Provision	(8,867)	(13,545)
Charge-offs, net of recoveries	4,898	8,902
Allowance for doubtful accounts	$ (24,770)	$ (20,801)

NOTE 4. DEBT AND FINANCING ARRANGEMENTS

On May 4, 2022, we entered into a credit facility (the "2022 credit facility" or the "credit facility"), which amended and restated the 2018 credit facility. The 2022 credit facility increased our borrowing capacity from $400 million to $600 million, providing us with the capital necessary to meet our working capital needs as well as the flexibility to continue with our strategic initiatives, including business acquisitions and share repurchases. Other important key terms of the 2022 credit facility included: (i) an accordion feature that permits lenders to extend an additional $200 million at later date; (ii) no change in pricing from the 2018 credit facility; (iii) upsizing of baskets and various sublimits to reflect the increased size of the Company's business; (iv) a swing line facility increase from $25 million to $50 million, providing for same-day funds to cover daily liquidity needs; and (v) base interest rate amended from LIBOR to Term SOFR.

The 2022 credit facility matures on May 4, 2027. The balance outstanding under the 2022 credit facility was $394.7 million and $265.7 million at September 30, 2023 and December 31, 2022, respectively.

The combined effective interest rates under the 2018 and 2022 credit facilities, including the impact of interest rate swaps associated with those credit facilities, for the nine months ended September 30, 2023 and 2022 were as follows:

	Nine Months Ended September 30,	
	2023	2022
Weighted average rates	5.16%	2.29%
Range of effective rates	1.93% - 8.00%	1.08% - 4.18%

We had approximately $195.0 million of available funds under the 2022 credit facility at September 30, 2023, net of outstanding letters of credit of $4.4 million. Available funds under the credit facility are based on a multiple of earnings before interest, taxes, depreciation and amortization as defined in the credit facility, and are reduced by letters of credit, other indebtedness and outstanding borrowings under the credit facility. Under the 2022 credit facility, loans are charged an interest rate consisting of a base rate or Term SOFR rate plus an applicable margin, letters of credit are charged based on the same applicable margin, and a commitment fee is charged on the unused portion of the credit facility.

The 2022 credit facility contains certain restrictive covenants customary for facilities of this type, including restrictions on indebtedness, liens or other encumbrances, making certain payments, investments, or to sell or otherwise dispose of a substantial portion of assets, or to merge or consolidate with an unaffiliated entity. The 2022 credit facility also limits our ability to make dividend payments. Historically, we have not paid cash dividends on our common stock. Our Board of Directors has discretion over the payment and level of dividends on common stock, subject to the limitations of the credit facility and applicable law. The credit facility contains a provision that, in the event of a defined change in control, the credit facility may be terminated. In addition, the 2022 credit facility contains financial covenants that require us to meet certain requirements with respect to (i) a total leverage ratio and (ii) minimum interest coverage ratio which may limit our ability to borrow up to the total commitment amount. As of September 30, 2023, we are in compliance with all covenants.

Other Line of Credit - We have an unsecured $20.0 million line of credit by and among CBIZ Benefits and Insurance, Inc. and Huntington National Bank. We utilize this line to support our short-term funding requirements of payroll client fund obligations due to the investment of client funds, rather than liquidating client funds that have already been invested in available-for-sale securities. The line of credit, which was renewed on August 3, 2023 and will terminate on August 1, 2024, did not have a balance outstanding at September 30, 2023.

Interest Expense - Interest expense, including amortization of deferred financing costs, commitment fees, line of credit fees, and other applicable bank charges, for the three and nine months ended September 30, 2023 and 2022 was as follows (in thousands):

	Three Months Ended September 30,	
	2023	2022
Credit facilities	$ 5,848	$ 2,301
Other line of credit	—	4
Total	$ 5,848	$ 2,305

	Nine Months Ended September 30,	
	2023	2022
Credit facilities	$ 14,986	$ 5,204
Other line of credit	—	5
Other	37	—
Total	$ 15,023	$ 5,209

NOTE 5. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Guarantees - We provide letters of credit to landlords (lessors) of our leased premises in lieu of cash security deposits, which totaled $4.4 million and $5.0 million at September 30, 2023 and December 31, 2022, respectively. In addition, we provide license bonds to various state agencies to meet certain licensing requirements. The amount of license bonds outstanding was $2.3 million and $2.3 million at September 30, 2023 and December 31, 2022, respectively.

Legal Proceedings - On December 19, 2016, CBIZ Operations, Inc. ("CBIZ Operations") was named as a defendant in a lawsuit filed by Zotec Partners, LLC (“Zotec”) in the Marion County Indiana Superior Court. After various amendments, the lawsuit asserted claims under Indiana law for securities, statutory and common law fraud or deception, unjust enrichment, breach of contract, and vicarious liability against CBIZ Operations and a former employee of CBIZ MMP in connection with the sale of the CBIZ MMP medical billing practice to Zotec. The plaintiff claimed that CBIZ Operations had a duty to disclose the fact, unknown to employees of CBIZ Operations at the time of the transaction, that the former employee had a financial arrangement with a Zotec vendor at the time CBIZ Operations sold CBIZ MMP to Zotec. The plaintiff sought damages of up to $177.0 million out of the $200.0 million transaction price. Trial was held in October 2021. The jury found in favor of CBIZ on all fraud, contract and other claims before it. On November 14, 2022, the trial court ruled in favor of CBIZ and against Zotec’s claim for statutory securities fraud. The court also ruled in favor of CBIZ on its counterclaim for indemnification under contract. The trial court has scheduled a hearing for November 2, 2023, to consider evidence regarding the amount of damages owed by Zotec to CBIZ on the counterclaim.

In addition to the item disclosed above, the Company is, from time to time, subject to claims and lawsuits arising in the ordinary course of business. We cannot predict the outcome of all such matters or estimate the possible loss, if any. Although the proceedings are subject to uncertainties in the litigation process and the ultimate disposition of these proceedings is not presently determinable, we intend to vigorously defend these matters.

NOTE 6. FINANCIAL INSTRUMENTS

Available-For-Sale Debt Securities - In connection with certain services provided by our payroll operations, we collect funds from our clients’ accounts in advance of paying client obligations. These funds held for clients are segregated and invested in accordance with our investment policy, which requires all investments carry an investment grade rating at the time of initial investment. These investments, primarily consisting of corporate and municipal bonds, are classified as available-for-sale and are included in the “Funds held for clients” line item on the accompanying unaudited Condensed Consolidated Balance Sheets. The par value of these investments totaled $40.0 million and $44.4 million at September 30, 2023 and December 31, 2022, respectively, and these investments have maturity or callable dates ranging from October 2023 through November 2025.

At September 30, 2023, unrealized losses on the securities were not material and have not been recognized as a credit loss because the bonds are investment grade quality and management is not required or does not intend to sell prior to an expected recovery in value. The bond issuers continue to make timely principal and interest payments.

The following table summarizes activities related to these investments for the nine months ended September 30, 2023 and the twelve months ended December 31, 2022 (in thousands):

	Nine Months Ended September 30, 2023	Twelve Months Ended December 31, 2022
Fair value at beginning of period	$ 43,485	$ 38,670
Purchases	2,472	19,771
Redemptions	(3,310)	(5,630)
Maturities	(3,505)	(6,770)
Change in bond premium	(527)	(645)
Fair market value adjustment	713	(1,911)
Fair value at end of period	$ 39,328	$ 43,485

In addition to the available-for-sale debt securities discussed above, we also held other depository assets in the amount of $0.5 million and $0.9 million at September 30, 2023 and December 31, 2022, respectively. Those depository assets are classified as Level 1 in the fair value hierarchy.

Interest Rate Swaps - We utilize interest rate swaps to manage interest rate risk exposure associated with our floating-rate debt under the 2022 credit facility, or the forecasted acquisition of such liability. We do not purchase or hold any derivative instruments for trading or speculative purposes. Refer to the Annual Report on Form 10-K for the year ended December 31, 2022 for further discussion on our interest rate swaps.

During the first quarter of 2023, we entered into a new 5-year interest rate swap with a notional value of $25.0 million and fixed rate of 3.669%. During the second quarter of 2023, one interest rate swap expired with a notional value of $15.0 million. As of September 30, 2023, we have four interest rate swaps outstanding. Under the terms of the interest rate swaps, we pay interest at a fixed rate of interest plus applicable margin as stated in the amended agreements, and receive interest that varies with the one-month Term SOFR.

The following table summarizes our outstanding interest rate swaps and their classification in the accompanying unaudited Condensed Consolidated Balance Sheets at September 30, 2023 and December 31, 2022 (amounts in thousands):

	September 30, 2023				
	Notional Amount	Fixed Rate	Expiration	Fair Value	Balance Sheet Location
Interest rate swap	$ 50,000	0.834 %	4/14/2025	$ 3,139	Other non-current asset
Interest rate swap	$ 30,000	1.186 %	12/14/2026	$ 2,973	Other non-current asset
Interest rate swap	$ 20,000	2.450 %	8/14/2027	$ 1,390	Other non-current asset
Interest rate swap	$ 25,000	3.669 %	4/14/2028	$ 681	Other non-current asset

	December 31, 2022				
	Notional Amount	Fixed Rate	Expiration	Fair Value	Balance Sheet Location
Interest rate swap	$ 15,000	2.571 %	6/1/2023	$ 133	Other current asset
Interest rate swap	$ 50,000	0.834 %	4/14/2025	$ 3,726	Other non-current asset
Interest rate swap	$ 30,000	1.186 %	12/14/2026	$ 2,871	Other non-current asset
Interest rate swap	$ 20,000	2.450 %	8/14/2027	$ 1,079	Other non-current asset

Refer to Note 7, Fair Value Measurements, for additional disclosures regarding fair value measurements.

The following table summarizes the effects of the interest rate swaps on the accompanying unaudited Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended

September 30, 2023 and 2022 (in thousands):

	Gain Recognized in AOCI, net of tax		Gain (Loss) Reclassified from AOCI into Expense	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2023	2022	2023	2022
Interest rate swaps	$ 1,163	$ 2,815	$ 1,122	$ 220
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest rate swaps	$ 2,635	$ 6,009	$ 3,092	$ (278)

NOTE 7. FAIR VALUE MEASUREMENTS

The following table summarizes our assets and (liabilities) at September 30, 2023 and December 31, 2022, respectively, that are measured at fair value on a recurring basis subsequent to initial recognition and indicates the fair value hierarchy of the valuation techniques utilized by us to determine such fair value (in thousands):

	Level	September 30, 2023	December 31, 2022
Deferred compensation plan assets	1	$ 130,284	$ 118,862
Available-for-sale debt securities	1	39,328	43,485
Other depository assets	1	519	868
Deferred compensation plan liabilities	1	(130,284)	(118,862)
Interest rate swaps	2	8,183	7,809
Contingent purchase price liabilities	3	(120,014)	(132,010)

During the nine months ended September 30, 2023 and 2022, there were no transfers between the valuation hierarchy Levels 1, 2 and 3. The following table summarizes the change in Level 3 fair values of our contingent purchase price liabilities for the nine months ended September 30, 2023 and 2022 (pre-tax basis) (in thousands):

	2023	2022
Beginning balance – December 31	$ (132,010)	$ (79,139)
Additions from business acquisitions	(32,142)	(74,199)
Settlement of contingent purchase price liabilities	46,209	14,047
Change in fair value of contingencies	58	461
Change in net present value of contingencies	(2,129)	(2,378)
Ending balance – September 30	$ (120,014)	$ (141,208)

Contingent purchase price liabilities result from our business acquisitions and are recorded at fair value at the time of acquisition and are presented as “Contingent purchase price liabilities — current” and “Contingent purchase price liabilities — non-current” in the accompanying unaudited Condensed Consolidated Balance Sheets. We estimate the fair value of our contingent purchase price liabilities using a probability-weighted discounted cash flow model. This fair value measure is based on significant inputs not observed in the market and thus represents a Level 3 measurement. Fair value measurements characterized within Level 3 of the fair value hierarchy are measured based on unobservable inputs that are supported by little or no market activity and reflect our own assumptions in measuring fair value.

We probability weight risk-adjusted estimates of future performance of acquired businesses, then calculate the contingent purchase price based on the estimates and discount them to present value representing management’s best estimate of fair value. The fair value of the contingent purchase price liabilities is reassessed quarterly based on assumptions provided by practice group leaders and business unit controllers together with our corporate finance department. Any change in the fair value estimate is recorded in the earnings of that period. Refer to Note 11, Business Combinations, for further discussion of our acquisitions and contingent purchase price liabilities.

The carrying amounts of our cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments, and the carrying value of bank debt approximates fair value as the interest rate on the bank debt is variable and approximates current market rates. As a result, the fair value measurement of our bank debt is considered to be Level 2 under the fair value hierarchy.

NOTE 8. OTHER COMPREHENSIVE INCOME

The following table is a summary of other comprehensive income and discloses the tax impact of each component of other comprehensive income for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net unrealized gain (loss) on available-for-sale securities, net of income taxes (1)	$ 172	$ (457)	$ 510	$ (1,614)
Net unrealized gain on interest rate swaps, net of income taxes(2)	321	2,647	316	6,218
Foreign currency translation	(6)	(11)	(15)	(20)
Total other comprehensive income	$ 487	$ 2,179	$ 811	$ 4,584

(1) Net of income tax expense of $68 and income tax benefit of $171 for the three months ended September 30, 2023 and 2022, respectively, and net of income tax expense of $203 and income tax benefit of $604 for the nine months ended September 30, 2023 and 2022, respectively.

(2) Net of income tax expense of $108 and income tax expense of $863 for the three months ended September 30, 2023 and 2022, respectively, and net of income tax expense of $94 and income tax expense of $2,041 for the nine months ended September 30, 2023 and 2022, respectively.

NOTE 9. EMPLOYEE STOCK PLANS

On May 10, 2023, the shareholders of the Company approved an amendment to the 2019 Stock Omnibus Incentive Plan (the “2019 Plan”). The amendment added 1.5 million shares to the total number of shares that may be issued under the 2019 Plan. All other respects of the Plan remain unchanged. The 2019 Plan, which expires in 2029, permits the grant of various forms of stock-based awards. A maximum of 4.6 million stock options, restricted stock or other stock-based compensation awards may be granted. The terms and vesting schedules for the stock-based awards vary by type and date of grant. Shares subject to award under the 2019 Plan may be either authorized but unissued shares of our common stock or treasury shares. Refer to the Annual Report on Form 10-K for the year ended December 31, 2022 for further discussion on the 2019 Plan.

Compensation expense for stock-based awards recognized during the three and nine months ended September 30, 2023 and 2022 was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Stock options	$ —	$ —	$ 768	$ 248
Restricted stock units and awards	1,452	1,188	4,066	4,015
Performance share units	1,650	4,371	4,887	7,724
Total stock-based compensation expense	$ 3,102	$ 5,559	$ 9,721	$ 11,987

Stock Options and Restricted Stock Units and Awards – The following table presents our stock options and restricted stock units and awards activity during the nine months ended September 30, 2023 (in thousands, except per share data):

	Stock Options		Restricted Stock Units and Awards	
	Number of Options	Weighted Average Exercise Price Per Share	Number of Shares	Weighted Average Grant-Date Fair Value [(1)]
Outstanding at beginning of year	553	$ 21.03	277	$ 32.62
Granted	50	$ 48.40	109	$ 48.64
Exercised or released	(433)	$ 19.34	(163)	$ 31.63
Outstanding at September 30, 2023	170	$ 33.36	223	$ 41.19
Exercisable at September 30, 2023	170	$ 33.36		

(1) Represents weighted average market value of the shares; awards are granted at no cost to the recipients.

CBIZ utilized the Black-Scholes-Merton options pricing model to determine the fair value of stock options on the date of grant. The per-share fair value of stock options granted on February 8, 2023 was $15.35. The following weighted average assumptions were utilized:

	Nine Months Ended September 30, 2023
Expected volatility (1)	28.57%
Expected option life (years) (2)	4.74
Risk-free interest rate (3)	3.89%
Expected dividend yield (4)	—%

(1) The expected volatility assumption was determined based upon the historical volatility of CBIZ's stock price using daily price intervals.

(2) The expected option life was determined based upon CBIZ's historical data using a midpoint scenario, which assumes all options are exercised halfway between the expiration date and the weighted average time it takes the option to vest.

(3) The risk-free interest rate assumption was based upon zero-coupon U.S. treasury bonds with a term approximating the expected life of the respective options.

(4) The expected dividend yield assumption was determined in view of CBIZ's historical and estimated dividend payouts.

Performance Share Units (“PSUs”) – PSUs are earned based on our financial performance over a contractual term of three years and the associated expense is recognized over that period based on the fair value of the award. A three-year cliff vesting schedule of the PSUs is dependent upon the Company’s performance relative to pre-established goals based on an earnings per share target (weighted 70%) and total growth in revenue (weighted 30%). The fair value of PSUs is calculated using the market value of a share of our common stock on the date of grant. For performance achieved above specified levels, the recipient may earn additional shares of stock, not to exceed 200% of the number of PSUs initially granted.

The following table presents our PSUs activity during the nine months ended September 30, 2023 (in thousands, except per share data):

	Performance Share Units	Weighted Average Grant-Date Fair Value Per Unit [(1)]
Outstanding at beginning of year	482	$ 28.84
Granted	88	$ 48.40
Vested	(244)	$ 25.75
Adjustments for performance results [(2)]	138	$ 27.68
Outstanding at September 30, 2023	464	$ 33.84

(1) Represents weighted average market value of the performance share units; PSUs are granted at no cost to the recipients.

(2) Represents the change in the number of performance awards earned based on performance achievement for the performance period.

NOTE 10. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2023 and 2022 (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net Income	$ 33,682	$ 27,470	$ 133,705	$ 116,852
Denominator:				
Basic				
Weighted average common shares outstanding	49,838	51,457	50,054	51,827
Diluted				
Stock options [1]	148	434	206	523
Restricted stock units and awards [1]	96	118	95	141
Performance share units	277	205	277	205
Contingent shares [2]	12	24	12	24
Diluted weighted average common shares outstanding [3]	50,371	52,238	50,644	52,720
Basic earnings per share	$ 0.68	$ 0.53	$ 2.67	$ 2.25
Diluted earnings per share	$ 0.67	$ 0.53	$ 2.64	$ 2.22

(1) A total of 60 thousand shares of stock-based awards were excluded from the calculation of diluted earnings per share for nine months ended September 30, 2023, as their effect would be anti-dilutive. A total of 72 thousand shares of stock-based awards were excluded from the calculation of diluted earnings per share for the nine months ended September 30, 2022, as their effect would be anti-dilutive. No stock-based awards were excluded from the calculation of diluted earnings per share for the three months ended September 30, 2023 and 2022, as their effect was dilutive.

(2) Contingent shares represent additional shares to be issued for purchase price earned by former owners of businesses acquired by us once future considerations have been met. Refer to Note 11, Business Combinations, for further details.

(3) The denominator used in calculating diluted earnings per share did not include 187 thousand PSUs for both the three and nine months ended September 30, 2023, and the denominator used in calculating diluted earnings per share did not include 237 thousand PSUs for both the three and nine months ended September 30, 2022. The performance conditions associated with these performance share units were not met and consequently none of these PSUs were considered as issuable for the three and nine months ended September 30, 2023 and 2022.

NOTE 11. BUSINESS COMBINATIONS

Business Combinations

During the nine months ended September 30, 2023, we completed the following acquisitions:

- Effective January 1, 2023, we acquired all of the assets of Danenhauer and Danenhauer, Inc ("Danenhauer and Danenhauer"). Danenhauer and Danenhauer, based in California, is a provider of forensic accounting, business valuation, expert witness testimony, and other services for businesses and individuals. Operating results for Danenhauer and Danenhauer are reported in the Financial Services practice group.

- Effective February 1, 2023, we acquired the non-attest assets of Somerset CPAs and Advisors ("Somerset"). Somerset, based in Indianapolis, Indiana, is a provider of a full range of accounting, tax, and financial advisory services to clients in a wide array of industries. Operating results for Somerset are reported in the Financial Services practice group.
- Effective June 1, 2023, we acquired all of the assets of Pivot Point Security ("PPS"). PPS, based in Hamilton, New Jersey, is a provider of cyber and information security, and compliance services for small and middle market businesses. Operating results for PPS are reported in the Financial Services practice group.
- Effective June 1, 2023, we acquired all of the assets of Ickovic and Co. PC ("Ickovic and Co."). Ickovic and Co., based in Denver, Colorado, is a provider of bespoke services and solutions for high-net-worth individuals, business owners and executives. Operating results for Ickovic and Co. are reported in the Financial Services practice group.
- Effective July 1, 2023, we acquired all of the assets of American Pension Advisors, Ltd. ("APA"). APA, based in Indianapolis, Indiana, is a provider of full-service retirement plan consulting and administration assisting more than 1,200 clients in the design, implementation, and administration of all types of retirement plans including 401(k), 403(b), 457(b), defined benefit and cash balance. Operating results for APA are reported in the Benefits and Insurance Services practice group.

During the nine months ended September 30, 2022, we completed the following acquisition:

- Effective January 1, 2022, we acquired all of the non-attest assets of Marks Paneth LLP ("Marks Paneth"). Marks Paneth, based in New York City, is a provider of a full range of accounting, tax and consulting services to a wide range of industries. Marks Paneth is included as a component of our Financial Services practice group. Operating results are reported in the Financial Services practice group.
- Effective July 1, 2022, we acquired substantially all the assets of Stinnett & Associates, LLC ("Stinnett"). Stinnett, located in Tulsa, Oklahoma, is a professional advisory firm and certified Women's Business Enterprise providing internal audit, Sarbanes-Oxley compliance, cybersecurity reviews, business continuity and disaster recovery, and fraud investigations to businesses of all sizes including Fortune 1000 organizations in a variety of industries. Operating results are reported in the Financial Services practice group.

The acquisitions of Danenhauer and Danenhauer, Somerset, PPS, Ickovic and Co., and APA (together, the “2023 Acquisitions”) are expected to add approximately $67.3 million annualized revenue in 2023. For the nine months ended September 30, 2023, we recorded approximately $3.1 million in non-recurring transaction, retention and integration related costs associated with the Somerset acquisition. Pro forma results of operations for these acquisitions have not been presented because the effects of these acquisitions were not material, either individually or in aggregate, to our total revenue and net income for the three and nine months ended September 30, 2023 and 2022, respectively.

The following table summarizes the consideration and purchase price allocation for the acquisitions completed during the nine months ended September 30, 2023 and 2022, respectively (in thousands):

	2023	2022
Common stock issued (number)	102	42
Common stock value	$ 4,796	$ 1,668
Cash paid	53,027	79,141
Recorded contingent consideration	32,142	74,199
Total recorded purchase price	$ 89,965	$ 155,008
Accounts receivable acquired	8,539	20,429
Fixed assets acquired	1,108	1,933
Identifiable intangible assets acquired	35,267	53,400
Operating lease right-of-use asset acquired	14,972	49,291
Other assets acquired	1,163	1,693
Operating lease liability acquired - current	(1,080)	(5,860)
Other current liabilities acquired	(1,366)	(1,594)
Operating lease liability acquired - non-current	(13,892)	(43,431)
Goodwill	45,254	79,147
Total net assets acquired	$ 89,965	$ 155,008
Maximum potential contingent consideration	$ 33,845	$ 77,075

Provisional estimates of fair value are established at the time of each acquisition and are subsequently reviewed within the first year of operations subsequent to the acquisition date to determine the necessity for adjustments. Fair value estimates of the 2023 Acquisitions were provisional as of September 30, 2023, primarily related to the value established for certain identifiable intangible assets and contingent purchase price consideration.

The following table summarizes the goodwill and intangible asset amounts resulting from those acquisitions for the nine months ended September 30, 2023 and 2022, respectively (in thousands):

	Nine Months Ended September 30,			
	2023		2022	
	Financial Services	Benefits and Insurance Services	Financial Services	Benefits and Insurance Services
Goodwill	$ 41,322	$ 3,932	$ 79,147	$ —
Client list	33,196	2,053	53,400	—
Other intangibles	18	—	—	—
Total	$ 74,536	$ 5,985	$ 132,547	$ —

Goodwill is calculated as the difference between the aggregated purchase price and the fair value of the net assets acquired. Goodwill represents the value of expected future earnings and cash flows, as well as the synergies created by the integration of the new businesses within our organization, including cross-selling opportunities expected with our Financial Services practice group and the Benefits and Insurance Services practice group, to help strengthen our existing service offerings and expand our market position. Goodwill related to these acquisitions is deductible for tax purposes. Client lists from the aforementioned acquisitions have an expected life up to 10 years, and other intangibles, primarily non-compete agreements, have an expected life of 3 years. Client lists and non-compete agreements are valued using a discounted cash flow model based on management estimates of future cash flows from such assets.

The following table summarizes the changes in contingent purchase price consideration for previous acquisitions and contingent payments made for previous business acquisitions in the three and nine months ended September 30, 2023 and 2022, respectively (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net expense	$ 626	$ 440	$ 2,071	$ 1,917
Cash settlement paid	$ 10,103	$ 4,167	$ 39,910	$ 12,289
Shares issued (number)	54	26	129	45

Divestitures and Sales of Assets

Sales of assets are recorded as "Other (expense) income, net" in the accompanying Consolidated Statements of Comprehensive Income. During the three and nine months ended September 30, 2023, we recorded a gain of $1.4 million and $1.5 million, respectively, related to the sale of one technology asset in the Financial Services practice group. During the three and nine months ended September 30, 2022, we sold one book of business for $2.5 million in the Benefits and Insurance Services practice group and recorded a gain of $2.4 million.

NOTE 12. SEGMENT DISCLOSURES

Our business units have been aggregated into three practice groups: Financial Services, Benefits and Insurance Services and National Practices. The business units have been aggregated based on the following factors: similarity of the products and services provided to clients; similarity of the regulatory environment in which they operate; and similarity of economic conditions affecting long-term performance. The business units are managed along these segment lines. A general description of services provided by each practice group is provided in the table below.

Financial Services	Benefits and Insurance Services	National Practices
Accounting and Tax	Employee Benefits Consulting	Information Technology Managed Networking and Hardware Services
Financial Advisory	Payroll / Human Capital Management	Healthcare Consulting
Valuation	Property and Casualty Insurance	
Risk and Advisory Services	Retirement and Investment Services	
Government Healthcare Consulting		

Corporate and Other - Included in Corporate and Other are operating expenses that are not directly allocated to the individual business units. These expenses primarily consist of certain health care costs, gains or losses attributable to assets held in our non-qualified deferred compensation plan, stock-based compensation, consolidation and integration charges, certain professional fees, certain advertising costs and other various expenses.

Accounting policies of the practice groups are the same as those described in Note 1, Basis of Presentation and Significant Accounting Policies, to the Annual Report on Form 10-K for the year ended December 31, 2022. Upon consolidation, intercompany accounts and transactions are eliminated, thus inter-segment revenue is not included in the measure of profit or loss for the practice groups. Performance of the practice groups is evaluated on income (loss) before income tax expense (benefit) excluding those costs listed above, which are reported in the “Corporate and Other”.

Segment information for the three and nine months ended September 30, 2023 and 2022 is presented below. We do not manage our assets on a segment basis, therefore segment assets are not presented below.

The following table disaggregates our revenue by source (in thousands):

	Three Months Ended September 30, 2023			
	Financial Services	Benefits and Insurance Services	National Practices	Consolidated
Accounting, tax, advisory and consulting	$ 298,372	—	—	$ 298,372
Core benefits and insurance services	—	95,951	—	95,951
Non-core benefits and insurance services	—	4,336	—	4,336
Managed networking, hardware services	—	—	9,205	9,205
National practices consulting	—	—	2,675	2,675
Total revenue	**$ 298,372**	**$ 100,287**	**$ 11,880**	**$ 410,539**

	Three Months Ended September 30, 2022			
	Financial Services	Benefits and Insurance Services	National Practices	Consolidated
Accounting, tax, advisory and consulting	$ 259,998	—	—	$ 259,998
Core benefits and insurance services	—	88,364	—	88,364
Non-core benefits and insurance services	—	3,703	—	3,703
Managed networking, hardware services	—	—	8,514	8,514
National practices consulting	—	—	2,683	2,683
Total revenue	**$ 259,998**	**$ 92,067**	**$ 11,197**	**$ 363,262**

	Nine Months Ended September 30, 2023			
	Financial Services	Benefits and Insurance Services	National Practices	Consolidated
Accounting, tax, advisory and consulting	$ 932,388	—	—	$ 932,388
Core benefits and insurance services	—	283,599	—	283,599
Non-core benefits and insurance services	—	12,580	—	12,580
Managed networking, hardware services	—	—	27,226	27,226
National practices consulting	—	—	7,854	7,854
Total revenue	**$ 932,388**	**$ 296,179**	**$ 35,080**	**$ 1,263,647**

	Nine Months Ended September 30, 2022			
	Financial Services	Benefits and Insurance Services	National Practices	Consolidated
Accounting, tax, advisory and consulting	$ 808,052	—	—	$ 808,052
Core benefits and insurance services	—	264,666	—	264,666
Non-core benefits and insurance services	—	11,595	—	11,595
Managed networking, hardware services	—	—	24,768	24,768
National practices consulting	—	—	7,855	7,855
Total revenue	**$ 808,052**	**$ 276,261**	**$ 32,623**	**$ 1,116,936**

Segment information for the three months ended September 30, 2023 and 2022 was as follows (in thousands):

	Three Months Ended September 30, 2023				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 298,372	$ 100,287	$ 11,880	$ —	$ 410,539
Operating expenses	249,680	79,636	10,667	2,165	342,148
Gross margin	48,692	20,651	1,213	(2,165)	68,391
Corporate general and administrative expenses	—	—	—	13,136	13,136
Operating income (loss)	48,692	20,651	1,213	(15,301)	55,255
Other income (expense):					
Interest expense	—	—	—	(5,848)	(5,848)
Gain on sale of operations, net	77	—	—	—	77
Other income (expense), net	1,497	267	—	(4,052)	(2,288)
Total other income (expense), net	1,574	267	—	(9,900)	(8,059)
Income (loss) before income tax expense	$ 50,266	$ 20,918	$ 1,213	$ (25,201)	$ 47,196

	Three Months Ended September 30, 2022				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 259,998	$ 92,067	$ 11,197	$ —	$ 363,262
Operating expenses	220,337	73,321	9,743	2,616	306,017
Gross margin	39,661	18,746	1,454	(2,616)	57,245
Corporate general and administrative expenses	—	—	—	15,893	15,893
Operating income (loss)	39,661	18,746	1,454	(18,509)	41,352
Other income (expense):					
Interest expense	—	(4)	—	(2,301)	(2,305)
Gain on sale of operations, net	176	—	—	—	176
Other income (expense), net	103	2,402	8	(5,135)	(2,622)
Total other income (expense), net	279	2,398	8	(7,436)	(4,751)
Income (loss) before income tax expense	$ 39,940	$ 21,144	$ 1,462	$ (25,945)	$ 36,601

Segment information for the nine months ended September 30, 2023 and 2022 was as follows (in thousands):

	Nine Months Ended September 30, 2023				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 932,388	$ 296,179	$ 35,080	$ —	$ 1,263,647
Operating expenses	737,568	234,933	31,795	22,850	1,027,146
Gross margin	194,820	61,246	3,285	(22,850)	236,501
Corporate general and administrative expenses	—	—	—	44,527	44,527
Operating income (loss)	194,820	61,246	3,285	(67,377)	191,974
Other income (expense):					
Interest expense	—	(1)	—	(15,022)	(15,023)
Gain on sale of operations, net	176	—	—	—	176
Other income, net	1,987	597	1	5,660	8,245
Total other income (expense), net	2,163	596	1	(9,362)	(6,602)
Income (loss) before income tax expense	$ 196,983	$ 61,842	$ 3,286	$ (76,739)	$ 185,372

	Nine Months Ended September 30, 2022				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 808,052	$ 276,261	$ 32,623	$ —	$ 1,116,936
Operating expenses (income)	639,780	220,998	29,218	(3,944)	886,052
Gross margin	168,272	55,263	3,405	3,944	230,884
Corporate general and administrative expenses	—	—	—	43,128	43,128
Operating income (loss)	168,272	55,263	3,405	(39,184)	187,756
Other income (expense):					
Interest expense	—	(5)	—	(5,204)	(5,209)
Gain on sale of operations, net	311	—	—	—	311
Other income (expense), net	274	2,366	9	(27,581)	(24,932)
Total other income (expense), net	585	2,361	9	(32,785)	(29,830)
Income (loss) before income tax expense	$ 168,857	$ 57,624	$ 3,414	$ (71,969)	$ 157,926

NOTE 13. SUBSEQUENT EVENTS

Subsequent to September 30, 2023, and up to October 24, 2023, we repurchased approximately 0.1 million shares of our common stock in the open market at a total cost of approximately $4.3 million.

Effective October 16, 2023, we entered into a new 5-year interest rate swap with a notional value of $25 million and fixed rate of 4.488%.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to “we”, “us”, “our”, "CBIZ" or the "Company" shall mean CBIZ, Inc., a Delaware corporation, and its operating subsidiaries.

The following discussion is intended to assist in the understanding of our financial position at September 30, 2023 and December 31, 2022, results of operations for the three and nine months ended September 30, 2023 and 2022, and cash flows for the nine months ended September 30, 2023 and 2022, and should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our Annual Report on Form 10-K for the year ended December 31, 2022. This discussion and analysis contains forward-looking statements and should also be read in conjunction with the disclosures and information contained in “Forward-Looking Statements” included elsewhere in this Quarterly Report on Form 10-Q and in “Item 1A. Risk Factors” included in the Annual Report on Form 10-K for the year ended December 31, 2022.

OVERVIEW

We provide professional business services, products and solutions that help our clients grow and succeed by better managing their finances and employees. These services are provided to businesses of various sizes, as well as individuals, governmental entities and not-for-profit enterprises throughout the United States and parts of Canada. We deliver integrated services through three practice groups: Financial Services, Benefits and Insurance Services, and National Practices. Refer to Note 12, Segment Disclosures, to the accompanying unaudited condensed consolidated financial statements for a general description of services provided by each practice group.

Refer to the Annual Report on Form 10-K for the year ended December 31, 2022 for further discussion of our business and strategies, as well as the external relationships and regulatory factors that currently impact our operations.

EXECUTIVE SUMMARY

Revenue for the three months ended September 30, 2023 increased by $47.3 million, or 13.0%, to $410.5 million from $363.3 million for the same period in 2022. Same-unit revenue increased by approximately $30.2 million, or 8.3%, as compared to the same period in 2022. Revenue from newly acquired operations, net of divestitures, contributed $17.1 million, or 4.7%, of incremental revenue for the three months ended September 30, 2023 as compared to the same period in 2022.

Revenue for the nine months ended September 30, 2023 increased by $146.7 million, or 13.1%, to $1,263.6 million from $1,116.9 million for the same period in 2022. Same-unit revenue increased by approximately $84.1 million, or 7.5%, as compared to the same period in 2022. Revenue from newly acquired operations, net of divestitures, contributed $62.6 million, or 5.6%, of incremental revenue for the nine months ended September 30, 2023 as compared to the same period in 2022. A detailed discussion of revenue by practice group is included under "Operating Practice Groups".

Net income was $33.7 million, or $0.67 per diluted share, in the third quarter of 2023, compared to $27.5 million, or $0.53 per diluted share, in the third quarter of 2022. For the nine months ended September 30, 2023, net income was $133.7 million, or $2.64 per diluted share, compared to $116.9 million, or $2.22 per diluted share, for the same period in 2022. Refer to “Results of Operations" for a detailed discussion of the components of net income.

Strategic Use of Capital

Our first priority for use of capital is to make strategic acquisitions. We also have the financing flexibility and the capacity to actively repurchase shares of our common stock. We believe that repurchasing shares of our common stock can be a prudent use of our financial resources, and that investing in our stock is an attractive use of capital and an efficient means to provide value to our stockholders. During the nine months ended September 30, 2023, we completed five acquisitions for $53.0 million in cash. We also repurchased 1.3 million shares of our common stock on open market as well as for tax withholding purposes at a total cost of approximately $66.4 million in the nine months ended September 30, 2023. Refer to Note 11, Business Combinations, to the accompanying unaudited condensed consolidated financial statements for further discussion on acquisitions.

During the first quarter of 2023, the CBIZ Board of Directors authorized the purchase of up to 5.0 million shares of our common stock under our Share Repurchase Program (the “Share Repurchase Program”), which may be suspended or discontinued at any time and expires on April 1, 2024. The shares may be purchased in the open market, in privately negotiated transactions, and pursuant to Rule 10b5-1 trading plans, which may include purchases from our employees, officers and directors, in accordance with the Securities and Exchange Commission (the “SEC”) rules. CBIZ management will determine the timing and amount of the transactions based on its evaluation of market conditions and other factors.

RESULTS OF OPERATIONS

Revenue

The following tables summarize total revenue for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,					
	2023	% of Total	2022	% of Total	$ Change	% Change
	(Amounts in thousands, except percentages)					
Financial Services	$ 298,372	72.7 %	$ 259,998	71.6 %	$ 38,374	14.8 %
Benefits and Insurance Services	100,287	24.4 %	92,067	25.3 %	8,220	8.9 %
National Practices	11,880	2.9 %	11,197	3.1 %	683	6.1 %
Total CBIZ	$ 410,539	100.0 %	$ 363,262	100.0 %	$ 47,277	13.0 %

	Nine Months Ended September 30,					
	2023	% of Total	2022	% of Total	$ Change	% Change
	(Amounts in thousands, except percentages)					
Financial Services	$ 932,388	73.8 %	$ 808,052	72.3 %	$ 124,336	15.4 %
Benefits and Insurance Services	296,179	23.4 %	276,261	24.7 %	19,918	7.2 %
National Practices	35,080	2.8 %	32,623	3.0 %	2,457	7.5 %
Total CBIZ	$ 1,263,647	100.0 %	$ 1,116,936	100.0 %	$ 146,711	13.1 %

A detailed discussion of same-unit revenue by practice group is included under “Operating Practice Groups.”

Non-qualified Deferred Compensation Plan

We sponsor a non-qualified deferred compensation plan, under which a CBIZ employee’s compensation deferral is held in a rabbi trust and invested accordingly as directed by the employee. Income and expenses related to the non-qualified deferred compensation plan, which are recorded in "Corporate and Other" for segment reporting purposes, are included in “Operating expenses”, “Gross margin” and “Corporate general and administrative expenses” and are directly offset by deferred compensation gains or losses in “Other income (expense), net” in the accompanying unaudited Condensed Consolidated Statements of Comprehensive Income. The non-qualified deferred compensation plan has no impact on “Income before income tax expense” or diluted earnings per share.

Income and expenses related to the deferred compensation plan for the three and nine months ended September 30, 2023 and 2022 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Amounts in thousands)			
Operating (income) expenses	$ (3,009)	$ (3,995)	$ 6,853	$ (23,000)
Corporate general and administrative (income) expenses	(452)	(697)	821	(3,319)
Other (expense) income, net	(3,461)	(4,692)	7,674	(26,319)

Excluding the impact of the above-mentioned income and expenses related to the deferred compensation plan, the operating results for the three and nine months ended September 30, 2023 and 2022 are as follows:

	Three Months Ended September 30,							
	2023				2022			
	(Amounts in thousands, except percentages)							
	As Reported	Deferred Compensation Plan	Adjusted	% of Revenue	As Reported	Deferred Compensation Plan	Adjusted	% of Revenue
Gross margin	$ 68,391	$ (3,009)	$ 65,382	15.9 %	$ 57,245	$ (3,995)	$ 53,250	14.7 %
Operating income	55,255	(3,461)	51,794	12.6 %	41,352	(4,692)	36,660	10.1 %
Other (expense) income, net	(2,288)	3,461	1,173	0.3 %	(2,622)	4,692	2,070	0.6 %
Income before income tax expense	47,196	—	47,196	11.5 %	36,601	—	36,601	10.1 %

	Nine Months Ended September 30,							
	2023				2022			
	(Amounts in thousands, except percentages)							
	As Reported	Deferred Compensation Plan	Adjusted	% of Revenue	As Reported	Deferred Compensation Plan	Adjusted	% of Revenue
Gross margin	$ 236,501	$ 6,853	$ 243,354	19.3 %	$ 230,884	$ (23,000)	$ 207,884	18.6 %
Operating income	191,974	7,674	199,648	15.8 %	187,756	(26,319)	161,437	14.5 %
Other income (expense), net	8,245	(7,674)	571	— %	(24,932)	26,319	1,387	0.1 %
Income before income tax expense	185,372	—	185,372	14.7 %	157,926	—	157,926	14.1 %

Operating Expenses

	Three Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Operating expenses by segment:				
Financial Services	$ 249,680	$ 220,337	$ 29,343	13.3 %
Benefits and Insurance Services	79,636	73,321	6,315	8.6 %
National Practices	10,667	9,743	924	9.5 %
Corporate and Other	2,165	2,616	(451)	(17.2)%
Total Operating expenses	$ 342,148	$ 306,017	$ 36,131	11.8 %
Operating expenses % of revenue	83.3 %	84.2 %		
Operating expenses excluding deferred compensation	$ 345,157	$ 310,012	$ 35,145	11.3 %
Operating expenses excluding deferred compensation % of revenue	84.1 %	85.3 %		

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Operating expenses (income) by segment:				
Financial Services	$ 737,568	$ 639,780	$ 97,788	15.3 %
Benefits and Insurance Services	234,933	220,998	13,935	6.3 %
National Practices	31,795	29,218	2,577	8.8 %
Corporate and Other	22,850	(3,944)	26,794	N/M
Total Operating expenses	$ 1,027,146	$ 886,052	$ 141,094	15.9 %
Operating expenses % of revenue	81.3 %	79.3 %		
Operating expenses excluding deferred compensation	$ 1,020,293	$ 909,052	$ 111,241	12.2 %
Operating expenses excluding deferred compensation % of revenue	80.7 %	81.4 %		

Three months ended September 30, 2023 compared to September 30, 2022. Total operating expenses for the three months ended September 30, 2023 increased by $36.1 million, or 11.8%, to $342.1 million as compared to $306.0 million in the same period of 2022. The non-qualified deferred compensation plan decreased operating expenses by $3.0 million for the three months ended September 30, 2023, and by $4.0 million during the same period in 2022. Excluding the non-qualified deferred compensation expenses, which were recorded in "Corporate and Other" for segment reporting purposes, operating expenses would have been $345.2 million and $310.0 million, or 84.1% and 85.3% of revenue, for the three months ended September 30, 2023 and 2022, respectively. In addition, operating expenses for the three months ended September 30, 2023 included approximately $0.6 million non-recurring integration costs associated with the Somerset acquisition, and operating expenses for the three months ended September 30, 2022 included $1.3 million non-recurring integration and retention costs associated with the Marks Paneth acquisition.

The majority of our operating expenses relate to personnel costs, which include (i) salaries and benefits, (ii) commissions paid to producers, (iii) incentive compensation, and (iv) stock-based compensation. Excluding the impact of deferred compensation, which was recorded in "Corporate and Other" for segment reporting purposes, operating expenses increased by approximately $35.1 million during the three months ended September 30, 2023 as compared to the same period in 2022, driven by $28.0 million higher personnel costs (of which $12.2 million was the result of acquisitions), $2.2 million higher travel and entertainment costs, $1.8 million higher technology related costs, $1.4 million higher facility costs, $0.9 million higher depreciation and amortization expense, and $0.7 million higher marketing expense, as well as $0.1 million higher discretionary spending to support business growth. Personnel costs are discussed in further detail under “Operating Practice Groups”.

Nine months ended September 30, 2023 compared to September 30, 2022. Total operating expenses for the nine months ended September 30, 2023 increased by $141.1 million, or 15.9%, to $1,027.1 million as compared to $886.1 million in the same period of 2022. The non-qualified deferred compensation plan increased operating expenses by $6.9 million for the nine months ended September 30, 2023, but decreased operating expenses by $23.0 million during the same period in 2022. Excluding the impact of deferred compensation, which was recorded in "Corporate and Other" for segment reporting purposes, operating expenses would have been $1,020.3 million and $909.1 million, or 80.7% and 81.4% of revenue, for the nine months ended September 30, 2023 and 2022, respectively, an increase of $111.2 million as compared to the same period in 2022. In addition, operating expense for the nine months ended September 30, 2023 included approximately $1.5 million non-recurring integration costs related to the Somerset acquisition, and operating expenses for the nine months ended September 30, 2022 included $8.0 million non-recurring integration and retention costs associated with the Marks Paneth acquisition. The increase in operating expense was driven by personnel costs increase of $92.8 million (of which $38.3 million was the result of acquisitions), $7.2 million higher travel and entertainment costs, $3.8 million higher technology related costs, $2.8 million higher facility costs, $2.4 million higher depreciation and amortization expense, and $1.8 million higher marketing costs, as well as $0.4 million increase in other discretionary spending to support business growth. Personnel costs are discussed in further detail under “Operating Practice Groups”.

Corporate General & Administrative (“G&A”) Expenses

	Three Months Ended September 30,			
	2023	**2022**	**$ Change**	**% Change**
	(Amounts in thousands, except percentages)			
G&A expenses	$ 13,136	$ 15,893	$ (2,757)	(17.3)%
G&A expenses % of revenue	3.2 %	4.4 %		
G&A expenses excluding deferred compensation	$ 13,588	$ 16,590	$ (3,002)	(18.1)%
G&A expenses excluding deferred compensation % of revenue	3.3 %	4.6 %		

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
G&A expenses	$ 44,527	$ 43,128	$ 1,399	3.2 %
G&A expenses % of revenue	3.5 %	3.9 %		
G&A expenses excluding deferred compensation	$ 43,706	$ 46,447	$ (2,741)	(5.9)%
G&A expenses excluding deferred compensation % of revenue	3.5 %	4.2 %		

Three months ended September 30, 2023 compared to September 30, 2022. The deferred compensation plan decreased G&A expenses by $0.5 million for the three months ended September 30, 2023, and decreased G&A expenses by $0.7 million during the same period in 2022. G&A expenses, excluding the impact of the deferred compensation plan, would have been $13.6 million, or 3.3% of revenue, for the three months ended September 30, 2023, compared to $16.6 million, or 4.6% of revenue, for the same period in 2022, a decrease of approximately $3.0 million. The decrease was primarily driven by $4.0 million lower personnel costs offset by $0.8 million higher legal and other professional related costs as well as $0.2 million other discretionary costs. G&A expense for the three months ended September 30, 2022 included approximately $3.9 million cumulative adjustments to a certain performance-based compensation program, which did not recur in 2023.

Nine months ended September 30, 2023 compared to September 30, 2022. The deferred compensation plan increased G&A expense by $0.8 million for the nine months ended September 30, 2023, but decreased G&A expenses by $3.3 million during the same period in 2022. G&A expenses, excluding the impact of the deferred compensation plan, would have been $43.7 million, or 3.5% of revenue, for the nine months ended September 30, 2023, compared to $46.4 million, or 4.2% of revenue, for the same period in 2022, a decrease of approximately $2.7 million. The decrease was primarily driven by $3.2 million lower personnel costs offset by $0.5 million higher legal and other professional related costs. G&A expense for the nine months ended September 30, 2022 included approximately $3.9 million cumulative adjustments to a certain performance-based compensation program, which did not recur in 2023. In addition, G&A expense for the nine months ended September 30, 2023 included a $1.5 million non-recurring transaction and integration costs related to the Somerset acquisition. G&A expense for the nine months ended September 30, 2022 included a $1.9 million non-recurring transaction and integration costs related to the Marks Paneth acquisition.

Other Income (Expense), Net

	Three Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Interest expense	$ (5,848)	$ (2,305)	$ (3,543)	153.7 %
Gain on sale of operations, net	77	176	(99)	(56.3)%
Other expense, net [(1)]	(2,288)	(2,622)	334	(12.7)%
Total other expense, net	$ (8,059)	$ (4,751)	$ (3,308)	69.6 %

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Interest expense	$ (15,023)	$ (5,209)	$ (9,814)	188.4 %
Gain on sale of operations, net	176	311	(135)	(43.4)%
Other income (expense), net [(2)]	8,245	(24,932)	33,177	(133.1)%
Total other expense, net	$ (6,602)	$ (29,830)	$ 23,228	(77.9)%

[(1)] Other expense, net includes a net loss of $3.5 million during the three months ended September 30, 2023, and a net loss of $4.7 million for the same period in 2022, associated with the value of investments held in a rabbi trust related to the deferred compensation plan, which were recorded in "Corporate and Other" for segment reporting purposes. The adjustments to the investments held in a rabbi trust related to the deferred compensation plan are offset by a corresponding increase or decrease to compensation expense, which is recorded as “Operating expenses” and “G&A expenses.” The deferred compensation plan has no impact on “Income before income tax expense” or diluted earnings per share. In addition, included in Other expense, net for the three months ended September 30, 2023 and 2022, is expense of $0.6 million and $0.4 million respectively, related to net changes in the fair value of contingent consideration related to prior acquisitions.

[(2)] Other income (expense), net includes a net gain of $7.7 million during the nine months ended September 30, 2023, compared to a net loss of $26.3 million for the same period in 2022, associated with the value of investments held in a rabbi trust related to the deferred compensation plan, which were recorded in "Corporate and Other" for segment reporting purposes. The adjustments to the investments held in a rabbi trust related to the deferred compensation plan are offset by a corresponding increase or decrease to compensation expense, which is recorded as “Operating expenses” and “G&A expenses.” The deferred compensation plan has no impact on “Income before income tax expense” or diluted earnings per share. In addition, included in Other income (expense), net for the nine months ended September 30, 2023 and 2022, is expense of $2.1 million and $1.9 million, respectively, related to net changes in the fair value of contingent consideration related to prior acquisitions.

Interest Expense

Three and nine months ended September 30, 2023 compared with September 30, 2022. Our primary financing arrangement is the credit facility which was amended and restated in May 2022. During the three months ended September 30, 2023, our average debt balance and weighted average effective interest rate was $398.3 million and 5.53%, compared to $273.2 million and 2.97% for the same period of 2022. The increase in interest expense for the three months ended September 30, 2023 as compared to the same period in 2022 was primarily driven by a higher average debt balance as well as a higher weighted average effective interest rate.

During the nine months ended September 30, 2023, our average debt balance and interest rate was $368.2 million and 5.16% compared to $267.2 million and 2.29% for the same period of 2022. The increase in interest expense for the nine months ended September 30, 2023 as compared to the same period in 2022 was primarily driven by a higher average debt balance as well as a higher weighted average effective interest rate.

Our indebtedness is further discussed in Note 4, Debt and Financing Arrangements, to the accompanying unaudited condensed consolidated financial statements.

Other Income (Expense), Net

Three and nine months ended September 30, 2023 compared with September 30, 2022. For the three months ended September 30, 2023, other expense, net includes a net loss of $3.5 million associated with the non-qualified deferred compensation plan. For the same period in 2022, other expense, net includes a net loss of $4.7 million associated with the non-qualified deferred compensation plan. Excluding the impact of the deferred compensation plan, the three months ended September 30, 2023 and 2022 would have resulted in a net income position of $1.2 million and $2.1 million, respectively, primarily due to gains of $1.4 million and $2.4 million related to the sale of certain assets during the three months ended September 30, 2023 and 2022, respectively.

For the nine months ended September 30, 2023, other income (expense), net includes a net gain of $7.7 million associated with the non-qualified deferred compensation plan. For the same period in 2022, other (expense) income, net includes a net loss of $26.3 million associated with the non-qualified deferred compensation plan. Excluding the impact of the deferred compensation plan, the nine months ended September 30, 2023 and 2022 would have resulted in a net income position of $0.6 million and $1.4 million, respectively, primarily due to gains of $1.5 million and $2.4 million related to the sale of certain assets during the nine months ended September 30, 2023 and 2022, respectively.

Our gain from sale of assets is further discussed in Note 11, Business Combinations, to the accompanying unaudited condensed consolidated financial statements.

Income Tax Expense

	Three Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Income tax expense	$ 13,514	$ 9,131	$ 4,383	48.0 %
Effective tax rate	28.6 %	24.9 %		

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Income tax expense	$ 51,667	$ 41,074	$ 10,593	25.8 %
Effective tax rate	27.9 %	26.0 %		

Three and nine months ended September 30, 2023 compared with September 30, 2022. The effective tax rate for the three months ended September 30, 2023 was 28.6%, compared to an effective tax rate of 24.9% for the comparable period in 2022. The increase in the effective tax rate was primarily due to a smaller proportional tax benefit as compared to pre-tax income related to stock-based compensation expense during the three months ended September 30, 2023 as compared to the same quarter in 2022. The effective tax rate further increased due to the tax effect of higher non-deductible expenses and higher state tax expense during the third quarter of 2023 as compared to the same period in 2022.

The effective tax rate for the nine months ended September 30, 2023 was 27.9%, compared to an effective tax rate of 26.0% for the same period in 2022. The increase in the effective tax rate year over year was primarily due to the effect of higher pre-tax income on our tax benefit related to stock-based compensation. In addition, we incurred higher non-deductible expenses and higher state tax expense during the nine months ended September 30, 2023 as compared to the same period in 2022 which also contributed to the increase in the effective tax rate.

Operating Practice Groups

We deliver our integrated services through three practice groups: Financial Services, Benefits and Insurance Services, and National Practices. A description of these groups' operating results and factors affecting their businesses is provided below.

Same-unit revenue represents total revenue adjusted to reflect comparable periods of activity for acquisitions and divestitures. Divested operations represent operations that did not meet the criteria for treatment as discontinued operations.

Financial Services

	Three Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Revenue				
Same-unit	$ 281,923	$ 259,998	$ 21,925	8.4 %
Acquired businesses	16,449	—	16,449	N/M
Total revenue	$ 298,372	$ 259,998	$ 38,374	14.8 %
Operating expenses	249,680	220,337	29,343	13.3 %
Gross margin / Operating income	$ 48,692	$ 39,661	$ 9,031	22.8 %
Total other income, net	1,574	279	1,295	N/M
Income before income tax expense	50,266	39,940	10,326	25.9 %
Gross margin percent	16.3 %	15.3 %		

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Revenue				
Same-unit	$ 870,442	$ 808,052	$ 62,390	7.7 %
Acquired businesses	61,946	—	61,946	N/M
Total revenue	$ 932,388	$ 808,052	$ 124,336	15.4 %
Operating expenses	737,568	639,780	97,788	15.3 %
Gross margin / Operating income	$ 194,820	$ 168,272	$ 26,548	15.8 %
Total other income, net	2,163	585	1,578	N/M
Income before income tax expenses	196,983	168,857	28,126	16.7 %
Gross margin percent	20.9 %	20.8 %		

Three months ended September 30, 2023 compared to September 30, 2022

Revenue

The Financial Services practice group revenue for the three months ended September 30, 2023 grew by 14.8% to $298.4 million from $260.0 million during the same period in 2022. Same-unit revenue grew by $21.9 million, or 8.4%, across all product lines, primarily driven by those units that provide traditional accounting and tax-related services, which increased $12.0 million, an increase of approximately $6.3 million in those units that provide project-oriented advisory services, and an increase of approximately $3.6 million in government healthcare compliance business. The impact of acquired businesses contributed $16.4 million, or 5.5% of 2023 revenue, of which Somerset contributed $14.2 million, or 4.8% of the Financial Services practice group's revenue for the three months ended September 30, 2023.

We provide a range of services to affiliated CPA firms under joint referral and administrative service agreements (“ASAs”). Fees earned under the ASAs are recorded as revenue in the accompanying Condensed Consolidated Statements of Comprehensive Income and were approximately $60.5 million and $54.1 million for the three months ended September 30, 2023 and 2022, respectively.

Operating Expenses

Operating expenses increased by $29.3 million, or 13.3%, as compared to the same period last year. Personnel costs increased by $22.4 million, of which acquisitions contributed approximately $11.8 million to the increase. Compared to the same period in 2022, travel and entertainment costs, technology costs, corporate allocated costs, depreciation and amortization costs, facility costs, marketing costs, and direct costs increased by approximately $1.6 million, $1.6 million, $1.5 million, $1.0 million, $0.9 million, $0.5 million, and $0.3 million respectively. Other discretionary costs, net decreased by approximately $0.5 million, primarily driven by lower professional fees and recruiting costs. Operating expenses as a percentage of revenue increased to 83.7% for the three months ended September 30, 2023 from 84.7% of revenue for the prior year quarter.

Nine months ended September 30, 2023 compared to September 30, 2022

Revenue

Revenue for the nine months ended September 30, 2023 grew by 15.4% to $932.4 million from $808.1 million during the same period in 2022. Same-unit revenue grew by $62.4 million, or 7.7%, across all service lines, primarily driven by those units that provide traditional accounting and tax-related services, which increased $45.3 million, an increase of approximately $14.0 million in those units that provide project-oriented advisory services, and an increase of approximately $3.1 million in government healthcare compliance business. The impact of acquired businesses contributed $61.9 million, or 6.6% of 2023 revenue, of which Somerset and Stinnett contributed a total of $58.5 million, or 6.3% of Financial Services practice group's revenue for the nine months ended September 30, 2023.

Fees earned under the ASAs, as described above, were approximately $211.2 million and $191.1 million for the nine months ended September 30, 2023 and 2022, respectively.

Operating Expenses

Operating expenses increased by $97.8 million, or 15.3%, as compared to the same period last year. Personnel costs increased by $79.0 million, of which acquisitions contributed approximately $37.9 million to the increase. Compared to the same period in 2022, corporate allocated costs, travel and entertainment costs, technology costs, depreciation and amortization costs, facility costs, direct costs, and marketing costs increased by approximately $4.8 million, $4.8 million, $3.1 million, $2.5 million, $1.7 million, $1.2 million, and $1.0 million, respectively. Other discretionary costs, net, decreased by approximately $0.3 million primarily due to lower recruiting and other professional services costs. Operating expense as a percentage of revenue increased to 79.1% during the nine months ended September 30, 2023 from 79.2% of revenue during the same period in 2022.

Benefits and Insurance Services

	Three Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Revenue				
Same-unit	$ 99,613	$ 92,067	$ 7,546	8.2 %
Acquired businesses	674	—	674	
Total revenue	$ 100,287	$ 92,067	$ 8,220	8.9 %
Operating expenses	79,636	73,321	6,315	8.6 %
Gross margin / Operating income	$ 20,651	$ 18,746	$ 1,905	10.2 %
Total other income (expense), net	267	2,398	(2,131)	(88.9)%
Income before income tax expense	20,918	21,144	(226)	(1.1)%
Gross margin percent	20.6 %	20.4 %		

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Revenue				
Same-unit	$ 295,505	$ 276,261	$ 19,244	7.0 %
Acquired businesses	674	—	674	
Total revenue	$ 296,179	$ 276,261	$ 19,918	7.2 %
Operating expenses	234,933	220,998	13,935	6.3 %
Gross margin/ Operating income	$ 61,246	$ 55,263	$ 5,983	10.8 %
Total other income (expense), net	596	2,361	(1,765)	(74.8)%
Income before income tax expenses	61,842	57,624	4,218	7.3 %
Gross margin percent	20.7 %	20.0 %		

Three months ended September 30, 2023 compared to September 30, 2022

Revenue

The Benefits and Insurance Services practice group revenue increased by $8.2 million, or 8.9%, to $100.3 million during the three months ended September 30, 2023 compared to $92.1 million for the same period in 2022. Same-unit revenue grew by $7.5 million, or 8.2%, across almost all of the major service lines, primarily driven by $3.4 million increase in employee benefit and retirement benefit services lines, $2.3 million in property and casualty services, and $1.0 million from other project-based services. In addition, revenue from payroll-related services increased by approximately $0.9 million.

Operating Expenses

Operating expenses increased by $6.3 million, or 8.6%, when compared to the same period last year. Personnel costs increased by $5.6 million primarily due to timing of annual merit increases as well as investment in producers. Compared to the same period in 2022, corporate allocated costs, travel and entertainment cost, technology costs, as well as marketing costs increased by approximately $0.6 million, $0.3 million, $0.2 million, and $0.1 million, respectively. The increase in operating expenses was offset by $0.3 million lower bad debt expense, $0.3 million lower depreciation and amortization costs as well as $0.1 million lower facility costs as compared to the same period in 2022. In addition, other miscellaneous discretionary costs increased by approximately $0.2 million to support business growth. Operating expenses as a percentage of revenue slightly decreased to 79.4% for the quarter ended September 30, 2023 from 79.6% of revenue for the same period in 2022.

Nine months ended September 30, 2023 compared to September 30, 2022

Revenue

The Benefits and Insurance Services practice group revenue increased by $19.9 million, or 7.2%, to $296.2 million during the nine months ended September 30, 2023 compared to $276.3 million for the same period in 2022. Same-unit revenue grew by $19.2 million, or 7.0%, across almost all of the major service lines, primarily driven by $9.5 million increase in employee benefit and retirement benefit services lines, $5.1 million increase in the property and casualty services, and $3.7 million increase in payroll-related services. In addition, revenue from other project-based services increased by approximately $0.9 million.

Operating Expenses

Operating expenses increased by $13.9 million, or 6.3%, when compared to the same period last year, primarily driven by approximately a $12.2 million increase in personnel costs due to timing of annual merit increases, bonus accrual, as well as investment in producers. Compared to the same period in 2022, corporate allocated costs, travel and entertainment cost, technology costs, marketing costs, as well as direct costs increased by approximately $1.7 million, $1.3 million, $0.4 million, $0.3 million, and $0.2 million, respectively. The increase in operating expenses was offset by $0.9 million lower depreciation and amortization costs, $0.9 million lower bad debt expense as well as $0.6 million lower facility costs, as compared to the same period in 2022. In addition, other miscellaneous discretionary costs increased by approximately $0.2 million to support business growth. Operating expense as a percentage of revenue slightly improved to 79.3% during the nine months ended September 30, 2023 from 80.0% of revenue for the same period in 2022.

National Practices

	Three Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Same-unit revenue	$ 11,880	$ 11,197	$ 683	6.1 %
Operating expenses	10,667	9,743	924	9.5 %
Gross margin / Operating income	$ 1,213	$ 1,454	$ (241)	(16.6)%
Total other income, net	—	8	(8)	N/M
Income before income tax expense	1,213	1,462	(249)	(17.0)%
Gross margin percent	10.2 %	13.0 %		

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Same-unit revenue	$ 35,080	$ 32,623	$ 2,457	7.5 %
Operating expenses	31,795	29,218	2,577	8.8 %
Gross margin / Operating income	$ 3,285	$ 3,405	$ (120)	(3.5)%
Total other income, net	1	9	(8)	N/M
Income before income tax expenses	3,286	3,414	(128)	(3.7)%
Gross margin percent	9.4 %	10.4 %		

Three and nine months ended September 30, 2023 compared with September 30, 2022

Revenue and Operating Expenses

The National Practices group is primarily driven by a cost-plus contract with a single client, which has existed since 1999. The cost-plus contract is a five-year contract with the most recent renewal through December 31, 2023. The Company is in the process of renewing the contract. Revenues from this single client accounted for approximately 75% of the National Practice group’s revenue. During the three and nine months ended September 30, 2023, revenue increased by $0.7 million, or 6.1%, and $2.5 million, or 7.5%, respectively, while operating expenses increased by $0.9 million, or 9.5%, and $2.6 million, or 8.8%, respectively.

Corporate and Other

Corporate and Other are operating expenses that are not directly allocated to the individual business units. These expenses primarily consist of certain health care costs, gains or losses attributable to assets held in our non-qualified deferred compensation plan, stock-based compensation, consolidation and integration charges, certain professional fees, certain advertising costs and other various expenses.

	Three Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Operating expenses (income)	$ 2,165	$ 2,616	(451)	(17.2)%
Corporate general and administrative expenses	13,136	15,893	(2,757)	(17.3)%
Operating loss	(15,301)	(18,509)	3,208	(17.3)%
Total other expense, net	(9,900)	(7,436)	(2,464)	33.1 %
Loss before income tax expense	(25,201)	(25,945)	744	(2.9)%

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
	(Amounts in thousands, except percentages)			
Operating expenses (income)	$ 22,850	$ (3,944)	26,794	N/M
Corporate general and administrative expenses	44,527	43,128	1,399	3.2 %
Operating loss	(67,377)	(39,184)	(28,193)	72.0 %
Total other expense, net	(9,362)	(32,785)	23,423	(71.4)%
Loss before income tax expenses	(76,739)	(71,969)	(4,770)	6.6 %

Three months ended September 30, 2023 compared to September 30, 2022

Total operating expenses decreased by $0.5 million during the three months ended September 30, 2023, as compared to the same period in 2022. The non-qualified deferred compensation plan decreased operating expenses by $3.0 million for the three months ended September 30, 2023 and by $4.0 million during the same period in 2022. Excluding the non-qualified deferred compensation expenses, operating expenses decreased by $1.4 million during the three months ended September 30, 2023, as compared to the same period in 2022. The decrease was primarily driven by lower personnel costs.

Total corporate general and administrative expenses decreased by $2.8 million, or 17.3%, during the three months ended September 30, 2023, as compared to the same period in 2022. The non-qualified deferred compensation plan decreased corporate general and administrative expenses by $0.5 million for the three months ended September 30, 2023 and by $0.7 million during the same period in 2022. Excluding the non-qualified deferred compensation expenses, corporate general and administrative expense decreased by approximately $3.0 million. The decrease was primarily driven by $4.0 million lower personnel costs offset by $0.8 million higher legal and other professional related costs as well as $0.2 million other discretionary costs. G&A expense for the three months ended September 30, 2022 included approximately $3.9 million cumulative adjustments to certain performance-based compensation program, which did not recur in 2023.

Total other expense, net increased by $2.5 million during the three months ended September 30, 2023, as compared to the same period in 2022. For the three months ended September 30, 2023, total other expense, net includes a net loss of $3.5 million associated with the non-qualified deferred compensation plan. For the same period in 2022, other expense, net includes a net loss of $4.7 million associated with the non-qualified deferred compensation plan. Excluding the impact of the non-qualified deferred compensation plan, total other expense, net would have been $6.4 million in 2023 and $2.7 million in 2022, a change of $3.7 million primarily attributed to $3.5 million higher interest expense in 2023 as compared to 2022 as well as $0.2 million higher net changes in the fair value of contingent consideration related to prior acquisitions.

Nine months ended September 30, 2023 compared to September 30, 2022

Total operating expenses increased by $26.8 million during the nine months ended September 30, 2023, as compared to the same period in 2022. The non-qualified deferred compensation plan increased operating expenses by $6.9 million for the nine months ended September 30, 2023, but decreased operating expenses by $23.0 million during the same period in 2022. Excluding the non-qualified deferred compensation expenses, operating expenses decreased by approximately $3.1 million, primarily driven by lower personnel costs.

Total G&A expenses increased by $1.4 million, or 3.2%, during the nine months ended September 30, 2023, as compared to the same period in 2022. The non-qualified deferred compensation plan increased G&A expenses by $0.8 million for the nine months ended September 30, 2023, but decreased G&A expense by $3.3 million during the same period in 2022. Excluding the non-qualified deferred compensation expenses, G&A expense decreased by $2.7 million. The decrease was primarily driven by $3.2 million lower personnel costs offset by $0.5 million higher legal and other professional related costs. G&A expense for the nine months ended September 30, 2022 included approximately $3.9 million cumulative adjustments to certain performance-based compensation program, which did not recur in 2023. In addition, G&A expense for the nine months ended September 30, 2023 included a $1.5 million non-recurring transaction and integration costs related to the Somerset acquisition. G&A expense for the nine months ended September 30, 2022 included a $1.9 million non-recurring transaction and integration costs related to the Marks Paneth acquisition.

Total other expense, net decreased by $23.4 million during the nine months ended September 30, 2023, as compared to the same period in 2022. Total other expense, net for the nine months ended September 30, 2023 includes a net gain of $7.7 million associated with the non-qualified deferred compensation plan. For the same period in 2022, total other expense, net includes a net loss of $26.3 million associated with the non-qualified deferred compensation plan. Excluding the impact of the non-qualified deferred compensation plan, total other expense, net would have been $17.0 million in 2023 and $6.5 million in 2022, an increase of $10.5 million, primarily due to $9.8 million higher interest expense due to higher average outstanding balance and interest rates during 2023 as compared to 2022 as well as $0.7 million increase in miscellaneous expenses.

LIQUIDITY

Our principal sources of liquidity are cash generated from operating activities and financing activities. Our cash flows from operating activities are driven primarily by our operating results and changes in our working capital requirements while our cash flows from financing activities are dependent upon our ability to access credit or other capital. We historically maintain low cash levels and apply any available cash to pay down the outstanding debt balance.

We historically experience a use of cash to fund working capital requirements during the first quarter of each fiscal year. This is primarily due to the seasonal accounting and tax services period under the Financial Services practice group, as well as payment of accrued employees' incentives programs. Upon completion of the seasonal accounting and tax services period, cash provided by operations during the remaining three quarters of the fiscal year substantially exceeds the use of cash in the first quarter of the fiscal year.

Accounts receivable balances increase in response to the first nine months' revenue generated by the Financial Services practice group. A significant amount of this revenue is billed and collected in subsequent quarters. Days sales outstanding (“DSO”) represent accounts receivable and unbilled revenue (net of realization adjustments) at the end of the period, divided by trailing twelve months' daily revenue. We provide DSO data because such data is commonly used as a performance measure by analysts and investors and as a measure of our ability to collect on receivables in a timely manner. DSO was 96 days and 93 days at September 30, 2023 and 2022. DSO at December 31, 2022 was 74 days.

The following table presents selected cash flow information. For additional details, refer to the accompanying Condensed Consolidated Statements of Cash Flows.

	Nine Months Ended September 30,	
	2023	2022
	(Amounts in thousands)	
Net cash provided by operating activities	$ 57,254	$ 60,059
Net cash used in investing activities	(76,630)	(95,550)
Net cash (used in) provided by financing activities	(18,442)	6,025
Net decrease in cash, cash equivalents and restricted cash	$ (37,818)	$ (29,466)

Operating Activities - Cash provided by operating activities was $57.3 million during the nine months ended September 30, 2023, primarily consisted of net income of $133.7 million and certain non-cash items, such as depreciation and amortization expense of $27.0 million, deferred income tax of $6.7 million, and stock-based compensation expense of $9.7 million. The cash inflow was offset by working capital use of $121.6 million. Cash provided by operating activities was $60.1 million during the nine months ended September 30, 2022 and primarily consisted of net income of $116.9 million and certain non-cash items, such as depreciation and amortization expense of $24.7 million, deferred income tax of $5.7 million, and stock-based compensation expense of $12.0 million. The cash inflow was offset by working capital use of $100.0 million.

Investing Activities - Cash used in investing activities during the nine months ended September 30, 2023 was $76.6 million and consisted primarily of $53.1 million used for business acquisitions, $19.0 million in capital expenditures, and $11.4 million in other investing activities primarily related to working capital payments and notes receivable. The use of cash was offset by $5.2 million net cash inflow related to funds held for clients, $1.5 million related to the sale of one technology asset and $0.2 million in other cash payments related to certain prior divestitures. Cash used in investing activities during the nine months ended September 30, 2022 was $95.6 million and consisted primarily of $79.3 million used for business acquisitions, $6.0 million in capital expenditures, $8.4 million net activity related to funds held for clients, and $4.7 million in other activities related to working capital payments and notes receivable. The use of cash was offset by $2.9 million cash inflow primarily related to $2.5 million proceeds from the sale of a small book of business as well as receipts of cash payments related to certain prior divestitures.

The balances in funds held for clients and client fund obligations can fluctuate with the timing of cash receipts and the related cash payments. The nature of these accounts is further described in Note 1, Basis of Presentation and Significant Accounting Policies, to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Financing Activities - Cash used in financing activities during the nine months ended September 30, 2023 was $18.4 million and primarily consisted of $66.2 million in share repurchases, a $49.6 million net decrease in client fund obligations and $40.1 million in contingent consideration payments related to prior acquisitions. The use of cash was partially offset by $129.0 million in net proceeds from the credit facility and $8.4 million proceeds from exercise of stock options. Cash provided by financing activities during the nine months ended September 30, 2022 was $6.0 million and primarily consisted of $115.8 million in net proceeds from the credit facility and $8.0 million proceeds from exercise of stock options, partially offset by $73.3 million in share repurchases, $30.0 million net decrease in client fund obligations, $12.4 million in contingent consideration payments related to prior acquisitions and $2.1 million paid as deferred financing costs related to the 2022 credit facility.

CAPITAL RESOURCES

Credit Facility - At September 30, 2023, we had $394.7 million outstanding under the 2022 credit facility as well as $4.4 million outstanding letters of credit. Available funds under the 2022 credit facility, based on the terms of the commitment, were approximately $195.0 million at September 30, 2023. The weighted average interest rate under the credit facility was 5.16% during the nine months ended September 30, 2023, compared to 2.29% for the same period in 2022. The credit facility allows for the allocation of funds for future strategic initiatives, including acquisitions and the repurchase of our common stock, subject to the terms and conditions of the 2022 credit facility.

Debt Covenant Compliance - Under the 2022 credit facility, we are required to meet certain financial covenants with respect to (i) total leverage ratio and (ii) minimum interest charge coverage ratio. We are in compliance with our financial covenants as of September 30, 2023. Our ability to service our debt and to fund future strategic initiatives will depend upon our ability to generate cash in the future. For further discussion regarding our 2022 credit facility and debt, refer to Note 4, Debt and Financing Arrangements, to the accompanying unaudited condensed consolidated financial statements.

Use of Capital - Our first priority for use of capital is to make strategic acquisitions. We also have the financing flexibility and the capacity to actively repurchase shares of our common stock. We believe that repurchasing shares of our common stock can be a prudent use of our financial resources, and that investing in our stock is an attractive use of capital and an efficient means to provide value to our stockholders. During the nine months ended September 30, 2023, we completed five acquisitions for $53.0 million in cash. We also repurchased 1.3 million shares of our common stock at a total cost of approximately $66.4 million during the nine months ended September 30, 2023. Refer to Note 11, Business Combinations, to the accompanying unaudited condensed consolidated financial statements for further discussion on acquisitions.

Cash Requirements for 2023 - Cash requirements for the remainder of 2023 will include acquisitions, interest payments on debt, seasonal working capital requirements, contingent purchase price payments for previous acquisitions, share repurchases and capital expenditures. We believe that cash provided by operations, as well as available funds under our credit facility will be sufficient to meet cash requirements.

OFF-BALANCE SHEET ARRANGEMENTS

We maintain administrative service agreements with independent CPA firms (as described more fully under “Business – Financial Services” and in Note 1, Basis of Presentation and Significant Accounting Policies, to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022), which qualify as variable interest entities. The accompanying unaudited condensed consolidated financial statements do not reflect the operations or accounts of variable interest entities as the impact is not material to the financial condition, results of operations, or cash flows of CBIZ.

We provide letters of credit to landlords (lessors) of our leased premises in lieu of cash security deposits, which totaled $4.4 million and $5.0 million at September 30, 2023 and December 31, 2022, respectively. In addition, we provide license bonds to various state agencies to meet certain licensing requirements. The amount of license bonds outstanding was $2.3 million and $2.3 million at September 30, 2023 and December 31, 2022, respectively.

We have various agreements under which we may be obligated to indemnify the other party with respect to certain matters. Generally, these indemnification clauses are included in contracts arising in the normal course of business under which we customarily agree to hold the other party harmless against losses arising from a breach of representations, warranties, covenants or agreements, related to matters such as title to assets sold and certain tax matters. Payment by us under such indemnification clauses is generally conditioned upon the other party making a claim. Such claims are typically subject to challenge by us and to dispute resolution procedures specified in the particular contract. Further, our obligations under these agreements may be limited in terms of time and/or amount and, in some instances, we may have recourse against third parties for certain payments made by us. It is not possible to predict the maximum potential amount of future payments under these indemnification agreements due to the conditional nature of our obligations and the unique facts of each particular agreement. Historically, we have not made any payments under these agreements that have been material individually or in the aggregate. As of September 30, 2023, we are not aware of any material obligations arising under indemnification agreements that would require payment.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The SEC defines critical accounting policies as those that are most important to the portrayal of a company’s financial condition and results and that require management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Our discussion and analysis of our results of operations, financial condition and liquidity are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities as of the date of the unaudited condensed consolidated financial statements. As more information becomes known, these estimates and assumptions could change, which would have an impact on actual results that may differ materially from these estimates and judgments under different assumptions. We have not made any changes to our critical accounting policies and estimates as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

NEW ACCOUNTING PRONOUNCEMENTS

Refer to Note 2, New Accounting Pronouncements, to the accompanying unaudited condensed consolidated financial statements for a discussion of recently issued accounting pronouncements.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact included in this Quarterly Report, including without limitation, "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding our financial position, business strategy and plans and objectives for future performance are forward-looking statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Forward-looking statements are commonly identified by the use of such terms and phrases as "intends", "believes", "estimates", "expects", "projects", "anticipates", "foreseeable future", "seeks", and words or phrases of similar import in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated services, sales efforts, expenses, and financial results.

From time to time, we may also provide oral or written forward-looking statements in other materials we release to the public. Any or all of our forward-looking statements in this Quarterly Report on Form 10-Q and in any other public statements that we make, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, but are not limited to, the impact of COVID-19 on the Company’s business and operations and those of our clients; the Company’s ability to adequately manage and sustain its growth; the Company’s dependence on the current trend of outsourcing business services; the Company’s dependence on the services of its CEO and other key employees; competitive pricing pressures; general business and economic conditions; and changes in governmental regulation and tax laws affecting the Company’s insurance business or its business service operations. Such forward-looking statements can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Should one or more of these risks materialize, or should the underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected.

Consequently, no forward-looking statement can be guaranteed. A more detailed description of risk factors may be found in “Item 1A, Risk Factors” of this Quarterly Report and in “Item 1A, Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2022. Except as required by the federal securities laws, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our filings with the SEC, such as quarterly, periodic and annual reports.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our floating rate debt under the 2022 credit facility exposes us to interest rate risk. Interest rate risk results when the maturity or repricing intervals of interest-earning assets and interest-bearing liabilities are different. A change in the Federal Funds Rate, or the reference rate set by Bank of America, N.A., would affect the rate at which we could borrow funds under the credit facility. The balance outstanding under our credit facility at September 30, 2023 was $394.7 million, of which $269.7 million is subject to rate risk. If market rates were to increase or decrease 100 basis points from the levels at September 30, 2023, interest expense would increase or decrease approximately $2.7 million annually.

We do not engage in trading market risk sensitive instruments. We periodically use interest rate swaps to manage interest rate risk exposure. The interest rate swaps effectively modify our exposure to interest rate risk, primarily through converting portions of our floating rate debt under the credit facility to a fixed rate basis. These agreements involve the receipt or payment of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amounts.

At September 30, 2023, we had four interest rate swaps with notional values, fixed rates of interest and expiration dates of (i) $50.0 million - 0.834% - April, 2025, (ii) $30.0 million - 1.186% - December, 2026, (iii) $20.0 million - 2.450% - August, 2027 and (iv) $25.0 million - 3.669% - April, 2028, respectively. Management will continue to evaluate the potential use of interest rate swaps as we deem appropriate under certain operating and market conditions. We do not enter into derivative instruments for trading or speculative purposes.

In connection with the services provided by our payroll operations, funds collected from our clients' accounts in advance are segregated and may be invested in short-term investments, such as corporate and municipal bonds. In accordance with our investment policy, all investments carry an investment grade rating at the time of the initial acquisition, and are classified as available-for-sale securities. At each respective balance sheet date, these investments are adjusted to fair value with fair value adjustments being recorded to other comprehensive income or loss and reflected in the accompanying Condensed Consolidated Statements of Comprehensive Income for the respective period. If an investment is deemed to be other-than-temporarily impaired due to credit loss, then the adjustment is recorded to "Other (expense) income, net" in the accompanying Condensed Consolidated Statements of Comprehensive Income. Refer to Note 6, Financial Instruments, and Note 7, Fair Value Measurements, to the accompanying unaudited condensed consolidated financial statements for further discussion regarding these investments and the related fair value assessments.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management has evaluated the effectiveness of our disclosure controls and procedures ("Disclosure Controls") as of the end of the period covered by this report. This evaluation ("Controls Evaluation") was done with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Disclosure Controls are controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure Controls include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to management, including the CEO and CFO as appropriate, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Controls

Management, including our CEO and CFO, does not expect that our Disclosure Controls or our internal control over financial reporting will prevent all errors and all fraud. Although our Disclosure Controls are designed to provide reasonable assurance of achieving their objective, a control system, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that the objectives of a control system are met. Further, any control system reflects limitations on resources, and the benefits of a control system must be considered relative to its costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within CBIZ have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of a control. A design of a control system is also based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

Conclusions

Our Disclosure Controls are designed to provide reasonable assurance of achieving their objectives and, based upon the Controls Evaluation, our CEO and CFO have concluded that as of the end of the period covered by this report, CBIZ's Disclosure Controls were effective at that reasonable assurance level.

(b) Internal Control over Financial Reporting

On February 1, 2023, we completed the Somerset acquisition. We are in the process of integrating Somerset into our system of internal control over financial reporting. Except for the Somerset acquisition, there have been no changes to our internal control over financial reporting during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding certain legal proceedings in which we are involved is incorporated by reference from Note 5, Commitments and Contingencies, to the accompanying condensed consolidated financial statements.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed under “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 as filed with the SEC, as updated by the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2023 as filed with the SEC. These risks could materially and adversely affect the business, financial condition and results of operations of CBIZ.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Recent sales of unregistered securities

During the nine months ended September 30, 2023, approximately 129 thousand shares of our common stock were issued as payment for contingent consideration for previous acquisitions. The foregoing shares were issued in transactions not involving a public offering in reliance on the exemption from registration afforded by Section 4(a)(2) of the Securities Act. The persons to whom the shares were issued had access to full information about the Company and represented that they acquired the shares for their own account and not for the purpose of distribution. The certificates for the shares contain a restrictive legend advising that the shares may not be offered for sale, sold, or otherwise transferred without having first been registered under the Securities Act or pursuant to an exemption from the Securities Act.

(b) Issuer purchases of equity securities

On February 7, 2023, our Board of Directors authorized the continuation of the Share Repurchase Program, which has been renewed annually for the past nineteen years. It was effective beginning April 1, 2023, and the amount of shares to be purchased was reset to five million, and expires one year from the effective date. The Share Repurchase Program allows us to purchase shares of our common stock (i) in the open market, (ii) in privately negotiated transactions, and (iii) under Rule 10b5-1 trading plans. Privately negotiated transactions may include purchases from our employees, Officers and Directors, in accordance with SEC rules. Rule 10b5-1 trading plans allow for repurchases during periods when we would not normally be active in the trading market due to regulatory restrictions. The Share Repurchase Program does not obligate us to acquire any specific number of shares and may be suspended at any time.

Shares repurchased under the Share Repurchase Program during the three months ended September 30, 2023 (reported on a trade-date basis) are summarized in the table below (amounts in thousands, except per share data). Average price paid per share includes fees and commissions.

	Issuer Purchases of Equity Securities			
Third Quarter Purchases	**Total Number of Shares Purchased**	**Average Price Paid Per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plan**	**Maximum Number of Shares That May Yet Be Purchased Under the Plan**
July 1 – July 31, 2023	5	$ 52.67	5	4,448
August 1 – August 31, 2023	82	$ 54.27	82	4,366
September 1 – September 30, 2023	93	$ 53.65	93	4,273
Third quarter purchases	180	$ 53.91	180	

According to the terms of our 2022 credit facility, our ability to declare or make any dividend payments is limited. Refer to Note 4, Debt and Financing Arrangements, to the condensed consolidated financial statements for a description of working capital restrictions and limitations on the payment of dividends.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Based on the previously reported voting results at the Company’s annual meeting of stockholders on the advisory proposal on the frequency of say-on-pay votes, the Company will continue to include an advisory vote on named executive officer compensation every one (1) year until the next required vote on the frequency of shareholder advisory votes on the compensation of named executive officers.

During the quarter period ended September 30, 2023, no director or officer of the Company adopted or terminated any contract, instruction or written plan for the purchase or sale of securities of the Company intended to satisfy the affirmative defense condition of Rule 10b5-1(c) of the Exchange Act or any "non-Rule 10b5-1 trading arrangement" (as defined in the Exchange Act).

Item 6. Exhibits

10.1 *	Amendment to Loan Agreement by and among CBIZ Benefit and Insurance Services, Inc. and the Huntington National Bank.
31.1 *	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2 *	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 **	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 **	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in the Exhibit 101 attachments)

* Indicates documents filed herewith.

** Indicates document furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CBIZ, Inc.
(Registrant)

Date: October 26, 2023

By: /s/ Ware H. Grove
Ware H. Grove
Chief Financial Officer
Duly Authorized Officer and Principal Financial Officer

FIFTH AMENDMENT TO LOAN AGREEMENT

THIS FIFTH AMENDMENT TO LOAN AGREEMENT ("this Fifth Amendment") is made and entered into as of August 3, 2023, by and between CBIZ BENEFITS & INSURANCE SERVICES, INC., a Missouri corporation (the "Borrower"), and THE HUNTINGTON NATIONAL BANK, a national banking association (the "Lender").

Recitals:

A. The Borrower and the Lender are parties to that certain Loan Agreement dated as of August 16, 2018, as amended by that certain First Amendment to Loan Agreement dated as of August 8, 2019, as further amended by that certain Second Amendment to Loan Agreement dated as of August 6, 2020, as further amended by that certain Third Amendment to Loan Agreement dated as of August 5, 2021, and as further amended by that certain Fourth Amendment to Loan Agreement dated as of August 1, 2022 (the "Loan Agreement"), pursuant to which, inter alia, the Lender agreed, subject to the terms and conditions thereof, to advance Revolving Loans (as this and other capitalized terms used herein but not otherwise defined herein are defined in the Loan Agreement).

B. Principal and all accrued interest under the Revolving Loans are due and payable in full on August 3, 2023.

C. The Borrower has requested that the Lender agree to extend the Revolving Availability Termination Date under the Loan Agreement for three hundred sixty-four (364) days.

D. Subject to the terms and conditions of this Fifth Amendment, the Lender has agreed to such request.

Agreements:

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual agreements hereinafter set forth, the Borrower and the Lender hereby agree as follows:

1. Amendments to Loan Agreement.

(a) The defined term "Revolving Availability Termination Date" set forth in Section 1.01 of the Loan Agreement is hereby amended by deleting the words "August 3, 2023" and inserting the words "August 1, 2024" in their stead.

2. Effective Date; Conditions Precedent. The modifications to the Loan Agreement set forth in Paragraph 1, above, shall not be effective unless and until the date on which the Borrower has satisfied all of the following conditions precedent (such date of effectiveness being the "Fifth Amendment Effective Date"):

(A) The Lender shall have received counterparts of this Fifth Amendment executed by the Borrower.

(B) On the Fifth Amendment Effective Date and after giving effect to the amendments contained herein (i) there shall exist no Event of Default, and (ii) the representations and warranties of the Borrower under the Loan Agreement, as amended by this Fifth Amendment, shall be true and correct as of the Fifth Amendment Effective Date (except to the extent that any such representation and warranty refers to an earlier date, in which case such representation and warranty is true and correct as of such earlier date), subject only to variances therefrom acceptable to the Lender.

(C) All legal matters incident to this Fifth Amendment and the consummation of the transactions contemplated hereby shall be reasonably satisfactory to Squire Patton Boggs (US) LLP, Cleveland, Ohio, special counsel to the Lender.

3. Other Loan Documents. Any reference to the Loan Agreement in any of the Loan Documents shall, from and after the Fifth Amendment Effective Date, be deemed to refer to the Loan Agreement, as modified by this Fifth Amendment.

4. Confirmation of Debt. The Borrower hereby affirms all of its liabilities and obligations to the Lender under the Loan Agreement, as modified hereby, and that such liabilities and obligations are owed to the Lender. The Borrower further acknowledges and agrees that as of the date hereof, it has no claims, defenses or set-off rights against the Lender of any nature whatsoever, whether sounding in tort, contract or otherwise; and there are no claims, defenses or set-offs to the enforcement by the Lender of the liabilities and obligations of the Borrower to the Lender under the Loan Agreement or any of the Loan Documents.

5. Lender's Expense. The Borrower agrees to reimburse the Lender promptly for its costs and expenses incurred in connection with this Fifth Amendment and the transactions contemplated hereby.

6. No Other Modifications; Same Indebtedness. Except as expressly provided in this Fifth Amendment, all of the terms and conditions of the Loan Agreement and the other Loan Documents remain unchanged and in full force and effect. The modifications effected by this Fifth Amendment and by the other instruments contemplated hereby shall not be deemed to provide for or effect a repayment and re-advance of any of the Revolving Loans now outstanding, it being the intention of the Borrower and the Lender hereby that the indebtedness owing under the Loan Agreement, as amended by this Fifth Amendment, be and hereby is the same indebtedness as that owing under the Loan Agreement immediately prior to the effectiveness hereof.

7. Governing Law; Binding Effect. This Fifth Amendment shall be governed by and construed in accordance with the laws of the State of Ohio and shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns.

8. Counterparts. This Fifth Amendment may be executed in separate counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed a fully executed agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Borrower and the Lender have hereunto set their hands as of the date first above written.

CBIZ BENEFITS & INSURANCE SERVICES, INC.

By: /s/ Cynthia Sobe
Name: Cynthia Sobe
Title: Treasurer

THE HUNTINGTON NATIONAL BANK

By: /s/ Tim Wiegand
Name: Tim Wiegand
Title: Managing Director

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF CBIZ, INC.

I, Jerome P. Grisko, Jr., President and Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CBIZ, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023

/s/ JEROME P. GRISKO, JR.

Jerome P. Grisko, Jr.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER OF CBIZ, INC.

I, Ware H. Grove, Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CBIZ, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 26, 2023

/s/ WARE H. GROVE
Ware H. Grove
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF CBIZ, INC.

This certification is provided pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and accompanies the Quarterly Report on Form 10-Q for the period ended September 30, 2023 (the “Form 10-Q”) of CBIZ, Inc. (the “Issuer”) filed with the Securities and Exchange Commission on the date hereof.

I, Jerome P. Grisko, Jr., the President and Chief Executive Officer of the Issuer, certify that to the best of my knowledge:

(i) the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: October 26, 2023

/s/ JEROME P. GRISKO, JR.
Jerome P. Grisko, Jr.
President and Chief Executive Officer

Subscribed and sworn to before me on this 26th day of October, 2023.

/s/ JOHN J. GEFFERT

Name:	John J. Geffert
Title:	Notary Public & Attorney-At-Law

Registered in Cuyahoga County, Ohio
No Expiration Date

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER OF CBIZ, INC.

This certification is provided pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and accompanies the Quarterly Report on Form 10-Q for the period ended September 30, 2023 (the “Form 10-Q”) of CBIZ, Inc. (the “Issuer”) filed with the Securities and Exchange Commission on the date hereof.

I, Ware H. Grove, the Chief Financial Officer of the Issuer, certify that to the best of my knowledge:

(i) the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: October 26, 2023

/s/ WARE H. GROVE
Ware H. Grove
Chief Financial Officer

Subscribed and sworn to before me on this 26th day of October, 2023.

/s/ JOHN J. GEFFERT

Name:	John J. Geffert
Title:	Notary Public & Attorney-At-Law

Registered in Cuyahoga County, Ohio
No Expiration Date