SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

[X]ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002 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 0-25890

CENTURY BUSINESS SERVICES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	22-2769024
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
6480 ROCKSIDE WOODS BOULEVARD SOUTH, SUITE 330 CLEVELAND, OHIO	44131
(Address of principal executive offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (216) 447-9000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
COMMON STOCK, PAR VALUE $.01
(TITLE OF CLASS)

Name of Each Exchange on Which Registered:
The Nasdaq Stock Market

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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [X] No [ ]

The aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately $308.4 million as of June 28, 2002. The number of outstanding shares of the Registrant's common stock is 95,409,243 shares as of March 24, 2003.

DOCUMENTS INCORPORATED BY REFERENCE

Part III Portions of the Registrant's Definitive Proxy Statement relative to the 2003 Annual Meeting of Stockholders.

Part IV Portions of previously filed reports and registration statements.

CENTURY BUSINESS SERVICES, INC.

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

TABLE OF CONTENTS

THE FOLLOWING TEXT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED INFORMATION AND CONSOLIDATED FINANCIAL STATEMENTS (INCLUDING THE NOTES THERETO) APPEARING ELSEWHERE IN THIS ANNUAL REPORT ON FORM 10-K. UNLESS THE CONTEXT OTHERWISE REQUIRES, REFERENCES IN THIS ANNUAL REPORT TO "WE", "OUR", "CBIZ", OR THE "COMPANY" SHALL MEAN CENTURY BUSINESS SERVICES, INC., A DELAWARE CORPORATION, AND ITS OPERATING SUBSIDIARIES.

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

OVERVIEW

CBIZ is a diversified services company which, acting through its subsidiaries, provides professional outsourced business services primarily to small and medium-sized businesses, as well as individuals, governmental entities and not-for-profit enterprises throughout the United States and Toronto, Canada. CBIZ delivers integrated services through the following three practice groups:

- Accounting, Tax and Advisory (formerly known as the Business Solutions Group);

- Benefits and Insurance; and

- National Practices

CBIZ provides services through 59 business units with more than 160 offices located in 33 states, Washington D.C., and Toronto, Canada. Included in this total, and managed within the National Practice group, is the Company's medical practice management business unit which has 73 offices.

CBIZ's goal is to be the leading provider of outsourced business services within its target markets by providing clients with a broad range of high-quality products and services; expanding locally through internal growth; and through cross-severing. CBIZ initiated an acquisition program in November 1996 to expand its operations in the professional outsourced business services industry. Since that time, CBIZ has acquired the businesses of 147 companies, one of which was acquired in October 2002 and another of which was acquired in January 2003. While we acquired only one business in 2002, it remains our intention to selectively acquire businesses with complementary services in target markets.

Formed as a Delaware corporation in 1987 under the name Stout Environmental, Inc., CBIZ was acquired by Republic Industries, Inc. in 1992. In April 1995, Republic spun off its hazardous waste operations, including CBIZ's predecessor company, to stockholders. Re-named Republic Environmental Systems, Inc., CBIZ's common stock began trading on the Nasdaq National Market under the symbol "RESI." On June 24, 1996, the trading symbol changed to "IASI" in anticipation of our merger with Century Surety Company and Commercial Surety Agency, Inc., which resulted in a change of our name to "International Alliance Services, Inc." This name change signaled our move away from the hazardous waste business. CBIZ divested all remaining hazardous waste operations in 1997. On December 23, 1997, CBIZ changed its name to Century Business Services, Inc. and began trading under the symbol "CBIZ."

CBIZ'S PRINCIPAL EXECUTIVE OFFICE IS LOCATED AT 6480 ROCKSIDE WOODS BLVD., SOUTH, SUITE 330, CLEVELAND, OHIO 44131 AND ITS TELEPHONE NUMBER IS 216-447-9000.

BUSINESS STRATEGY

CBIZ's business strategy is to grow in the professional outsourced business services industry by:

- offering a wide array of infrastructure support services;

- cross-serving these services to our existing customer base;

- attracting new customers with our diverse business services offerings;

- leveraging our practice area expertise across all our businesses; and

- developing our core service offerings in target markets through selective acquisitions.

Providing a range of outsourced business services to a client results in advantages for both the client and for CBIZ. Dealing with one provider for several tasks saves the client the time of having to deal with multiple vendors. For example, the employee data used to process payroll can also be used by CBIZ as a group health and welfare insurance agent and benefits consultant to provide appropriate benefits package to a client's employee base. The ability to combine several services and offer them through one provider distinguishes CBIZ from other outsourced service providers.

CBIZ is looking to strengthen our operations and customer service capabilities by making selective acquisitions in markets where we currently operate and where the prospects are favorable to increase our market share and become a significant provider of a comprehensive range of outsourced business services. CBIZ's strategy is to acquire companies that generally:

- have a strong potential for cross-serving among CBIZ's subsidiaries;

- can integrate quickly with existing CBIZ operations;

- have strong and energetic leadership;

- are accretive to earnings; and

- help complete the core CBIZ service offering in a geographical market.

In accordance with our strategy to deliver services to clients conveniently, and to promote cross-serving between our various service groups, CBIZ consolidates office locations wherever practical. Since 2000, CBIZ consolidated offices in Atlanta, Chicago, Cleveland, Columbus, Dallas, Los Angeles, Orlando, Minneapolis, St. Louis, San Ramon, and Philadelphia. CBIZ will continue to combine offices, with a consolidation planned for Kansas City in mid-2003 and other potential consolidations to occur later. As further consolidations occur, the Company may incur additional costs associated with these consolidations.

OUTSOURCED BUSINESS SERVICES

The following is a description of the outsourced business services currently offered by CBIZ.

Accounting, Tax and Advisory. The business units that comprise CBIZ's Accounting, Tax and Advisory ("ATA") group offer services in the following areas: cash flow management; strategic planning; consulting; record-keeping; federal, state and local tax return preparation; tax planning based on financial and investment alternatives; tax structuring of business transactions such as mergers and acquisitions; quarterly and year-end payroll tax reporting; corporate, partnership and fiduciary tax planning and return preparation; outsourced chief financial officer services and other financial staffing services; financial investment analysis; succession, retirement, and estate planning; and profitability, operational and efficiency enhancement consulting to a number of specialized industries. Other than internal audit services, CBIZ does not currently offer audit and attest services, does not intend to offer audit and attest services in the future and does not purchase the "audit and attest practices" of any accounting business it acquires. However, CBIZ and its subsidiaries maintain joint-referral relationships and service agreements with licensed Certified Public Accounting or CPA firms under which audit and attest services may be provided to CBIZ's clients.

Under these service agreements with licensed CPA firms, CBIZ subsidiaries provide to the CPA firms, administrative services, including office, bookkeeping, accounting and other administrative services; prepare marketing and promotion materials; and lease administrative and professional staff in exchange for a fee. Non-attest business services include any services other than those which only licensed certified public accountants, licensed public accountants, or licensed CPA or PA firms may perform in accordance with accountancy laws. Under these agreements, each party has agreed to maintain its own liability and risk of loss in connection with performance of its respective services. CBIZ currently undergoes an annual peer review administered to ensure compliance with independence requirements in its relationships with associated CPA firms and clients. The peer review has found CBIZ in compliance with these rules every year since the review was first administered in 1999.

Of the 41 CPA firms associated with CBIZ during 2002, the partner group from twelve of those firms joined Mayer Hoffman McCann P.C., an independent national CPA firm headquartered in Kansas City, Missouri. CBIZ's association with Mayer Hoffman McCann offers our clients access to the multi-state resources and expertise of a national CPA firm. The advantage to CBIZ of these consolidations is a reduction in the number of different firms with which it maintains administrative service agreements.

CBIZ's ATA practice is divided into four regions, representing the East, Midwest, Great Lakes, and West regions of the country. Each of these regions is headed by a designated regional director, all of whom report to the Senior Vice President, Accounting, Tax and Advisory Services.

The Accounting, Tax and Advisory group contributed approximately $209.9 million of revenue, or 42% of CBIZ's annual revenue, in 2002.

Benefits and Insurance Services. The business units that comprise CBIZ's Benefits and Insurance group offer services in the following areas: employee benefits, insurance brokerage, consulting, and administration, including the design, implementation and administration of qualified plans, such as profit-sharing plans, defined benefit plans, and money purchase plans; actuarial services; health and welfare benefits consulting, including group health insurance plans; dental and vision care programs; group life insurance programs; accidental death and dismemberment and disability programs; COBRA administration and voluntary insurance programs; health care and dependent care spending accounts; premium reimbursement plans; communications services to educate employees about their benefit programs; executive benefits consulting on non-qualified retirement plans and business continuation plans; specialty high-risk life insurance; employee benefit worksite marketing; and wealth management services, including Registered Investment Advisory Services, Investment Policy Statements; mutual fund selections; and ongoing mutual fund monitoring. CBIZ's Benefits and Insurance group also provides an on-line service, CBIZSolutions.com, that, in concert with our payroll services, enables the employees of a client to access information such as health and welfare benefits, retirement fund balances and payroll information; update their personal information; and access company documents like employee handbooks and policies.

CBIZ's Benefits and Insurance Services group operates under one Senior Vice President, who oversees three regional divisions and their respective directors, representing the Eastern, Central, and Western states. Additionally, CBIZ operates wholesale insurance and other specialty insurance divisions, which also report directly to CBIZ's Senior Vice President of Benefits and Insurance Services.

The Benefits and Insurance group contributed approximately $150.5 million of revenue, or 30% of CBIZ's annual revenue, in 2002.

National Practices. The business units that comprise CBIZ's National Practices group offer services in the following areas: payroll processing and administration; valuations of commercial, tangible, and intangible assets and financial securities; mergers and acquisitions and capital advisory services; health care consulting; government relations; process improvement; and technology consulting, including strategic technology planning, project management, development, network design and implementation and software selection and implementation. CBIZ's medical practice management business, CBIZ Medical Management Professionals ("CBIZ MMP"), is managed within the National Practices group and is described below.

The business units within the National Practices group report to CBIZ's President and Chief Operating Officer.

The National Practices group contributed approximately $143.9 million of revenue, or 29% of CBIZ's annual revenue, in 2002. Included in the results of the National Practices group are those of CBIZ MMP, which contributed approximately $66.2 million of revenue, or 13% of CBIZ's annual revenue, in 2002.

CBIZ MMP. CBIZ's wholly-owned subsidiary, CBIZ MMP, provides billing and practice management services to hospital-based medical practices primarily in the specialties of anesthesiology, emergency medicine, pathology, and radiology. CBIZ MMP's billing services include: billing and accounts receivable management; coding and automated claims filing; comprehensive delinquent claims follow up and collections; compliance plans to meet governmental and other third party regulations; local office management; and comprehensive statistical and operational reporting. The financial management services provided by CBIZ MMP include:

financial reporting, accounts payable, payroll, general ledger processing; design of physician employment, stock and compensation arrangements; and comprehensive budgeting, forecasting, and financial analysis. Additionally, CBIZ MMP conducts analyses of managed care contracts with a focus on negotiation strategies, pricing, cost containment and utilization tracking; reviews and negotiates contracts with hospitals and evaluates other strategic business partners; identifies and coordinates practice merger and integration opportunities; and coordinates practice expansion efforts.

SALES AND MARKETING NETWORK AND ACCOUNT MANAGEMENT

CBIZ's key competitive factors in attracting, retaining and providing services to clients are:

- established relationships;

- strong local and regional presence;

- the ability to match client requirements with available services;

- the ability to offer a number of services from one provider; and

- the ability to offer services at competitive rates.

CBIZ believes that by combining a local entrepreneurial marketing strategy with the resources of a nationally branded company, we will be able to maximize our market penetration. CBIZ expects that we can cross-serve new products and services to existing clients who do not currently utilize all of the services CBIZ offers.

CBIZ's primary marketing strategy is to deepen our relationships with clients by providing them with additional CBIZ services that would be in the best interest of their business. CBIZ refers to this strategy of penetrating our existing client base as cross-serving. Because cross-serving is most effective when it makes outsourcing more convenient for the client, the location of the service provider is a key consideration, and requires marketing functions to be carried out on a geographic basis. Using major metropolitan areas as our marketing focal points, CBIZ, under the direction of a Senior Vice President of National Marketing, is developing marketing plans that consider the needs of all CBIZ business units in a common local area. While each business unit continues to be individually responsible for executing a marketing plan and is accountable for its own performance, marketing planning and resources are coordinated nationally. These resources include print and radio advertisements, printed material such as brochures and stationery, and CBIZ-branded merchandise for trade shows and other client-oriented events. Additionally, CBIZ is developing a centralized client database, "CNECT", which we expect to have fully implemented by year-end 2003. CNECT will support marketing efforts such as improved client service, new business development and product development. New clients are generated primarily through networking, referrals from existing clients and participation in trade shows.

The Company maintains a joint marketing agreement with HarborView Partners (HarborView), a Stamford, Connecticut-based provider of internal audit and business advisory services. Under the terms of the agreement, CBIZ is the exclusive provider of professional staff to HarborView Partners to conduct internal audits for engagements that HarborView Partners secures within the United States. This agreement was entered into to capitalize on the SEC's auditor independence rules prohibiting independent auditors from providing internal audit services to their publicly traded audit clients. CBIZ's relationship with HarborView will also allow us to better utilize our ATA personnel during non-peak periods.

CUSTOMERS

CBIZ provides professional outsourced business services to over 65,000 clients. CBIZ's clients typically have fewer than 500 employees and prefer to focus their resources on operational competencies while outsourcing non-core administrative functions to CBIZ. Outsourcing administrative functions allows clients to enhance productivity, reduce costs and improve service, quality and efficiency by focusing on their core business. Depending on a client's size and capabilities, it may choose to utilize some or many of CBIZ's broad array of services, which it typically accesses initially through its original CBIZ representative.

CBIZ's clients come from a large variety of industries and markets. Edward Jones, a financial services firm and client of CBIZ Network Solutions for electronic networking and information services, contributed approximately 3.6% of the Company's revenue in 2002. No other single customer individually comprises more than 3% of CBIZ's total consolidated revenue. Management believes that such diversity helps insulate CBIZ from a downturn in a particular industry. Nevertheless, economic conditions among selected clients and groups of clients may have an impact on the demand for such services.

COMPETITION

The professional outsourced business services industry is highly fragmented and competitive, with a majority of industry participants, such as accounting, employee benefits, payroll firms or professional employee organizations, offering only a limited number of services. Competition is based primarily on customer relationships, range and quality of services or product offerings, customer service, timeliness, geographic proximity, and competitive rates. CBIZ competes with a number of multi-location regional or national operators and a large number of relatively small independent operators in local markets. CBIZ's competitors in the professional outsourced business services industry include independent consulting services companies, divisions of diversified enterprises, insurance brokers and banks.

ACQUISITIONS AND DIVESTITURES

Acquisitions are an important part of our strategy. CBIZ is looking to strengthen our operations and customer service capabilities by making acquisitions in markets where we currently operate and where the prospects are favorable to increase our market share and become a significant provider of a comprehensive range of outsourced business services. In October 2002, CBIZ acquired a benefits and insurance firm located in the Maryland area.

In 2002, CBIZ sold, closed, or committed to sale sixteen operating entities in order to rationalize its business operations by divesting business units that were either underperforming, located in secondary markets, or did not provide the level of synergistic cross-serving opportunities with other CBIZ businesses that is desired. These divestitures are consistent with CBIZ's plan to focus on metropolitan markets in which we can strengthen our ATA and Benefits & Insurance core service offerings. Going forward, CBIZ may, from time to time, recognize additional gains and/or losses on divestitures.

REGULATION

CBIZ's operations are subject to regulations by federal, state, and local governing bodies. Accordingly, our outsourced business services may be impacted by legislative changes by these bodies, particularly with respect to provisions relating to payroll, benefits administration and insurance services, pension plan administration, tax and accounting. CBIZ remains abreast of regulatory changes affecting our business, as these changes often affect clients' procedures with respect to employment, taxation, benefits, and accounting. For instance, changes in income, estate, or property tax laws may require additional consultation with clients subject to these changes to ensure their procedures comply with revised regulations.

CBIZ itself is subject to industry regulation and changes within it, including changes in laws, regulations, and codes of ethics governing the accounting industry, the interpretation of which may restrict CBIZ's operations. CBIZ is currently in compliance with laws and regulations that have been recently changed or imposed, and is not aware of any proposed changes that will have a negative impact on CBIZ's operations, or that CBIZ does not believe it will be able to comply with.

CBIZ is subject to certain privacy, security, and electronic-data provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and corresponding provisions of state law which may restrict CBIZ's operations and give rise to expenses related to compliance.

On July 30, 2002, President George W. Bush signed into law the Sarbanes-Oxley Act of 2002 to reform the oversight of public company auditing, improve the quality and transparency of financial reporting by those companies and strengthen the independence of auditors. The new legislation requires the following: (i) CEOs and

CFOs to certify that company financial statements fairly present the company's financial condition.; (ii) public companies to report certain off-balance-sheet transactions, as well as to present any pro forma disclosures in a way that is not misleading and is in accordance with requirements to be established by the Securities Exchange Commission (SEC). The new legislation also accelerates the required reporting of insider stock transactions, which now generally must be reported by the end of the second business day following a covered transaction; requires that annual reports filed with the SEC include a statement by management asserting that it is responsible for creating and maintaining adequate internal controls and assessing the effectiveness of those controls; and requires companies to disclose whether or not they have adopted an ethics code for senior financial officers, and, if not, why not, and whether the audit committee includes at least one "financial expert". CBIZ is currently in compliance with those requirements effective in 2002, and believes it will be in compliance with each of the foregoing requirements that become effective in future periods.

LIABILITY INSURANCE

CBIZ carries commercial general liability, automobile liability, professional liability, directors and officers liability, fiduciary liability, employment practices liability and workers' compensation subject to prescribed state mandates. Excess liability is carried over the underlying limits provided by the commercial general liability and automobile liability policies.

EMPLOYEES

At December 31, 2002, CBIZ employed approximately 4,900 employees, approximately half of whom are professionals. The Company believes that it has a good relationship with its employees. CBIZ realizes that as a professional services company that differentiates itself from competitors through the quality and diversity of our service offering, the Company's employees are our most important asset. Accordingly, CBIZ strives to remain competitive as an employer while increasing the capabilities and performance of our employees.

SEASONALITY

A disproportionately large amount of CBIZ's revenue occurs in the first half of the year. This is due primarily to the Company's accounting and tax practice, which is subject to seasonality related to the heavy volume in the first four months of the year. CBIZ's ATA group generated approximately 44% of its revenue in the first four months of 2002. Like most professional service companies, most of CBIZ's operating costs are fixed, resulting in much higher operating margins in the first half of the year.

PROPERTIES

CBIZ's corporate headquarters are located at 6480 Rockside Woods Blvd., South, Suite 330, Cleveland, Ohio 44131, in leased premises. Some of CBIZ's property and equipment are subject to liens securing payment of indebtedness of CBIZ and its subsidiaries. CBIZ and its subsidiaries lease more than 160 offices in 33 states and one in Toronto, Canada, as well as office equipment and company vehicles. As CBIZ continues to consolidate and rationalize its operations, we expect to reduce the number of leases we currently hold. CBIZ believes that our current facilities are sufficient for our needs.

UNCERTAINTY OF FORWARD-LOOKING STATEMENTS

This Annual Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this Annual Report, including without limitation, "Business and Properties" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding CBIZ's 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 phases 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 also may 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 10-K, in the 2002 Annual Report 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 forward-looking statements can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in the discussion below will be important in determining future results. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially.

We undertake no obligation to publicly update any 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 10-Q, 8-K and 10-K reports to the SEC. Also note that we provide the following cautionary discussion of risks, uncertainties and possibly inaccurate assumptions relevant to our businesses. These are factors that we think could cause our actual results to differ materially from expected and historical results. Other factors besides those listed here could also adversely affect operating or financial performance. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

RISK FACTORS

The following factors may affect our actual operating and financial results and could cause results to differ materially from those in any forward-looking statements. There may be other factors, and new risk factors may emerge in the future. You should carefully consider the following information.

WE ARE DEPENDENT ON THE CURRENT TREND OF OUTSOURCING BUSINESS SERVICES.

Our business and growth depend in large part on the trend toward outsourcing business services. We can give you no assurance that this trend in outsourcing will continue. Current and potential customers may elect to perform such services with their own employees. A significant reversal of, or a decline in, this trend would have a material adverse effect on our business, financial condition and results of operations.

WE MAY BE MORE SENSITIVE TO REVENUE FLUCTUATIONS THAN OTHER COMPANIES, WHICH COULD RESULT IN FLUCTUATIONS IN THE MARKET PRICE OF OUR COMMON STOCK.

A substantial majority of our operating expenses such as personnel and related costs, depreciation and rent, are relatively fixed in the short term. As a result, we may not be able to quickly reduce costs in response to any decrease in revenue. For example, any decision by a significant client to delay or cancel our services may cause significant variations in operating results and could result in losses for the applicable quarters. Additionally, the general condition of the United States economy, and the current weakness in the economy, has and will continue to affect our business. Potential new clients may defer from switching service providers in light of these economic conditions. Any of these factors could cause our quarterly results to be lower than expectations of securities analysts, which could result in a decline in the price of our common stock.

WE HAVE A RISK THAT PAYMENTS ON ACCOUNTS RECEIVABLE OR NOTES RECEIVABLE MAY BE SLOWER THAN EXPECTED, OR THAT AMOUNTS DUE ON RECEIVABLES OR NOTES MAY NOT BE FULLY COLLECTABLE.

Professional services firms often experience higher average accounts receivable days outstanding compared to many other industries. If collections become slower, our liquidity may be adversely impacted. We monitor the aging of receivables regularly and make assessments of the ability of customers to pay amounts due. We accrue for potential bad debts each month and recognize additional reserves against bad debts as we deem it appropriate. Notwithstanding these measures, our customers may face unexpected circumstances that adversely impact their ability to pay their trade receivables or note obligations to us and we may face unexpected losses as a result.

WE ARE DEPENDENT ON THE SERVICES OF OUR EXECUTIVE OFFICERS AND OTHER KEY EMPLOYEES.

Our success depends in large part upon the abilities and continued services of our executive officers and other key employees, such as our business unit presidents. In the course of business operations, employees may resign and seek employment elsewhere. Certain principal employees, however, are bound in writing to non-compete agreements barring competitive employment, client solicitation, and solicitation of employees for a period of between two and ten years following his or her resignation. We cannot assure you that we will be able to retain the services of our key personnel. If we cannot retain the services of key personnel, there could be a material adverse effect on our business, financial condition and results of operations. While we generally have employment agreements and non-competition agreements with key personnel, courts are at times reluctant to enforce such non-competition agreements. In addition, many of our executive officers and other key personnel are either participants in our stock option plan or holders of a significant amount of our common stock. We believe that these interests provide additional incentives for these key employees to remain with us. In order to support our growth, we will continue to effectively recruit, hire, train and retain additional qualified management personnel. Our inability to attract and retain necessary personnel could have a material adverse effect on our business, financial condition and results of operations.

RESTRICTIONS IMPOSED BY INDEPENDENCE REQUIREMENTS AND CONFLICT OF INTEREST RULES MAY LIMIT THE CLIENTS WE SERVICE AND THE ABILITY OF THE ATTEST FIRMS WITH WHICH WE HAVE CONTRACTUAL RELATIONSHIPS TO PROVIDE ATTESTATION SERVICES.

We do not offer audit and attest services, other than internal audit services. However, we maintain joint-referral relationships with independent licensed CPA firms under which audit and attest services may be provided to CBIZ's clients. Under these service agreements, we provide administrative services and lease staff in exchange for a fee. Revenue from these agreements is reflected in our financial statements.

With respect to attest firm clients that are required to file audited financial statements with the SEC, the SEC staff views us and the attest firms with which we have contractual relationships as a single entity in applying independence rules established by the accountancy regulators and the SEC. According to the SEC staff, we are required to abide by all of the independence rules that the attest firms must follow in order to be independent of an SEC-reporting attest client. According to the SEC staff, these independence rules prohibit us, and our officers, directors, affiliates and significant stockholders, to the extent an attest firm is so prohibited, from:

- holding any financial interest in an SEC-reporting attest client;

- entering into any business relationship with an SEC-reporting attest client; or

- selling any prohibited non-audit services to an SEC-reporting attest client.

In addition, under these rules, the SEC staff views an attest firm and us as lacking independence with respect to:

- an SEC-reporting attest client where that client, or its directors, officers, affiliates or significant stockholders, own stock in us or our affiliates; or

- entities involved in an offering of our stock or in making a market for, or otherwise facilitating the trading of, our stock in the secondary market, including any entity that is a member of a syndicate underwriting an offering of our stock, that is a broker-dealer exercising discretionary buy and sell authority over customer accounts holding significant positions in our stock, or that employs securities analysts that follow us.

CBIZ and the attest firms with which we are associated have implemented policies and procedures designed to enable us to maintain independence and freedom from conflicts of interest in accordance with applicable standards. These procedures include independence screening in connection with the selection of attest clients as well as periodic confirmations of independence by officers, directors and professionals of us and the attest firms. We remain in contact with state accountancy regulators in jurisdictions in which we operate to ensure our business services model complies with independence regulations. To date, no state accountancy regulatory

authority has prohibited our operations in any jurisdiction. However, state accountancy regulatory authorities may elect to apply new rules that may restrict our service offerings to clients.

There can be no assurance that following the policies and procedures implemented by us and the attest firms will enable us and the attest firms to avoid circumstances that would cause us and them to lack independence from an SEC-reporting attest client; nor can there be any assurance that state accounting associations will not extend current restrictions on the profession to include private companies. To the extent that licensed CPA firms for whom we provide administrative and other services are affected, we may experience a decline in fee revenue from these businesses as well. To date, revenues derived from providing services in connection with attestation engagements of the attest firms performed for SEC-reporting clients have not been material.

GOVERNMENTAL REGULATIONS AND INTERPRETATIONS ARE SUBJECT TO CHANGES.

Laws and regulations often result in changes in the amount or the type of business services required by businesses and individuals. We cannot be sure that future laws and regulations will provide the same or similar opportunities for us to provide business consulting and management services to businesses and individuals. Accordingly, CBIZ's ability to continue to operate in some states may depend on our flexibility to modify our operational structure in response to these changes in regulations.

WE ARE SUBJECT TO RISK AS IT RELATES TO PROCESSING CUSTOMER TRANSACTIONS FOR OUR PAYROLL, MEDICAL PRACTICE MANAGEMENT, PROPERTY TAX MANAGEMENT, AND CERTAIN OTHER TRANSACTION PROCESSING BUSINESSES.

The high volume of client funds processed by us in our payroll and certain other businesses entails risks for which we may be held liable if the accuracy or timeliness of the transactions processed is not correct. We could incur significant legal expense to defend any claims against us, even those claims without merit. While we carry insurance against these potential liabilities, we cannot be certain that circumstances surrounding such an error would be entirely reimbursed through insurance coverage.

WE ARE SUBJECT TO RISK AS IT RELATES TO SOFTWARE THAT WE LICENSE FROM THIRD PARTIES.

We license software from third parties, much of which is integral to our systems and our business. The licenses are terminable if we breach our obligations under the license agreements. If any of these relationships were terminated or if any of these parties were to cease doing business or cease to support the applications we currently utilize, we may be forced to spend significant time and money to replace the licensed software. However, we cannot assure you that the necessary replacements will be available on reasonable terms, if at all.

WE COULD BE HELD LIABLE FOR ERRORS AND OMISSIONS.

All of our professional business services entail an inherent risk of professional malpractice and other similar claims. Therefore, we maintain errors and omissions insurance coverage. Although we believe that our insurance coverage is adequate, we cannot be certain that actual future claims or related legal expenses would not exceed the coverage amounts. If we have a large claim on our insurance, the rates for such insurance may increase, but contractual arrangements with clients may constrain our ability to incorporate such increases into service fees. Such insurance rate increases, as well as any underlying claim, could have a material adverse effect on our business, financial condition and results of operations.

OUR PRINCIPAL STOCKHOLDERS HAVE SUBSTANTIAL CONTROL OVER OUR OPERATIONS.

As of March 24, 2003, the following groups owned the following aggregate amounts and percentages of our common stock, including shares that may be acquired by exercising options or warrants:

- approximately 14,788,098 shares, representing 15.5% of all our outstanding common stock, were owned by Michael G. DeGroote;

- approximately 5,422,222 shares, representing 5.7% of all our outstanding common stock, were owned by H. Wayne Huizenga, a principal stockholder; and

- approximately 23,289,418 shares, representing 24.4% of all our outstanding common stock, were owned by our executive officers, directors, Mr. DeGroote and Mr. Huizenga, as a group.

Because of their stock ownership, these persons can substantially influence actions that require the consent of a majority of our outstanding shares, including the election of directors.

WE HAVE SHARES ELIGIBLE FOR FUTURE SALE THAT COULD ADVERSELY AFFECT THE PRICE OF OUR COMMON STOCK.

Future sales or issuances of common stock, or the perception that sales could occur, could adversely affect the market price of our common stock and dilute the percentage ownership held by our stockholders. We have authorized 250 million shares, and have issued and outstanding approximately 95 million shares. More than 47 million of these shares have been issued in connection with acquisitions. As part of many acquisition transactions, the shares were contractually restricted from sale for periods up to two years, most of which had expired by the end of 2001. As of March 24, 2003, 177,000 shares of common stock were under lock-up contractual restrictions. We cannot be sure when sales by holders of our stock will occur, how many shares will be sold or the effect that sales may have on the market price of our common stock. As of March 24, 2003, we also have registered under the Securities Act the following shares of common stock for the following purposes:

- $125 million in shares of our common stock, debt securities, and warrants to purchase common stock or debt securities, of which $100 million remain available to be offered from time to time by us to the public under our universal shelf registration statement;

- 15 million shares of our common stock, all of which remain available to be offered from time to time by us in connection with acquisitions under our acquisition shelf registration statement; and

- 6 million shares of our common stock, part of a shelf registration statement, of which a majority have yet to be sold thereunder.

WE ARE RELIANT ON INFORMATION PROCESSING SYSTEMS.

Our ability to provide outsourced business services depends on our capacity to store, retrieve process and manage significant databases, and expand and upgrade periodically our information processing capabilities. Interruption or loss of our information processing capabilities through loss of stored data, breakdown or malfunctioning of computer equipment and software systems, telecommunications failure, or damage caused by fire, tornadoes, lightning, electrical power outage, or other disruption could have a material adverse effect on our business, financial condition and results of operations. Although we have disaster recovery procedures in place and insurance to protect against such contingencies, we cannot be sure that insurance or these services will continue to be available at reasonable prices, cover all our losses or compensate us for the possible loss of clients occurring during any period that we are unable to provide outsourced business services.

WE MAY NOT BE ABLE TO ACQUIRE AND FINANCE ADDITIONAL BUSINESSES.

We completed a significant number of acquisitions from 1996 through 1999. While we have made only one acquisition in 2002, it is our intention to selectively acquire businesses that are complementary in building out our service offerings in our target markets. However, we cannot be certain that we will be able to continue identifying appropriate acquisition candidates and acquire them on satisfactory terms. We cannot assure you that such acquisitions, even if obtained, will perform as expected or will contribute significant revenues or profits. In addition, we may also face increased competition for acquisition opportunities, which may inhibit our ability to complete transactions on terms that are favorable to us. Management believes that funds available under the credit facility, along with cash generated from operations, will be sufficient to meet our liquidity needs in the foreseeable future; however, there are certain restrictions under our bank line of credit that may prohibit our ability to acquire additional businesses. In the event that we are not in compliance with certain covenants as specified in our credit facility, we could be restricted from making acquisitions, restricted from borrowing funds from our credit facility for other uses, or required to pay down the outstanding balance on the line of credit. See note 8 to CBIZ's consolidated financial statements included herewith.

THE OUTSOURCING INDUSTRY IS COMPETITIVE AND FRAGMENTED.

We face competition from a number of sources in both the outsourced business services industry and from specialty insurance agencies. Competition in both industries has led to consolidation of many large companies that may have greater financial, technical, marketing and other resources than us. In addition to these new large companies, we face competition in the outsourced business services industry from in-house employee services departments, local outsourcing companies and independent consultants, as well as from new entrants into our markets. We cannot assure you that, as our industry continues to evolve, additional competitors will not enter the industry or that our clients will not choose to conduct more of their business services internally or through alternative business services providers. Although we intend to monitor industry trends and respond accordingly, we cannot assure you that we will be able to anticipate and successfully respond to such trends in a timely manner. We cannot be certain that we will be able to compete successfully against current and future competitors, or that competitive pressure will not have a material adverse effect on our business, financial condition and results of operations.

CBIZ makes available, free of charge on its website, www.cbiz.com, through the Investor Information pages, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to all those reports as soon as reasonably practicable after CBIZ files (or furnishes) such reports to the U.S. Securities and Exchange Commission.

ITEM 3. LEGAL PROCEEDINGS

Since September 1999, seven purported stockholder class-action lawsuits filed against CBIZ and certain of our current and former directors and officers were consolidated as In Re Century Business Services Securities Litigation, Case No. 1:99CV2200, in the United States District Court for the Northern District of Ohio. The plaintiffs alleged that the named defendants violated certain provisions of the Securities Exchange Act of 1934 and certain rules promulgated thereunder in connection with certain statements made during various periods from February 1998 through January 2000 by, among other things, improperly amortizing goodwill and failing to adequately monitor changes in operating results. The United States District Court dismissed the matter with prejudice on June 27, 2002. The matter was appealed by the plaintiffs to the Sixth Circuit Court of Appeals. No decision has been rendered on the appeal.

CBIZ and the named officer and director defendants deny all allegations of wrongdoing made against them in these actions and intend to continue vigorously defending this matter. Although the ultimate outcome of such litigation is uncertain, based on the allegations contained in the complaints and the carefully considered judgment of the District Court in dismissing the case, management does not believe that these lawsuits will have a material adverse effect on the financial condition, results of operations or cash flows of CBIZ.

In addition to the above-disclosed items, CBIZ is from time to time subject to claims and suits arising in the ordinary course of business. Although the ultimate disposition of such proceedings is not presently determinable, management does not believe that the ultimate resolution of these matters will have a material adverse effect on the financial condition, results of operations or cash flows of CBIZ.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of CBIZ's stockholders during the fourth quarter of the fiscal year covered by this Annual Report.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

PRICE RANGE OF COMMON STOCK

The common stock of CBIZ is quoted on the Nasdaq National Market under the trading symbol "CBIZ". The table below sets forth the range of high and low sales prices for the Common Stock as reported on the Nasdaq National Market for the periods indicated.

PRICE RANGE OF COMMON STOCK	HIGH	LOW
2001		
First Quarter	$2.63	$1.16
Second Quarter	5.50	1.59
Third Quarter	4.78	2.02
Fourth Quarter	2.75	1.50
2002		
First Quarter	3.56	2.05
Second Quarter	4.07	2.81
Third Quarter	3.21	1.91
Fourth Quarter	3.50	2.20

On December 31, 2002, the last reported sale price of CBIZ's Common Stock as reported on the Nasdaq National Market (Nasdaq Amex-Online) was $2.65 per share. As of February 21, 2003, CBIZ had 8,844 holders of record of its common stock, and the last sale of CBIZ's common stock as of that date was $2.75.

DIVIDEND POLICY

CBIZ has not paid cash dividends on its common stock since April 27, 1995, and does not anticipate paying cash dividends in the foreseeable future. CBIZ's Board of Directors decides on the payment and level of dividends on common stock. The Board of Directors' decision is based among other things on results of operations and financial condition. In addition, CBIZ's credit facility contains a requirement for lender consent prior to the declaration of any dividends. CBIZ currently intends to retain future earnings to finance the ongoing operations and growth of the business. Any future determination as to dividend policy will be made at the discretion of the Board of Directors and will depend on a number of factors, including future earnings, capital requirements, financial condition and future prospects, limitations on dividend payments pursuant to credit or other agreements and such other factors as the Board of Directors may deem relevant.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected historical financial data for CBIZ and is derived from the historical consolidated financial statements and notes thereto, which are included elsewhere in this Annual Report of CBIZ. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements of CBIZ and the notes thereto, which are included elsewhere in this Annual Report.

YEAR ENDED DECEMBER 31,	2002	2001	2000	1999	1998
(IN THOUSANDS, EXCEPT PER SHARE DATA)					
STATEMENT OF OPERATIONS DATA:					
Revenue	$504,335	$516,892	$ 551,171	$529,639	$346,143
Operating expenses	445,666	447,513	490,581	440,381	275,895
Gross margin	58,669	69,379	60,590	89,258	70,248
Expenses:					
Corporate general and administrative	19,672	19,797	24,694	19,138	5,155
Depreciation and amortization	20,657	40,636	43,339	22,192	10,423
Merger-related	--	--	--	5,789	4,535
Operating income (loss)	18,340	8,946	(7,443)	42,139	50,135
Other income (expense):					
Interest expense	(2,478)	(6,797)	(12,113)	(6,552)	(3,240)
Goodwill impairment	--	--	(32,953)	--	--
Gain (loss) on sale of operations, net	930	(7,113)	(31,576)	(7,067)	1,450
Other income (expense), net	(1,112)	3,939	(5,834)	(4,626)	3,253
Total other income (expense)	(2,660)	(9,971)	(82,476)	(18,245)	1,463
Income (loss) from continuing operations before income tax expense	15,680	(1,025)	(89,919)	23,894	51,598
Income tax expense	8,124	12,192	1,514	13,543	18,189
Income (loss) from continuing operations	7,556	(13,217)	(91,433)	10,351	33,409
Income (loss) from operations of discontinued businesses, net of tax	(1,926)	(2,783)	(17,041)	(2,517)	10,481
Loss on disposal of discontinued businesses, net of tax	(2,471)	--	(5,697)	(391)	--
Cumulative effect of change in accounting principle, net of tax	(80,007)	--	(11,905)	--	--
Net income (loss)	$(76,848)	$(16,000)	$(126,076)	$ 7,443	$ 43,890
Basic Shares	94,810	94,818	94,674	86,851	67,880
Diluted shares	96,992	94,818	94,674	91,702	81,084
Diluted earnings (loss) per share:					
From continuing operations	$ 0.08	$ (0.14)	$ (0.96)	$ 0.11	$ 0.41
From discontinued operations	$ (0.05)	$ (0.03)	$ (0.24)	$ (0.03)	$ 0.13
From cumulative effect of accounting change	$ (0.82)	$ --	$ (0.13)	$ --	$ --
From net income (loss)	$ (0.79)	$ (0.17)	$ (1.33)	$ 0.08	$ 0.54
OTHER DATA: Total					

assets.......................................
$433,111 $528,349 $ 649,494 $809,085 $579,764
Total
liabilities.................................
$138,793 $157,702 $ 262,556 $295,953 $175,403
Total stockholders'
equity........................ $294,318 $370,647
$ 386,938 $513,132 $404,361 PRO FORMA NET
INCOME(1): Net income
(loss)................................. $ 7,556 $
7,332 $ (65,584) $ 16,661 $ 35,691 Basic earnings
(loss) per share................... $ 0.08 $ 0.08
$ (0.69) $ 0.19 $ 0.53 Diluted earnings (loss)
per share................. $ 0.08 $ 0.08 $ (0.69)
$ 0.18 $ 0.44

- ---------------

(1) Pro forma net income (loss) represents income from continuing operations assuming the change in accounting principles for Securities and Exchange Commission Staff Accounting Bulletin (SAB) No. 101, adopted January 1, 2000, and Financial Accounting Standards Board (FASB) No. 142, adopted January 1, 2002, were applied retroactively, net of taxes, for all periods presented.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to assist in the understanding of CBIZ's financial position and results of operations for each of the years ended December 31, 2002, 2001 and 2000. This discussion should be read in conjunction with CBIZ's consolidated financial statements and notes thereto included elsewhere in this Annual Report.

RECENT DEVELOPMENTS

During 2002, CBIZ rationalized and sharpened the focus of its operations by selling, closing or committing to sale, the divestiture of sixteen businesses. Five of these operations have been classified as discontinued operations, in connection with the adoption of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Eleven of these operations did not meet the criteria for treatment as discontinued operations and have been accounted for as gain (loss) on divested operations from continuing operations in the accompanying statements of operations. CBIZ will continue to divest those non-strategic businesses that are either under-performing, are located in secondary markets, or that do not provide the level of synergistic cross-serving opportunities with other CBIZ businesses that is desired. Although we cannot predict the proceeds for certain units or the resulting gain or loss, additional gains/losses may be incurred as future transactions are completed.

In conjunction with the focus to rationalize the business, CBIZ is also focused on acquiring businesses that will complement its service offerings in those primary markets where CBIZ already has a significant presence. During the fourth quarter of 2002, CBIZ acquired a benefits and insurance company to strengthen our presence in the Maryland area.

OPERATING PRACTICE GROUPS

CBIZ currently delivers products and services through three practice groups. Below is a brief description of these groups' operating results and factors affecting their businesses. The services offered under each of these groups are described in Part I of this report.

Accounting, Tax and Advisory Services. The ATA group contributed approximately $209.9 million and $231.4 million of revenue, or approximately 42% and 45% of CBIZ's annual revenue in 2002 and 2001, respectively. The decrease in revenue attributable to divestitures completed during the year ended December 31, 2002 was $11.0 million. For ATA businesses with a full period of operations for the year ended December 31, 2002, revenue decreased $10.5 million, or 4.5%. This decrease in same-unit revenue was primarily driven by the decrease for the demand in discretionary work, such as consulting projects and special work related to business transactions related to mergers and acquisitions, and a weak economy. These decreases in revenue caused a decrease in gross margin from 14.7% in 2001 to 13.3% in 2002. CBIZ expects its ATA Services group to achieve modest revenue growth, as well as improvement in gross margin in 2003. Improvements in staff utilization, both internally and through the arrangement with HarborView, are expected to contribute to margin improvement. Under the terms of the agreement between the two companies, CBIZ is the exclusive provider of professional staff to HarborView Partners to conduct internal audits for engagements that HarborView Partners secures within the United States.

Benefits and Insurance Services. The Benefits and Insurance group contributed approximately $150.5 million and $141.3 million of revenue, or approximately 30% and 27% of CBIZ's annual revenue in 2002 and 2001, respectively. The increase in revenue is attributable to organic growth, offset by the decrease in revenue related to divestitures completed during the year ended December 31, 2001 of $5.0 million. For Benefits and Insurance businesses with a full period of operations for the year ended December 31, 2002, same-unit revenue increased $14.2 million, or 10.0%. The gross margin decreased slightly from 20.6% in 2001 to 18.0% in 2002. CBIZ's Benefits and Insurance group had benefited in the last year from a firming of premium prices, particularly for the group health and property and casualty products. In addition, the worksite marketing division increased revenue and improved their profitability significantly, due to several large cases closed in 2002. However, reductions in equity values have caused revenue to decline on asset-based fees, particularly in the pension and retirement areas.

Due to a number of factors, including the increasing costs of health care and an aging population, CBIZ expects premium pricing to remain stable.

National Practices Services. The National Practices group contributed approximately $143.9 million and $144.2 million of revenue, or approximately 28% of CBIZ's annual revenue in 2002 and 2001, respectively. Included in the results of the National Practices group are those of CBIZ MMP, which contributed approximately $66.2 million and $56.8 million, or 13% and 11%, of CBIZ's annual revenue in 2002 and 2001, respectively. CBIZ MMP's revenue growth of 16.4% is attributable to the addition of new clients, growth of existing clients and expansion into new markets, such as entrance into the western region of the United States during 2002. Revenue for CBIZ MMP is based on a percentage of patient accounts collected on behalf of their clients. The gross margin decreased slightly from 19.4% in 2001 to 17.6% in 2002 due in part to medicare reimbursement costs and investment costs related to the expansion into new regions. CBIZ expects growth in revenue of CBIZ MMP to continue, although we cannot assure that the growth will continue at the levels we have seen in the past year.

The other units within National Practices, excluding CBIZ MMP, contributed approximately $77.8 million and $87.4 million of revenue in 2002 and 2001, respectively. The decrease in revenue attributable to divestitures completed during the year ended December 31, 2001 was $8.1 million. For other National Practices businesses with a full period of operations for the year ended December 31, 2002, revenue decreased $1.5 million, or 1.7%. The decrease in same-unit revenue was related to several areas, including the information technology (IT) area, valuation and property tax services, and government relations. This was offset by improvement in health care consulting and improvement in CBIZ's Mergers & Acquisition Group. The increase in capital management revenues was primarily affected by one significant transaction in the fourth quarter, the sale of its clients Floors, Inc., Arvada Hardwood Floor Co. and Floorworks Inc. to the Home Depot. Gross margins for other National Practices decreased from 4.1% in 2001 to 1.5% in 2002, primarily driven by valuation adjustments to inventory in the IT group. While CBIZ targets large transactions of this nature in our mergers and acquisition business, we are not able to predict the timing or amount of these types of transactions, nor are we able to determine if they will continue in the future. CBIZ does expect modest growth in revenue for the other National Practices, as well as margin improvement.

RESULTS OF OPERATIONS -- CONTINUING OPERATIONS

COMPARISON OF YEAR ENDED DECEMBER 31, 2002 TO YEAR ENDED DECEMBER 31, 2001

Revenues

Total revenue for the year ended December 31, 2002 was $504.3 million as compared to $516.9 million for the year ended December 31, 2001, representing a decrease of $12.6 million, or 2.4%. The decrease in revenue attributable to divestitures completed during the year ended December 31, 2002 was $24.1 million. For business units with a full period of operations for the year ended December 31, 2002 revenue increased $11.6 million or 2.3%. A more comprehensive analysis of revenue is discussed above by operating practice groups.

Expenses

Operating expenses decreased to $445.7 million for the year ended December 31, 2002, from $447.5 million for the comparable period in 2001, representing a decrease of $1.8 million. The decrease was primarily attributable to the divestiture of low-margin businesses, as well as expense reductions initiated in the second quarter of 2002 to help bring compensation expenses back in line with revenue levels. Compensation expense (excluding severance), which represents approximately 71% of operating expenses, decreased by $8.0 million, or 2.5%. These cost reductions were offset by charges for severance, restructuring and inventory adjustments. As a result of expense reductions and continuing consolidation activities, CBIZ incurred severance and restructuring costs of $4.6 million for the year ended December 31, 2002, an increase of $2.4 million. In addition, CBIZ incurred a $1.3 million expense charge related to a valuation and obsolescence adjustment for inventory carried to support IT network maintenance contracts that have been recently terminated. As a percentage of revenue, operating expenses for the year ended December 31, 2002 were 88.4% compared to 86.6% for the year ended December 31, 2001, representing an increase of 1.8%.

Corporate general and administrative expenses decreased to $19.7 million for the year ended December 31, 2002, from $19.8 million for the comparable period in 2001, representing a decrease of $0.1 million, or 0.5%. While costs have remained relatively flat, the composition of general and administrative costs has changed from 2001. Compensation expenses have decreased, while expenditures for national marketing efforts and legal costs to pursue cases concerning non-competition violations by former employees, insurance coverage issues, and other cases in which CBIZ is involved, have increased. Corporate general and administrative expenses represented 3.9% of total revenues for the year ended December 31, 2002, compared to 3.8% for the comparable period in 2001.

Depreciation and amortization expense decreased to $20.7 million for the year ended December 31, 2002, from $40.6 million for the comparable period in 2001, representing a decrease of $19.9 million, or 49.0%. The decrease is primarily attributable to a decrease in goodwill amortization of $21.9 million resulting from the adoption of SFAS No. 142 which no longer allows for the amortization of goodwill. The decrease was offset by increases related to accelerated amortization expense of deferred debt costs in connection with entering into a new credit facility, accelerated depreciation costs related to changes in useful lives of assets held at sites being consolidated, and additional capital expenditures made since December 31, 2001. As a percentage of revenue, depreciation and amortization expense (excluding goodwill amortization) decreased to 4.1% for the year ended December 31, 2002 from 3.6% for the comparable period in 2001.

Interest expense decreased to $2.5 million for the year ended December 31, 2002, from $6.8 million for the same period in 2001, a decrease of $4.3 million, or 63.5%. The decrease is the result of both lower average outstanding debt balances and a lower average interest rate in 2002. The average debt balance was $38.6 million for the year ended December 31, 2002 compared to $84.7 million for the year ended December 31, 2001. The weighted average interest rate on bank debt was 5.6% for the year ended December 31, 2002 compared to 7.6% for the same period in 2001.

CBIZ recorded a net gain from divested operations of $0.9 million for the year ended December 31, 2002, as compared to a net loss of $7.1 million for the year ended December 31, 2001. CBIZ completed the divestiture of eleven non-core business operations during the year ended December 31, 2002, either through sale or closure. During 2001, the net loss was attributable to the divestiture of fifteen non-core operations. CBIZ also recorded in 2001 a loss on the planned divestiture of four non-core business units for 2002, based on estimated proceeds. In addition to this divestiture activity, CBIZ classified five operations as discontinued operations during 2002, in connection with the adoption of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The results of these operations are disclosed separately on the consolidated financial statements and discussed separately under "Results of Operations -- Discontinued Operations" below.

Other income (expense), net was $1.1 million of expense for the year ended December 31, 2002, as compared to $3.9 million of income for the comparable period in 2001, representing a change of approximately $5.0 million. Other income (expense), net is comprised primarily of interest income earned in CBIZ's payroll business, gains and losses on the sale of assets, charges for legal reserves and settlements, and miscellaneous income, such as contingent royalties from previous divestitures. The decrease in other income (expense), net is primarily attributable to a $2.4 million charge related to the write-down of CBIZ's investment in two high-tech start-up ventures, and a note taken in connection with the divestiture of the hazardous waste operation in 1997, that were deemed impaired in 2002. In addition, interest income decreased $1.3 million related to lower interest rates in 2002.

CBIZ recorded income tax expense from continuing operations of $8.1 million for the year ended December 31, 2002, compared with $12.2 million in 2001. The effective tax rate was 51.8% for the year ended December 31, 2002. The effective tax rate for the year ended December 31, 2002, is higher than the statutory federal and state tax rates of approximately 40% due to permanent differences such as non-deductible goodwill related to the disposition of businesses. The effective tax rate 2001 is higher than the statutory rates primarily due to the significant amount of goodwill amortization expense, the majority of which is not deductible for tax purposes.

COMPARISON OF YEAR ENDED DECEMBER 31, 2001 TO YEAR ENDED DECEMBER 31, 2000

Revenues

Total revenue for the year ended December 31, 2001 was $516.9 million as compared to $551.2 million for the year ended December 31, 2000, representing a decrease of $34.3 million, or 6.2%. The decrease in revenue was primarily attributable to (i) divestitures completed during the year ended December 31, 2001, and (ii) lower than expected revenue resulting from generally weak economic conditions. The decrease in revenues attributable to divestitures was $30.9 million. For business units with a full period of operations for the years ended December 31, 2001 and 2000, revenue decreased $3.4 million. For the period of September through December, the company experienced lower revenues in most of its business units due to weak economic conditions. Lower revenues were particularly significant in several lines of business including ten business units which provide capital markets, IT and other consulting services. Same-unit revenue in these business units fell $17.2 million, or 20.9% in 2001 compared to 2000. During the fourth quarter, same-unit revenue from these business units declined by $6.1 million, or 30.7% compared to the fourth 2000.

Expenses

Operating expenses decreased to $447.5 million for the year ended December 31, 2001, from $490.6 million for the comparable period in 2000, representing a decrease of $43.1 million, or 8.8%. Such decrease was primarily attributable to reductions in personnel costs of $15.5 million, facility costs of $1.3 million, and the reduction in bad debt expense of $17.4 million. These reductions in expenses were primarily from ongoing operations, although a portion of the reductions are a result of divestitures completed subsequent to December 31, 2000. Other operating costs such as commission expense and product costs have also decreased due to decreased revenue. As a percentage of revenue, operating expenses for the year ended December 31, 2001 were 86.6% compared to 89.0% for the year ended December 31, 2000, representing a decrease of 2.4%.

Corporate general and administrative expenses decreased to $19.8 million for the year ended December 31, 2001, from $24.7 million for the comparable period in 2000, representing a decrease of $4.9 million, or 19.8%. Such decrease was attributable to lower personnel costs of $1.2 million and lower technology expenditures of $2.8 million. Corporate general and administrative expenses represented 3.8% of total revenues for the year ended December 31, 2001, compared to 4.5% for the comparable period in 2000.

Depreciation and amortization expense decreased to $40.6 million for the year ended December 31, 2001, from $43.3 million for the comparable period in 2000, representing a decrease of $2.7 million, or 6.2 %. The decrease is primarily attributable to lower goodwill amortization of $4.1 million as a result of goodwill impairment recorded in the fourth quarter of 2000 and a reduction in goodwill related to divestures completed in 2000 and 2001. The decrease was primarily offset by an increase in depreciation expense related to capital expenditures, a significant amount of which occurred in 2000, which were primarily related to consolidation efforts. As a percentage of revenue, depreciation and amortization expense increased to 7.9% for the year ended December 31, 2001 from 7.9% for the comparable period in 2000.

Interest expense decreased to $6.8 million for the year ended December 31, 2001, from $12.1 million for the same period in 2000, a decrease of $5.3 million, or 43.9%. The decrease is a result of CBIZ paying down its bank debt during 2001 from $117.5 million to $55 million, a reduction in debt of $62.5 million. Additionally, CBIZ's average interest rate on bank debt dropped throughout 2001. The weighted average interest rate on bank debt was 7.6% for the year ended December 31, 2001 compared to 8.7% for the same period in 2000, and includes the effect of the interest rate swap in 2001.

CBIZ recorded a loss on sale of operations of $7.1 million for the year ended December 31, 2001, as compared to $31.6 million for the year ended December 31, 2000. Such charges in 2001 are related to the sale or closing of fifteen operations for an aggregate price of $16.5 million, which included $14.0 million of cash, $2.4 million of notes receivables, and $0.1 million in CBIZ stock. In addition to an estimated loss related to the planned divestiture of five additional business units to be completed in 2002. Such charges in 2000 were the result of the divestiture of four operations including three business units previously announced in

December 1999, the sale of CBIZ's franchise operations for $3.8 million and an estimated loss of $27.2 million related to the planned divestiture of two additional business units to be completed in 2001.

Other income (expense), net was $3.9 million of income for the year ended December 31, 2001, as compared to $5.8 million of expense for the comparable period in 2000, representing a change of approximately $9.8 million. In 2001, other expense is comprised primarily of $2.7 million of interest income and $2.2 million of miscellaneous income offset by $0.6 million of loss on sale of assets and $0.4 million of other expenses. In 2000, other expense is comprised primarily of $1.6 million impairment of note received in connection with the sale on environmental properties in 1997, $3.8 million related to the settlement of and reserve for certain legal proceedings, $0.4 million related to the closing of operations; and $2.7 million related to software and other asset impairment, offset by interest income of $3.9 million.

CBIZ recorded income tax expense from continuing operations of $12.2 million for the year ended December 31, 2001, compared with an income tax expense of $1.5 million in 2000. CBIZ expensed goodwill amortization of $21.9 million in 2001, a majority of which was not deductible for tax purposes. In addition, CBIZ reduced goodwill by $13.8 million in 2001 in connection with divestures, of which $11.4 million was not deductible for tax purposes. As a result of these adjustments, CBIZ's taxable income was significantly higher than the $1.0 million pretax loss reported, resulting in a tax expense of $12.2 million.

RESULTS OF OPERATIONS -- DISCONTINUED OPERATIONS

During 2002, CBIZ adopted formal plans to divest five non-core operations which were no longer part of CBIZ's strategic long-term growth objectives. These operations were classified as discontinued operations in connection with the adoption of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," and the net assets and liabilities and results of operations are reported separately in the consolidated financial statements. Four of these operations were either sold or closed as of December 31, 2002. One operation remains available for sale as of December 31, 2002, and the sale is expected to be completed within one year. Based on the estimated cost of closure and purchase price, CBIZ recorded a loss on disposal from discontinued operations, net of tax, of $2.5 million for the year ended December 31, 2002. Revenue associated with these five discontinued operations for the years ended December 31, 2002, 2001 and 2000 was $7.2 million, $10.0 million and $16.6 million, respectively. The loss from operations, net of tax, associated with these divestitures for the years ended December 2002, 2001 and 2000 was $1.9 million, $2.8 million and $15.8 million, respectively.

During 2000, CBIZ completed the sale of its risk-bearing specialty insurance segment, as well as American Inspection and Audit Services, Inc. and CSC Insurance Agency, Inc., collectively referred to as the Divested Entities, for $28 million, resulting in a loss on disposal of discontinued businesses, net of tax of $5.7 million. These Divested Entities were classified as discontinued operations in 2000 under APB Opinion 30, the accounting literature for discontinued operations then in effect. For the year ended December 31, 2000 revenue associated with these discontinued operations was $22.6 million and the related loss from operations, net of tax, was $1.2 million.

RESULTS OF OPERATIONS -- CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2002, CBIZ adopted Statement of Financial Accounting Standard No., 142 "Goodwill and Other Intangible Assets" (SFAS 142), which requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually at the reporting unit level. SFAS 142 also requires intangible assets with finite useful lives to be amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." CBIZ finalized the required transitional tests of goodwill during 2002, and recorded an impairment charge of $88.6 million on a pre-tax basis. This non-cash charge is reflected as a cumulative effect of a change in accounting principle net of tax benefit of $8.6 million.

During the fourth quarter of 2000, CBIZ adopted Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), "Revenue Recognition in the Financial Statements." SAB 101 summarizes certain of the Commission's views in applying generally accepted accounting principles to revenue recognition in financial statements. In light of the guidance to conform to SAB 101 and the SEC's "Frequently Asked Questions and Answers" bulletin released on October 12, 2000, CBIZ changed certain revenue recognition policies effective January 1, 2000. Prior to this change CBIZ's revenue recognition had been in accordance with GAAP and industry standards. Due to this change, CBIZ recorded a cumulative adjustment in the first quarter 2000 of $11.9 million (net of tax benefit of $7.9 million). The impact in 2000 of adopting SAB 101 resulted in a reduction in revenue of approximately $18.2 million, a reduction in operating expense of approximately $11.4 million, and a reduction in income from continuing operations (before cumulative effect of accounting change) of approximately $6.8 million (pretax).

FINANCIAL CONDITION

Total assets were $433.1 million and total liabilities were $138.8 million as of December 31, 2002 and shareholders equity was $294.3 million. Current assets of $202.7 million exceeded current liabilities of $116.4 million by $86.3 million at December 31, 2002.

Cash and cash equivalents increased $2.0 million to $6.4 million for the year ended December 31, 2002. Restricted cash was $17.0 million at December 31, 2002, an increase of $3.6 million from a year ago. Restricted cash represents those funds held in connection with CBIZ's NASD regulated operations and funds held in connection with the pass through of insurance premiums to the carrier. As further described in note 1 to the consolidated financial statements contained herein, funds held for clients were $49.2 million, which is directly offset by client fund obligations. Cash, restricted cash and funds held for clients fluctuate during the year based on the timing of cash receipts and related payments. Accounts receivable were $103.0 million at December 31, 2002, and declined by $9.7 million from a year ago. The decline in receivables was due to the improvement in collection of amounts due, divestitures, and the write-off of certain accounts that were deemed uncollectible. Other assets, including notes receivable and property and equipment, are carried at amounts that CBIZ reasonably estimates reflect the value of these assets, considering current circumstances and future expectations. Goodwill and other intangible assets, net of accumulated amortization, decreased $83.4 million, primarily due to impairment for goodwill of $88.6 million recorded in 2002 as a result of the adoption of SFAS 142.

The accounts payable balance of $22.5 million at December 31, 2002 reflects amounts due to suppliers and vendors. Other current liabilities increased $5.3 million to $37.7 million at December 31, 2002. The change primarily reflects the recording of anticipated costs related to restructuring and accrued compensation expense. Client fund obligations of $49.2 million were directly related to funds held for clients in the same amount as reflected in current assets. CBIZ's credit facility was $17.5 million at December 31, 2002, a reduction of $37.5 million from December 31, 2001. The reduction in debt was a result of CBIZ's positive cash flow generated during 2002.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities in 2002 was $42.3 million versus $55.6 million in 2001, a decrease of $13.3 million. Net cash provided by operating activities was the principal source of funds used to reduce CBIZ's bank debt by $37.5 million.

Net cash used in investing activities during 2002 of $3.0 million consisted of $7.8 million in proceeds from the disposition of non-core and underperforming business units and $1.9 million collected on notes receivable offset by $8.2 million used for capital expenditures, and $4.6 million used toward the acquisition of a benefits and insurance firm, and funding provided under the HarborView agreement. Capital expenditures consisted of leasehold improvements and equipment in connection with the consolidation of certain offices, IT capital to support the growth of the medical management practice, and equipment purchases in relation to normal replacement. The majority of capital expenditures represent investment in technology-related items including hardware and software, both to improve back office functions and to provide better solutions for our clients.

Cash used in investing activities during 2001 of $1.2 million consisted of $14.0 million in proceeds from the disposition of non-core and underperforming business units and $0.2 million of collections on notes receivables. These proceeds were offset by $12.7 million used for capital expenditures, $1.7 million used toward the acquisition of a technology services business and contingent consideration for previous acquisitions (earn-outs), and $1.0 million funding provided under the HarborView agreement. Capital expenditures consisted of leasehold improvements and equipment in connection with the consolidation of certain offices and equipment purchases in relation to normal replacement.

During the year ended December 31, 2002, cash used in financing activities of $37.2 million consisted of a net reduction in the bank credit facility of $37.5 million. On September 26, 2002 CBIZ entered into a new senior secured credit agreement with a group of four banks, as described below under "Sources of Cash." CBIZ expects to use the facility for working capital, internal growth initiatives, and its acquisition program.

Cash used in financing activities in 2001 of $66.1 million consisted primarily of net reduction of $62.5 million in the revolving credit facility and net payments of $3.2 million toward notes payable and capitalized leases. In addition, approximately $0.4 million in cash was used toward the purchase of 170,000 shares of CBIZ's common stock, in accordance with CBIZ's Share Repurchase Program approved by the Board of Directors on August 8, 2001

SOURCES OF CASH

CBIZ's principal source of net operating cash is derived from the collection of fees from professional services rendered to its clients and commissions earned in the areas of accounting, tax, valuation and advisory services, benefits consulting and administration services, insurance, human resources and payroll solutions, capital advisory, retirement and wealth management services and technology solutions.

On September 26, 2002 CBIZ entered into a new senior secured credit agreement with a group of four banks. The new $73 million facility carries an option to increase the facility to $80 million and allows for the allocation of funds for strategic initiatives, including acquisitions and the repurchase of CBIZ stock. CBIZ expects to use the facility for working capital, internal growth initiatives, and its acquisition program. The facility has a three year term with an expiration date of September 2005. The new credit agreement is secured by all assets and capital stock of CBIZ and its subsidiaries and allows for greater operating flexibility as it pertains to acquisitions and the use of funds for the repurchase of CBIZ stock. Under the new credit agreement, CBIZ is subject to a monthly borrowing base related to accounts receivable and unbilled revenues, and is required to meet certain financial covenants. These covenants require CBIZ to meet certain requirements with respect to (i) minimum tangible net worth; (ii) maximum leverage ratio; and (iii) a minimum fixed charge coverage ratio. CBIZ is in compliance with its covenants as of December 31, 2002 and projects that it will remain in compliance in 2003.

At December 31, 2002, CBIZ had $17.5 million outstanding under its credit facility. Management believes that the available funds from the credit facility, along with cash generated from operations, will be sufficient to meet its liquidity needs in the foreseeable future.

See note 8 to CBIZ's consolidated financial statements included herewith.

USES OF CASH AND LIQUIDITY OUTLOOK

CBIZ's capital expenditures from continuing operations totaled $8.2 million, $12.7 million and $19.7 million for the years ended December 31, 2002, 2001 and 2000, respectively, which included expenditures for fixed assets for normal replacement, implementation of the enterprise-wide solution to integrate back office operations and other initiatives, office consolidations, compliance with regulations and market development. During the year ended December 31, 2002, CBIZ principally funded capital expenditures from operating cash flow and financing activities. In 2003, capital expenditures are expected to be approximately $7.5 million, and CBIZ anticipates that during 2003, it will continue to fund these expenditures from operating cash flow supplemented by borrowings under its revolving credit agreement, as necessary.

At December 31, 2002, based on the borrowing base calculation, CBIZ had approximately $36.0 million of available funds under its credit facility. Management believes that those available funds, along with cash generated from operations, will be sufficient to meet its liquidity needs in the foreseeable future. To fund operations, capital expenditures and potential acquisitions, CBIZ may also obtain funding by offering securities or debt, through the public markets or the private markets. CBIZ currently has a number of shelf registrations active, under which we can offer such securities. See note 12 to the consolidated financial statements contained herein for a description of the aforementioned registration filings.

CBIZ's aggregate amount of obligations for the next five years and thereafter is set forth below (in thousands):

	2003	2004	2005	2006	2007	THEREAFTER
Principal payments of bank debt.........	$ --	$ --	$17,500	$ --	$ --	$ --
Letters of credit......................	681	636	286	--	--	320
Principal payments of notes payable and capitalized leases....................	1,008	272	263	40	8	--
Obligations under non-cancelable operating leases.....................	22,318	19,480	15,316	13,863	12,610	62,836
Total................................	$24,007	$20,388	$33,365	$13,903	$12,618	$63,156

INTEREST RATE RISK MANAGEMENT

CBIZ entered into an interest rate swap agreement in the third quarter of 2001 to reduce the impact of potential rate increases on variable rate debt through its credit facility. The interest rate swap was entered into with a notional amount of $25 million, a fixed LIBOR rate of 3.58%, and a maturity date of August 2003. During 2002, primarily as a result of continued strong cash flow from operations, CBIZ continued to reduce its outstanding debt; therefore, to maintain an effective hedge CBIZ reduced the notional amount of the swap to $15 million. CBIZ accounts for the interest rate swap as a cash flow hedge, whereby the fair value of the interest rate swap is reflected as an asset or liability in the accompanying consolidated balance sheet. The interest rate swap (hedging instrument) matches the notional amount, interest rate index and re-pricing dates as those that exist under the variable rate debt through its credit facility (hedged item). When the interest rate index is below the fixed rate LIBOR, the change in fair value of the instrument represents a change in intrinsic value, which is an effective hedge. This portion of change in value will be recorded as other comprehensive income (loss). For the year ended December 31, 2002, the change in fair value resulted in a loss of approximately $0.3 million, which is recorded as accumulated other comprehensive income (loss) in stockholders' equity.

CRITICAL ACCOUNTING POLICIES

The policies discussed below are considered by management to be critical to the understanding of CBIZ's consolidated financial statements because their application places significant demand on management's judgment, with financial reporting results relying on estimation about the effects of matters that are inherently uncertain. Specific risks for these critical accounting policies are described in the following paragraphs. For all of these policies, management cautions that estimates may require adjustment if future events develop differently than forecasted.

REVENUE RECOGNITION AND VALUATION OF UNBILLED REVENUES

Revenue is recognized only when all of the following are present: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, our fee to the client is fixed or determinable, and collectibility is reasonably assured, which is in accordance with GAAP and SAB 101. CBIZ offers a vast array of products and outsourced business services to its clients. Those services are delivered through three practice groups. A description of revenue recognition, as it relates to those groups, is provided below:

ACCOUNTING, TAX AND ADVISORY SERVICES -- Revenue consists primarily of fees for accounting services, preparation of tax returns and consulting services. Revenues are recorded in the period in which they are earned. CBIZ bills clients based upon a predetermined agreed-upon fixed fee or actual hours incurred on client projects at expected net realizable rates per hour, plus any out-of-pocket expenses. The cumulative impact on any subsequent revision in the estimated realizable value of unbilled fees for a particular client project is reflected in the period in which the change becomes known.

BENEFITS & INSURANCE -- Revenue consists primarily of brokerage and agency commissions, and fee income for administering health and retirement plans. A description of the revenue recognition, based on insurance product and billing arrangement, is described below:

- Commissions relating to brokerage and agency activities whereby CBIZ has primary responsibility for the collection of premiums from insured's (agency or indirect billing) are generally recognized as of the earlier of the effective date of the insurance policy or the date billed to the customer.
- Commissions to be received directly from insurance companies (direct billing) are generally recognized when the amounts are determined.
- Life insurance commissions are generally recognized when the amounts are determined.
- Commission revenue is reported net of sub-broker commissions.
- Contingent commissions are recognized at the earlier of notification or cash collection.
- Fee income is recognized as in the period earned, and may be based on actual hours incurred on an hourly fee basis, fixed fee arrangements, or asset-based fees.

NATIONAL PRACTICES -- The business units that comprise this practice group offer a variety of services. A description of revenue recognition associated with the primary services is provided below:

- Mergers & Acquisitions and Capital Advisory -- Revenue associated with non-refundable retainers are recognized on a pro rata basis over the life of the engagement. Revenue associated with success fee transactions are recognized when the transaction is completed.

- Technology Consulting -- Revenue associated with hardware and software sales are recognized upon delivery and acceptance of the product. Revenue associated with installation and service agreements are recognized as services are performed. Consulting revenue is recognized on an hourly or per diem fee basis.

- Valuation and Property Tax -- Revenue associated with retainer contracts are recognized on a pro rata basis over the life of the contract, which is generally twelve months. Revenue associated with contingency arrangements is recognized once written notification is received from an outside third party (e.g., assessor in the case of a property tax engagement) acknowledging that the contingency has been resolved.

- Medical Practice Management -- Revenue is recognized when payments are received on our clients' patient accounts.

VALUATION OF ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, management must make estimates of the collectability of our accounts receivable, including unbilled accounts receivable, related to current period service revenue. Management analyzes historical bad debts, client credit-worthiness, and current economic trends and conditions when evaluating the adequacy of the allowance for doubtful accounts and the collectibility of notes receivable. Significant management judgments and estimates must be made and used in connection with establishing the allowance for doubtful accounts in any accounting period. Material differences may result if management made different judgments or utilized different estimates.

VALUATION OF GOODWILL

Effective January 1, 2002, CBIZ adopted the non-amortization provisions of SFAS 142, and accordingly ceased amortization of our remaining goodwill balance. CBIZ evaluated the goodwill for impairment using the new fair value impairment guidelines of SFAS 142. During 2002, CBIZ completed the process of evaluating our goodwill for impairment using the new fair market impairment guidelines of SFAS 142. This change to a new method of accounting for goodwill resulted in a non-cash impairment charge of $88.6 million on a pretax basis ($80.0 million net of tax), which was recorded as a cumulative effect of a change in accounting principle.

VALUATION OF INVESTMENTS

CBIZ has certain investments in privately held companies that are currently in their start-up or development stages and are included in "other assets" in the accompanying consolidated balance sheets. These investments are inherently risky as the market for the technologies or products they have under development are typically in the early stages. The value of these investments is influenced by many factors, including the operating effectiveness of these companies, the overall health of the companies' industries, the strength of the private equity markets and general market conditions. During 2002, CBIZ recorded charges of approximately $1.6 million related to the impairment of certain investments held. Although the market value of these investments is not readily determinable, management believes their current fair values approximate their carrying values as of December 31, 2002. In light of the circumstances noted above, particularly with respect to the current economic environment, it is possible that the fair value of these investments could decline in future periods, and further impairment could occur.

LOSS CONTINGENCIES

Loss contingencies, including litigation claims, are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis that often depends on judgment about potential actions by third parties.

ESTIMATES OF INCENTIVE COMPENSATION COSTS AND EFFECTIVE INCOME TAX RATES

Incentive compensation costs and income tax expense are two significant expense categories that are highly dependent upon management estimates and judgments, particularly at each interim reporting date. In arriving at the amount of expense to recognize, management believes it makes reasonable estimates and judgments using all significant information available. Incentive compensation costs are accrued on a monthly basis, and the ultimate determination is made after our year-end results are finalized; thus, estimates are subject to change. Circumstances that could cause our estimates of effective income tax rates to change include the impact of information that subsequently became available as we prepared our corporate income tax returns; the level of actual pre-tax income; revisions to tax positions taken as a result of further analysis and consultation, and changes mandated as a result of audits by taxing authorities

OTHER SIGNIFICANT POLICIES

Other significant accounting policies not involving the same level of measurement uncertainties as those discussed above are nevertheless important to understanding the consolidated financial statements. Those policies are described in Note 1 to the consolidated financial statements contained herein.

NEW ACCOUNTING PRONOUNCEMENTS

In July 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The statement is to be applied prospectively to exit or disposal activities initiated after December 31, 2002 and it is not expected to have a significant impact on our financial position and results of operations.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation -- Transition and Disclosures," an amendment to SFAS 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure requirements of SFAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition guidance and annual disclosure provisions are effective for the year ended

December 31, 2002, and the interim disclosure requirements are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002.

In November 2002, the FASB issued Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others," which addresses the disclosure to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees. FIN 45 requires the recognition of a liability by a guarantor at the inception of certain guarantees, specifically recognition of a liability for the non-contingent component of the guarantee, which is the obligation to stand ready to perform in the event that specified triggering events or conditions occur, even if it is not probable that the payments will be required under the guarantee or if the guarantee was issued with a premium payment or as part of a transaction with multiple elements. CBIZ has adopted the disclosure requirements effective for the year ended December 31, 2002. CBIZ will apply the initial recognition and measurement provisions effective for all guarantees issued or modified after December 31, 2002. Other than letters of credit that are issued in the normal course of business, CBIZ does not enter into guarantees and therefore does not expect the adoption of FIN 45 to have a significant impact on our financial position and results of operations.

In January 2003, the FASB issued Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." This interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," addresses consolidation by business enterprises of variable interest entities (VIEs) which have the characteristics of equity investments at risk not sufficient to permit the entity to finance its activities without additional financial support from other parties, or VIEs in which the equity investor lacks essential characteristics of a controlling financial interest. FIN 46 applies to VIEs created after January 31, 2003 and to VIEs in which an enterprise obtains an interest after that date. CBIZ will adopt the provisions of FIN 46 in 2003.

ITEM 7A. QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISK

Quantitative Information About Market Risk. CBIZ's floating rate debt under its credit facility exposes the Company to interest rate risk. A change in the Federal Funds Rate, or the Reference Rate set by the Bank of America (San Francisco), would affect the rate at which CBIZ could borrow funds under its credit facility. If market interest rates were to increase or decrease immediately and uniformly by 100 basis points from the levels at December 31, 2002, interest expense would increase or decrease by $0.2 million annually. CBIZ has entered into an interest rate swap to minimize the potential impact of future increases in interest rates. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Interest Rate Risk Management," for a further discussion of this financial instrument.

CBIZ does not engage in trading market risk sensitive instruments. Except for the interest rate swap discussed above, CBIZ does not purchase instruments, hedges, or "other than trading" instruments that are likely to expose CBIZ to market risk, whether foreign currency exchange, commodity price or equity price risk. CBIZ has not issued debt instruments, entered into forward or futures contracts, or purchased options.

Qualitative Information About Market Risk. CBIZ's primary market risk exposure is that of interest rate risk. A change in the Federal Funds Rate, or the reference rate set by the Bank of America (San Francisco), would affect the rate at which CBIZ could borrow funds under its credit facility. See "Quantitative Information about Market Risk" for a further discussion on the potential impact of a change in interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements and Supplementary Data required hereunder are included in this Annual Report as set forth in Item 15(a) hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information appearing under the caption "Proposal No. 1 -- Election of Directors" in CBIZ's definitive proxy statement relating to the 2003 Annual Stockholders Meeting is incorporated herein by reference.

On October 10, 2002, CBIZ announced that Chairman Michael G. DeGroote had resigned from the Company's Board of Directors for health reasons, and that current Chief Executive Officer and Director Steven L. Gerard was elected as Chairman of the Board. In addition, to fill the vacancy created by Mr. DeGroote's resignation, the Board of Directors appointed Mr. DeGroote's son, Mr. Gary W. DeGroote, to the Board.

The following table sets forth certain information regarding the directors, executive officers and certain key employees of CBIZ. Each executive officer of CBIZ named in the following table has been elected to serve until his successor is duly appointed or elected or until his earlier removal or resignation from office. No arrangement or understanding exists between any executive officer of CBIZ and any other person pursuant to which he or she was selected as an officer.

NAME	AGE	POSITION(S)
EXECUTIVE OFFICERS AND DIRECTORS:		
Steven L. Gerard (1)	57	Chairman and Chief Executive Officer
Jerome P. Grisko, Jr. (1)	41	President and Chief Operating Officer
Ware H. Grove (1)	52	Senior Vice President and Chief Financial Officer
Douglas R. Gowland	61	Senior Vice President
Leonard Miller	63	Senior Vice President, Accounting, Tax & Advisory
Robert A. O'Byrne	46	Senior Vice President, Benefits & Insurance
Michael W. Gleespen	44	Secretary and General Counsel
Rick L. Burdick (1)(2)(3)	51	Director and Vice Chairman
Gary W. DeGroote	47	Director
Joseph S. DiMartino (3)	59	Director
Harve A. Ferrill (2)(3)	70	Director
Richard C. Rochon (2)(4)	45	Director
OTHER KEY EMPLOYEES:		
George A. Dufour	57	Chief Technology Officer
Mark M. Waxman	46	Senior Vice President of Marketing
Teresa E. Bruce	38	Vice President, Human Resources
Chris Spurio	37	Vice President, Finance
Kelly J. Kuna	33	Controller

- ---------------

(1) Member of Management Executive Committee

(2) Member of Audit Committee

(3) Member of Nominating & Governance Committee

(4) Member of Compensation Committee

EXECUTIVE OFFICERS AND DIRECTORS:

Steven L. Gerard was elected by the Board to serve as its Chairman in October, 2002. He was appointed Chief Executive Officer and Director in October, 2000. Mr. Gerard was Chairman and CEO of Great Point Capital, Inc., a provider of operational and advisory services from 1997 to October 2000. From 1991 to 1997, he was Chairman and CEO of Triangle Wire & Cable, Inc. and its successor Ocean View Capital, Inc. Mr. Gerard's prior experience includes 16 years with Citibank, N.A. in various senior corporate finance and banking positions, including ultimately Senior Managing Director, responsible for the risk management of Citibank's commercial and investment banking activities in the United States, Europe, Australia and Japan. Further, Mr. Gerard served seven years with the American Stock Exchange, where he last served as Vice President of the Securities Division. Mr. Gerard also serves on the Boards of Directors of Fairchild Company, Inc., Lennar Corporation, TIMCO Aviation Services, Inc. and Joy Global, Inc.

Rick L. Burdick has served as a Director of CBIZ since October 1997, when he was elected as an outside director. In October 2002, he was elected by the Board as Vice Chairman, a non-officer position. Mr. Burdick has been a partner at the law firm of Akin Gump Strauss Hauer & Feld L.P since April 1988. Mr. Burdick serves on the Board of Directors of AutoNation, Inc.

Gary W. DeGroote has served as a Director of CBIZ since October, 2002, when he was elected as an outside director to serve the remaining term of his father, Michael G. DeGroote, who resigned from the Board for health reasons. Mr. DeGroote is the President of GWD Management Inc., a private Canadian diversified investment holding company founded in 1980 with an office in Burlington, Ontario. Mr. DeGroote also serves as a Director and Officer of other private companies. From 1976 to 1989, Mr. DeGroote held several positions with Laidlaw Inc., a public waste services and transportation company, ending as Vice-President and Director in 1989. From 1991 to 1994, Mr. DeGroote served as President of Republic Environmental Systems Ltd., and Director of Republic Industries Inc. He is currently a Director of Capital Environmental Resources Inc.

Joseph S. DiMartino has served as a Director of CBIZ since November 1997, when he was elected as an outside director. Mr. DiMartino has been Chairman of the Board of the Dreyfus Family of Funds since January 1995. Mr. DiMartino served as President, Chief Operating Officer and Director of The Dreyfus Corporation from October 1982 until December 1994 and also served as a director of Mellon Bank Corporation. Mr. DiMartino also serves on the Board of Directors of LEVCOR International, The Newark Group, and the Muscular Dystrophy Association.

Harve A. Ferrill has served as a Director of CBIZ since October 1996, when he was elected as an outside director. Mr. Ferrill served as Chief Executive Officer and Chairman of Advance Ross Corporation, a company that provides tax refunding services, from 1992 to 1996. Mr. Ferrill served as President of Advance Ross Corporation from 1990 to 1992. Since 1996, Advance Ross Corporation has been a wholly-owned subsidiary of Cendant Corporation. Mr. Ferrill has served as President of Ferrill-Plauche Co., Inc., a private investment company, since 1982.

Richard C. Rochon has served as a Director of CBIZ since October 1996, when he was elected as an outside director. Mr. Rochon is Chairman and Chief Executive Officer of Royal Palm Capital Partners, a private investment and management fund. From 1985 to February 2002, Mr. Rochon served in various capacities with, and most recently as, President of Huizenga Holdings, Inc., a management and holding company owned by H. Wayne Huizenga. Mr. Rochon also served, as a director since September 1996 and as Vice Chairman since April 1997, of Boca Resorts, Inc., the owner and operator of luxury resort properties in South Florida. From 1979 until 1985, Mr. Rochon was employed as a certified public accountant by the public accounting firm of Coopers & Lybrand, L.L.P. Mr. Rochon also serves on the Board of Directors of Citizens Bancshares of South Florida.

Jerome P. Grisko, Jr. has served as President and Chief Operating Officer of CBIZ since February 1, 2000. Mr. Grisko joined CBIZ as Vice President, Mergers & Acquisitions in September 1998 and was promoted to Senior Vice President, Mergers & Acquisitions and Legal Affairs in December of 1998. Prior to joining CBIZ, Mr. Grisko was associated with the law firm of Baker & Hostetler LLP, where he practiced from September 1987 until September 1998, serving as a partner of such firm from January 1995 to September 1998. While at Baker & Hostetler, Mr. Grisko concentrated his practice in the area of mergers, acquisitions and divestitures.

Ware H. Grove has served as Senior Vice President and Chief Financial Officer of CBIZ since December 2000. Before joining CBIZ, Mr. Grove served as Senior Vice President and Chief Financial Officer of Bridgestreet Accommodations, Inc., which he joined in early 2000 to restructure financing, develop strategic operating alternatives, and assist with merger negotiations. Prior to joining Bridgestreet, Mr. Grove served for three years as Vice President and Chief Financial Officer of Lesco, Inc. Since beginning his career in corporate finance in 1972, Mr. Grove has held various financial positions with large companies representing a variety of industries, including Computerland/Vanstar, Manville Corporation, The Upjohn Company, and First of America Bank.

Douglas R. Gowland has served as a Senior Vice President since November 1997. Mr. Gowland served as a Director of CBIZ from April 1995 through November 1997. From April 1995 until October 1996, Mr. Gowland served as CBIZ's Executive Vice President and Chief Operating Officer. From January 1992 to April 1995, Mr. Gowland served as Vice President -- Hazardous Waste Operations of Republic Industries, Inc., the predecessor of AutoNation, Inc. From March 1991 to January 1992, Mr. Gowland served as Vice President of DRG Environmental Management, Inc. Prior thereto, he served as President of Great Lakes Environmental Systems, Ltd.

Leonard Miller has served as CBIZ Accounting, Tax and Advisory Services Practice Head since November 2000 and was appointed Senior Vice President in February 2002. Mr. Miller was the President and Director of Financial Operations for Miller Wagner & Company, Ltd. in Phoenix, Arizona for 22 years before the firm joined the Century Business Services family and became Miller Wagner Business Services, Inc. and Miller Wagner & Company, PLLC. Mr. Miller was the Regional Managing Partner for Lester Witte and Company, and was responsible for 11 of its offices prior to co-founding Miller Wagner & Company, Ltd. With over 38 years of experience, Mr. Miller is a recognized expert in the fields of finance, real estate, general business consulting and various litigation support matters. Professional affiliations include the American Institute of Certified Public Accountants (AICPA), the Arizona Society of Certified Public Accountants (ASCPA) and the Illinois Society of Certified Public Accountants (ISCPA).

Robert A. O'Byrne has served as a Senior Vice President of CBIZ since December 1998 and is responsible for CBIZ's Benefits Administration & Insurance Services Group. Mr. O'Byrne served as President and Chief Executive Officer of employee benefits brokerage/consulting firms Robert D. O'Byrne and Associates, Inc. and The Grant Nelson Group, Inc. prior to their acquisition by CBIZ in December 1997. Mr. O'Byrne has more than 24 years of experience in the insurance and benefits consulting field.

Michael W. Gleespen has served as Corporate Secretary and General Counsel since June 2001 and General Counsel since June 2001. Mr. Gleespen is an attorney and has served as CBIZ's Vice President of Regulatory Compliance and Accountancy Compliance Officer and Technical Director since February 1998. Prior to joining CBIZ, Mr. Gleespen was an Assistant Ohio Attorney General in the Business & Government Regulation Section and the Court of Claims Defense Section from 1988 until 1998, during which time he was counsel to the Ohio Accountancy Board, the Ohio State Teachers Retirement System and represented many other state departments and agencies. Mr. Gleespen also held the post of Associate Attorney General for Pension, Disability and Annuity Plans and was the Co-Chairman of the Public Pension Plan Working Group. Mr. Gleespen is a member of the Board of Directors of the Cancer Hope Foundation and is a member of the American Society of Corporate Secretaries.

OTHER KEY EMPLOYEES:

George A. Dufour was appointed Chief Technology Officer in July 2001. Prior to joining CBIZ, Mr. Dufour served as Corporate Director of Information Access Services for University Hospitals Health Systems (UHHS), where he achieved substantial cost savings by consolidating IS resources throughout the health system. Prior to joining UHHS in 1999, Mr. Dufour acted as Vice President and CIO for Akron General Health Systems. From 1986 through 1994, Mr. Dufour was with Blue Cross/Blue Shield of Ohio and served most recently there as Director of Information Systems Development. Mr. Dufour commenced his career in information technology, which includes tenures at Cook United, Cole National Corporation, General Tire & Rubber, Picker Corporation, and Sherwin Williams, in 1971 as the Director of Education for the Institute of Computer Management, a division of Litton Industries. Mr. Dufour is a member of the northeast Ohio chapter of the Healthcare Information Management Systems Society.

Mark M. Waxman has over twenty years experience in marketing and branding. Prior to joining CBIZ, he was CEO/Creative Director of one of Silicon Valley's most well-known advertising agencies, Carter Waxman.

Most recently, he was a founding partner of SK Consulting (acquired by CBIZ in 1998) providing strategic marketing and branding services to a wide range of companies and industries. Waxman has been a featured marketing columnist and contributor to many business and trade publications, and currently serves on the Board of Trustees of the Montalvo Center for the Arts, the West Valley Mission Foundation, and Catholic Charities, and he recently served as the Chairman of the Board of the Silicon Valley Chamber of Commerce.

Teresa E. Bruce has served as Vice President of Human Resources since January 1999. From 1995 to 1999 Ms. Bruce served as Director of Human Resources for Robert D. O'Byrne & Associates, Inc. and The Grant Nelson Group, Inc., subsidiaries of CBIZ now known as CBIZ Benefits and Insurance Services, Inc. Ms. Bruce has over 15 years of experience in human resources and is an active member of the Greater Kansas City Chapter of The Human Resources Management Association and Society of Human Resources Management.

Chris Spurio has served as Vice President of Finance since July 1999. Previously, Mr. Spurio was Controller since January 1998. Mr. Spurio also served as Acting Chief Financial Officer from May 2000 to December 2000. Mr. Spurio was associated with KPMG LLP, an international accounting firm, from July 1988 to January 1998, serving as a Senior Manager of such firm from July 1995 to January 1998. Mr. Spurio is a CPA and a member of the American Institute of Certified Public Accountants and the Ohio Society of Certified Public Accountants.

Kelly J. Kuna has served as Corporate Controller since July 1999. Mrs. Kuna served as Manager of External Reporting from December 1998 to June 1999. Prior to joining CBIZ, Mrs. Kuna was associated with KPMG LLP, an international accounting firm, from 1992 to December 1998, serving as a Senior Manager of such firm from July 1998 to December 1998. Mrs. Kuna is a CPA and a member of the American Institute of Certified Public Accountants and the Ohio Society of Certified Public Accountants.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to this item is incorporated by reference from the discussion under the heading "Executive Compensation" in CBIZ's definitive proxy statement for the 2003 Annual Stockholders' Meeting to be filed with the Securities and Exchange Commission no later than 120 days after the end of CBIZ's fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information with respect to this item is incorporated by reference from CBIZ's definitive proxy statement for the 2003 Annual Stockholders' Meeting to be filed with the Securities and Exchange Commission no later than 120 days after the end of CBIZ's fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following is a summary of certain agreements and transactions between or among CBIZ and certain related parties. It is CBIZ's policy to enter into transactions with related parties on terms that, on the whole, are no less favorable than those that would be available from unaffiliated parties. Based on CBIZ's experience and the terms of its transactions with unaffiliated parties, it is the Board of Directors' belief that the transactions described below met these standards at the time of the transactions.

A number of the businesses acquired since October 1996 are located in properties owned indirectly by and leased from persons employed by CBIZ. In the aggregate, CBIZ paid approximately $0.8 million, $1.5 million and $1.5 million for the years ended 2002, 2001 and 2000, respectively, under such leases which management believes were at market rates.

Rick L. Burdick, a director of CBIZ, is a partner of Akin Gump Strauss Hauer & Feld LLP Akin Gump performed legal work for CBIZ during 2002, 2001 and 2000 for which the firm received $119,064, $68,540 and $116,000 from CBIZ, respectively.

CBIZ and/or its subsidiaries maintain joint-referral relationships and service agreements with licensed CPA firms under which CBIZ subsidiaries provide administrative services (including office, bookkeeping, accounting, and other administrative services, preparing marketing and promotion materials, and leasing of administrative and professional staff) in exchange for a fee. The majority of the partners in the independent CPA firms maintaining administrative service agreements with CBIZ are CBIZ employees.

Robert A. O'Byrne, Senior Vice President, Benefits & Insurance, was indebted to CBIZ in the amount of $250,000 at December 31, 2002 and $325,000 at December 31, 2001. Likewise, CBIZ was indebted to the former shareholders of RDOB/GNG, of which Mr. O'Byrne is a shareholder, for $420,000 at December 31, 2002. Mr. O'Byrne also has an interest in a partnership that receives commissions from CBIZ that are paid to certain eligible benefits and insurance producers in accordance with a formal program to provide benefits in the event of death, disability, retirement or other termination. The note and the program were both in existence at the time CBIZ acquired the former company, of which Mr. O'Byrne was an owner.

CBIZ has divested several operations during 2002, in an effort to rationalize the business and sharpen the focus on non-strategic businesses. In accordance with this strategy, CBIZ has sold and may sell in the future businesses to former employees or shareholders. Management believes these transactions were priced at market rates, competitively bid, and entered into at arm's length terms and conditions. See note 17 to CBIZ's consolidated financial statements included herewith.

ITEM 14. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer have evaluated the disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934, as of a date within 90 days before the filing date of this annual report. Based on this evaluation they concluded that the disclosure controls and procedures effectively ensure that information required to be disclosed in our filings and submissions under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

CHANGES IN INTERNAL CONTROLS

There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the evaluation of the internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this Annual Report or incorporated by reference:

1. Financial Statements.

   As to financial statements and supplementary information, reference is made to "Index to Financial Statements" on page F-1 of this Annual Report.

2. Financial Statement Schedules.

   As to financial statement schedules, reference is made to "Index to Financial Statements" on page F-1 of this Annual Report.

3. Exhibits.

   The following documents are filed as exhibits to this Form 10-K pursuant to Item 601 of Regulation S-K.

EXHIBIT NO.
DESCRIPTION
- ----------
- ----------
- 3.1
Amended and Restated Certificate of Incorporation of CBIZ (filed as Exhibit 3.1 to CBIZ's Registration Statement on Form 10, file no. 0-25890, and incorporated herein by reference).

3.2
Certificate of Amendment of the Certificate of Incorporation of CBIZ dated October 18, 1996 (filed as Exhibit 3.2 to CBIZ's Annual Report on Form 10-K for the year ended December 31, 1996, and incorporated herein by reference).

3.3
Certificate of Amendment of the Certificate of Incorporation of CBIZ effective December 23, 1997 (filed as Exhibit 3.3 to CBIZ's Annual Report on Form 10-K for the year ended December 31, 1997, and incorporated herein by reference).

3.4
Certificate of Amendment of the Certificate of Incorporation of CBIZ

dated September 10, 1998 (filed as Exhibit 3.4 to CBIZ's Annual Report on Form 10-K for the year ended December 31, 1998, and incorporated herein by reference).
3.5 Amended and Restated Bylaws of CBIZ (filed as Exhibit 3.2 to CBIZ's Registration Statement on Form 10, file no. 0-25890, and incorporated herein by reference).
4.1 Form of Stock Certificate of Common Stock of CBIZ (filed as Exhibit 4.1 to CBIZ's Annual Report Form 10-K for the year ended December 31, 1998, and incorporated herein by reference).
4.4 CBIZ Business Services Employee Stock Investment Plan (filed as exhibit 4.4 to CBIZ's Report on Form S-8 filed June 1, 2001, and incorporated herein by reference).
10.1 Form of Warrant to purchase 900,000 shares of CBIZ's common stock issued to Jackson National Life Insurance Company (filed as Exhibit 10.2

to CBIZ's Annual Report Form 10-K for the year ended December 31, 1998, and incorporated herein by reference).

10.2 1996 Employee Stock Option Plan (filed as Appendix I to CBIZ's Proxy Statement 1997 Annual Meeting of Stockholders dated April 1, 1997 and incorporated herein by reference).

10.3 Amendment to the 1996 Employee Stock Option Plan (filed as Exhibit 99.2 to CBIZ's Current Report on Form 8-K dated December 14, 1998, and filed January 12, 1999 and incorporated herein by reference).

10.4 Amendment to the 1996 Employee Stock Option Plan (filed on Secretary's Certificate as Exhibit 10.10 to CBIZ's Annual Report on Form 10-K for the year ended December 31, 2000, and incorporated herein by reference).

10.5 Severance Protection Agreement by and between Century Business Services, Inc. and Jerome P. Grisko, Jr. (filed as exhibit 10.11 to CBIZ's Report on Form 10-K for the year ended December 31, 2000, and incorporated herein by reference).

10.6 Severance Protection Agreement by and between Century Business Services, Inc. and Charles D. Hamm, Jr. (filed as exhibit 10.12 to CBIZ's Report on Form 10-K for the year ended December 31, 2000, and incorporated herein by reference).

10.7 Employment Agreement by and between Century Business Services, Inc. and Steven L. Gerard. (filed as exhibit 10.13 to CBIZ's Report on Form 10-K for the year ended December 31, 2000, and incorporated herein by reference).

10.8 Employment Agreement by and between Century Business Services, Inc. and Ware H. Grove. (filed as exhibit 10.14 to CBIZ's Report on Form 10-K for the year ended December 31, 2000, and incorporated herein by reference). 10.9 Note and Warrant Purchase agreement by and between HarborView Partners, LLC, and Century Business Services, Inc, dated September 26, 2001 (filed as exhibit 10.16 to CBIZ's Report on Form 10-K for the year ended December 31, 2001, and incorporated herein by reference). 10.10 Credit Agreement dated September 26, 2002 among Century Business Services, Inc., Bank of America, N.A. as Agent, Issuing Bank, and Swing Line Bank, and the Other Financial Institutions Party Hereto (filed as exhibit 10.17 to CBIZ's Report on Form 10-Q for the period ended September 30, 2002, and incorporated herein by reference). 21.1* List of Subsidiaries of Century Business Services, Inc. 23* Consent of KPMG LLP 24* Powers of attorney (included on the signature page hereto).

EXHIBIT NO. DESCRIPTION
99.1* Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2* Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

- ---------------

* Indicates documents filed herewith.

(b) Reports on Form 8-K

The following Current Report on Form 8-K was filed during the three months ended December 31, 2002:

(a) On October 10, 2002, CBIZ filed a Form 8-K announcing that Chairman Michael G. DeGroote had resigned from CBIZ's Board of Directors for health reasons, and that current Chief Executive Officer and Director Steven L. Gerard had been elected as Chairman of the Board, and that Mr. DeGroote's son, Mr. Gary W. DeGroote, was appointed to the Board to fill the vacancy created by Mr. DeGroote's resignation.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Century has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTURY BUSINESS SERVICES, INC.
(Registrant)

By: /s/ WARE H. GROVE
Ware H. Grove
Chief Financial Officer March 24, 2003

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below on this Annual Report hereby constitutes and appoints Steven L. Gerard and Ware H. Grove, and each of them, with full power to act without the other, his true and lawful attorney-in-fact and agent, with full power of substitution for him and his name, place and stead, in all capacities (until revoked in writing), to sign any and all amendments to this Annual Report of Century Business Services, Inc. and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary fully to all intents and purposes as he might or could do in person, thereby ratifying and confirming all that each attorney-in-fact and agent, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report has been signed below by the following persons on behalf of Century Business Services, Inc. and in the capacities and on the date indicated above.

/s/ STEVEN L. GERARD Steven L. Gerard Chairman and Chief Executive Officer	/s/ JOSEPH S. DIMARTINO Joseph S. DiMartino Director
/s/ WARE H. GROVE Ware H. Grove Chief Financial Officer (Principal Financial and Accounting Officer)	/s/ HARVE A. FERRILL Harve A. Ferrill Director
/s/ GARY W. DEGROOTE Gary W. DeGroote Director	/s/ RICHARD C. ROCHON Richard C. Rochon Director
/s/ RICK L. BURDICK Rick L. Burdick Director	

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Century Business Services, Inc.:

We have audited the consolidated financial statements of Century Business Services, Inc. and Subsidiaries (Company) as listed in the accompanying index on page F-1. In connection with our audits of the consolidated financial statements, we also have audited the consolidated financial statement schedule as listed in the accompanying index on page F-1. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Century Business Services, Inc. and Subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in note 1 note 18 to the consolidated financial statements, the Company adopted Securities and Exchange Commission Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements," and changed certain revenue recognition policies effective January 1, 2000.

As discussed in notes 1 and 6 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," and changed its method of accounting for goodwill and other intangible assets, effective January 1, 2002.

As discussed in notes 1 and 21 to the consolidated financial statements, the Company adopted FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets," and changed its method for identifying and measuring discontinued operations, effective January 1, 2002.

/s/ KPMG LLP

Cleveland, Ohio
February 7, 2003

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2002 AND 2001

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	2002	2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,351	$ 4,340
Restricted cash	16,980	13,403
Accounts receivable, net	102,982	112,666
Notes receivable -- current	2,029	2,260
Income taxes recoverable	4,957	2,798
Deferred income taxes	3,567	6,013
Other current assets	7,098	10,320
Assets of businesses held for sale	9,566	20,491
Current assets before funds held for clients	153,530	172,291
Funds held for clients	49,217	41,049
Total current assets	202,747	213,340
Property and equipment, net	44,600	52,945
Notes receivable -- non-current	7,585	5,000
Deferred income taxes -- non-current	10,580	3,540
Goodwill and other intangible assets, net	163,706	247,065
Other assets	3,893	6,459
Total assets	$ 433,111	$528,349
LIABILITIES		
Current liabilities:		
Accounts payable	$ 22,548	$ 21,745
Other current liabilities	37,687	32,378
Liabilities of businesses held for sale	6,905	4,596
Current liabilities before client fund deposits	67,140	58,719
Client fund obligations	49,217	41,049
Total current liabilities	116,357	99,768
Bank debt	17,500	55,000
Other non-current liabilities	4,936	2,934
Total liabilities	138,793	157,702
STOCKHOLDERS' EQUITY		
Common stock, par value $.01 per share Shares authorized 250,000; Shares issued and outstanding 95,121 and 94,879	951	949
Additional paid-in capital	439,684	439,136
Accumulated deficit	(144,754)	(67,906)
Treasury stock	(1,308)	(1,308)
Accumulated other comprehensive loss	(255)	(224)
Total stockholders' equity	294,318	370,647
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 433,111	$528,349

See the accompanying notes to the consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	2002	2001	2000
Revenue	$504,335	$516,892	$ 551,171
Operating expenses	445,666	447,513	490,581
Gross margin	58,669	69,379	60,590
Corporate general and administrative	19,672	19,797	24,694
Depreciation and amortization	20,657	40,636	43,339
Operating income (loss)	18,340	8,946	(7,443)
Other income (expense):			
Interest expense	(2,478)	(6,797)	(12,113)
Goodwill impairment	--	--	(32,953)
Gain (loss) on divested operations, net	930	(7,113)	(31,576)
Other income (expense), net	(1,112)	3,939	(5,834)
Total other expense, net	(2,660)	(9,971)	(82,476)
Income (loss) from continuing operations before income tax expense	15,680	(1,025)	(89,919)
Income tax expense	8,124	12,192	1,514
Income (loss) from continuing operations	7,556	(13,217)	(91,433)
Loss from operations of discontinued businesses, net of income tax expense (benefit) of $367, ($1,855) and ($6,154), respectively	(1,926)	(2,783)	(17,041)
Loss on disposal of discontinued businesses, net of income tax benefit of $1,413, $0 and $3,002, respectively	(2,471)	--	(5,697)
Income (loss) before cumulative effect of change in accounting principles	3,159	(16,000)	(114,171)
Cumulative effect of change in accounting principles, net of income tax benefit of $8,584, $0 and $7,936, respectively	(80,007)	--	(11,905)
Net loss	$(76,848)	$(16,000)	$(126,076)
Earnings (loss) per share:			
Basic:			
Continuing operations	$ 0.08	$ (0.14)	$ (0.96)
Discontinued operations	(0.05)	(0.03)	(0.24)
Cumulative effect of change in accounting principles	(0.84)	--	(0.13)
Net loss	$ (0.81)	$ (0.17)	$ (1.33)
Diluted:			
Continuing operations	$ 0.08	$ (0.14)	$ (0.96)
Discontinued operations	(0.05)	(0.03)	(0.24)
Cumulative effect of change in accounting principles	(0.82)	--	(0.13)
Net loss	$ (0.79)	$ (0.17)	$ (1.33)
Weighted-average common shares outstanding:			
Basic	94,810	94,818	94,674
Diluted	96,992	94,818	94,674

See the accompanying notes to the consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

(IN THOUSANDS)

RETAINED ACCUMULATED
ADDITIONAL EARNINGS
UNEARNED OTHER COMMON
PAID-IN (ACCUM. ESOP
TREASURY COMPREHENSIVE
SHARES STOCK CAPITAL
DEFICIT) SHARES STOCK
INCOME (LOSS) TOTALS ----
-- ------ --------- ----
----- -------- -------- -
------------ ---------
December 31,
1999........... 93,341
$933 $443,052 $ 74,170
$(1,795) $ (754) $(2,474)
$ 513,132 Comprehensive
loss: Net
loss................ -- -
- -- (126,076) -- -- --
(126,076) Change in
unrealized appreciation,
net of tax............. -
- -- -- -- -- -- 2,444
2,444 ------ ---- -------
- --------- ------- -----
-- ------- ---------
Total comprehensive
loss............ -- -- -
- (126,076) -- -- 2,444
(123,632) Allocation of
ESOP........ -- --
(1,795) -- 1,795 -- -- --
Warrants..................
56 1 157 -- -- -- -- 158
Business acquisitions and
contingent payments.....
1,300 13 (2,733) -- -- --
-- (2,720) ------ ---- --
------ --------- -------
------- ------- ---------
December 31,
2000........... 94,697
947 438,681 (51,906) --
(754) (30) 386,938
Comprehensive loss: Net
loss................ -- -
- -- (16,000) -- -- --
(16,000) Change in
unrealized appreciation,
net of tax............. -
- -- -- -- -- -- (194)
(194) ------ ---- -------
- --------- ------- -----
-- ------- ---------
Total comprehensive
loss............ -- -- -
- (16,000) -- -- (194)
(16,194) ------ ---- ----
---- --------- ------- --
----- ------- ---------
Share repurchase........
-- -- -- -- -- (439) --
(439) Divestiture
consideration......... --
-- -- -- -- (115) --
(115) Stock
options........... 34 --
144 -- -- -- -- 144
Business acquisitions and
contingent

payments..............
148 2 311 -- -- -- -- 313
------ ---- -------- ----
----- ------- ------- ---
---- --------- December
31, 2001...........
94,879 949 439,136
(67,906) -- (1,308) (224)
370,647 Comprehensive
loss: Net
loss................ -- -
- -- (76,848) -- -- --
(76,848) Change in
unrealized appreciation,
net of tax............. -
- -- -- -- -- -- (31)
(31) ------ ---- --------
--------- ------- -------
------- --------- Total
comprehensive
loss............. -- -- -
- (76,848) -- -- (31)
(76,879) ------ ---- ----
---- --------- ------- --
----- ------- ---------
Stock options.........
242 2 548 -- -- -- -- 550
------ ---- -------- ----
----- ------- ------- ---
---- --------- December
31, 2002...........
95,121 $951 $439,684
$(144,754) $ -- $(1,308)
$ (255) $ 294,318 ======
==== ======== =========
======= ======= =======
=========

See the accompanying notes to the consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

(IN THOUSANDS)

	2002	2001	2000
Cash flows from operating activities:			
Net loss	$ (76,848)	$(16,000)	$(126,076)
Adjustments to reconcile net loss to cash provided by operating activities:			
Goodwill impairment	--	--	32,953
Loss from discontinued operations	1,926	2,783	17,041
Loss on divestiture of discontinued operations	2,471	--	5,697
(Gain) loss on divested operations	(930)	7,113	31,576
Bad debt expense, net of recoveries	7,201	8,059	21,887
Accounts receivable reduction due to change in accounting principle	--	--	19,209
Cumulative effect of change in accounting principle	80,007	--	11,905
Depreciation and amortization	20,657	40,636	43,339
Deferred income taxes	(3,694)	(1,487)	(1,204)
Changes in assets and liabilities, net of acquisitions and dispositions:			
Restricted cash	(3,668)	3,912	1,041
Accounts receivable, net	1,237	2,395	(20,708)
Other assets	1,548	2,935	(2,354)
Accounts payable	726	(10,311)	(7,040)
Income taxes	7,506	19,567	(7,330)
Accrued expenses and other liabilities	2,640	(6,122)	(2,563)
Other, net	--	71	891
Net cash provided by continuing operations	40,779	53,551	18,264
Net cash provided by discontinued operations	1,521	2,088	(1,587)
Net cash provided by operations activities	42,300	55,639	16,677
Cash flows from investing activities:			
Business acquisitions, net of cash acquired and contingent consideration	(4,553)	(1,665)	(8,973)
Proceeds from divested operations	3,122	14,005	6,599
Proceeds from discontinued operations	4,639	--	28,000
Additions to property and equipment, net	(8,157)	(12,680)	(19,670)
Net (increase) decrease in notes receivable	1,902	(842)	2,194
Net cash provided by (used in) investing activities	(3,047)	(1,182)	8,150
Cash flows from financing activities:			
Proceeds from bank debt	62,600	27,900	102,600
Proceeds from notes payable and capitalized leases	607	478	3,296
Payment of bank debt	(100,100)	(90,400)	(129,100)
Payment of notes payable and capitalized leases	(899)	(3,770)	(10,534)
Proceeds from stock issuances, net of treasury repurchase	--	(410)	17
Proceeds from exercise of stock options and warrants	550	115	124
Net cash used in financing			

activities............. (37,242) (66,087) (33,597) ---
------ -------- --------- Net decrease in cash and
cash equivalents................... 2,011 (11,630)
(8,770) Cash and cash equivalents at beginning of
year.............. 4,340 15,970 24,740 --------- -----
--- --------- Cash and cash equivalents at end of
year.................... $ 6,351 $ 4,340 $ 15,970
========= ======== =========

See the accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Century Business Services, Inc. and its wholly-owned subsidiaries (CBIZ) are a diversified services company which, acting through its subsidiaries, provides professional outsourced business services primarily to small and medium-sized businesses, as well as individuals, governmental entities, and not-for-profit enterprises throughout the United States and Toronto, Canada. CBIZ offers integrated services through its three practice groups: accounting, tax and advisory services, benefits and insurance services, and national practices.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of CBIZ. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

Preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term highly liquid investments with a maturity of three months or less at the date of purchase. The carrying amount approximates fair value because of the short maturity of those instruments.

Restricted Cash

Restricted cash represents fees earned by CBIZ in relation to its capital and investment advisory services, as those funds are restricted in accordance with applicable NASD regulations, funds on deposit from clients in connection with the administering and settling of claims, and the pass through of insurance premiums to the carrier. The related liability for these funds is recorded in accrued expenses and other liabilities in the consolidated balance sheets.

Funds Held for Clients and Client Funds Obligations

As part of its payroll and payroll tax filing services, CBIZ is engaged in the preparation of payroll checks, federal, state, and local payroll tax returns, and the collection and remittance of payroll obligations. In relation to its payroll services, CBIZ collects payroll funds from its client's account in advance of paying the client's employees. Likewise, for its payroll tax filing services, CBIZ collects payroll taxes from its clients in advance of paying the various taxing authorities. Those funds that are collected before they are due are invested in short-term investment grade instruments. The funds held for clients and the related client fund obligations are included in the consolidated balance sheets as current assets and current liabilities, respectively. The amount of collected but not yet remitted funds for CBIZ's payroll and tax filing services varies significantly during the year.

Derivative Instruments and Hedging Activities

In January 2001, CBIZ adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 requires that entities recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Gains and losses resulting from changes in the fair values of those derivatives are to be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. CBIZ entered into an interest rate swap agreement which qualifies as a cash flow hedge in 2001. For the year ended December 31, 2002, the change in fair value relating to CBIZ's hedging activity resulted in a loss of approximately $0.3 million, which is recorded in stockholders' equity under accumulated other comprehensive loss.

Other Financial Instruments

The carrying amount of CBIZ's accounts receivable and accounts payable approximates fair value because of the short maturity of these instruments. The carrying value of bank debt approximates fair value, as the interest rate on the bank debt is variable and approximates current market rates.

Goodwill and Other Intangible Assets

Effective June 30, 2001, CBIZ adopted Statement of Financial Accounting Standard No., 141 "Business Combinations" (SFAS 141), which requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Intangible assets include client lists and non-compete agreements. These intangible assets are amortized principally by the straight-line method over their expected period of benefit not exceeding ten years

Effective January 1, 2002, CBIZ adopted Statement of Financial Accounting Standard No., 142 "Goodwill and Other Intangible Assets" (SFAS 142), which requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually at the reporting unit level. Prior to the adoption of SFAS 142, goodwill was amortized over periods not exceeding 15 years. In connection with the adoption of SFAS 142, CBIZ recorded a non-cash impairment charge of $88.6 million on a pretax basis, which was recorded as a cumulative effect of a change in accounting principle in the accompanying consolidated statement of operations. CBIZ conducts a formal impairment test of goodwill on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. CBIZ performed its annual impairment review of goodwill as of the beginning of the fourth quarter of fiscal 2002 and determined that no impairment of goodwill existed.

Other intangible assets, including purchased client lists and non-compete agreements, are amortized over their estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." CBIZ reviews the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Recoverability of long-lived assets is assessed by a comparison of the carrying amount of the asset to the estimated future net cash flows expected to be generated by the asset.

Investments

CBIZ has certain investments in privately held companies that are currently in their start-up or development stages and are included in "other assets" in the accompanying consolidated balance sheets. These investments are inherently risky as the market for the technologies or products they have under development are typically in the early stages. The value of these investments is influenced by many factors, including the operating effectiveness of these companies, the overall health of the companies' industries, the strength of the private equity markets and general market conditions.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided on the straight-line basis over estimated useful lives.

The cost of software purchased or developed for internal use is capitalized and amortized to expense by the straight line method, in accordance with Statement Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," over an estimated useful life not to exceed seven years. The cost of software purchased or developed to be marketed, including software acquired through acquisitions of businesses, is capitalized and amortized over its estimated economic life in accordance with SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed."

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. CBIZ determines a valuation allowance based on the analysis of amounts available in the statutory carryback period, consideration of future deductible amounts, and assessment of the consolidated and/or separate company profitability of certain acquired entities.

Revenue Recognition and SAB 101

Revenue is recognized only when all of the following are present: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, our fee to the client is fixed or determinable, and collectibility is reasonably assured. CBIZ offers a vast array of outsourced business services to its clients. Those services are delivered through three practice groups. A description of revenue recognition, as it relates to those groups, is provided below:

ACCOUNTING, TAX AND ADVISORY SERVICES -- Revenue consists primarily of fees for accounting services, preparation of tax returns and consulting services. Revenues are recorded in the period in which they are earned. CBIZ bills clients based upon a predetermined agreed upon fixed fee or actual hours incurred on client projects at expected net realizable rates per hour, plus any out-of-pocket expenses. The cumulative impact on any subsequent revision in the estimated realizable value of unbilled fees for a particular client project is reflected in the period in which the change becomes known.

BENEFITS & INSURANCE -- Revenue consists primarily of brokerage and agency commissions, and fee income for administering health and retirement plans. Commissions relating to brokerage and agency activities whereby CBIZ has primary responsibility for the collection of premiums from insured's are generally recognized as of the latter of the effective date of the insurance policy or the date billed to the customer. Commissions to be received directly from insurance companies are generally recognized when the amounts are determined. Life insurance commissions are recorded on the accrual basis. Commission revenue is reported net of sub-broker commissions. Contingent commissions are generally recognized when received. Fee income is recognized as services are rendered.

NATIONAL PRACTICES -- The business units that comprise this group offer a variety of services. A description of revenue recognition associated with the primary services is provided below:

- Mergers & Acquisitions and Capital Advisory -- Revenue associated with non-refundable retainers are recognized on a straight-line basis over the life of the engagement. Revenue associated with success fee transactions are recognized when the transaction is completed.

- Technology Consulting -- Revenue associated with hardware and software sales are recognized upon delivery and acceptance. Revenue associated with installation and service agreements are recognized as services are performed and maintenance agreements are recognized ratably over the term of the agreement. Consulting revenue is recognized on an hourly or per diem fee basis.

- Valuation and Property Tax -- Revenue associated with retainer contracts are recognized on a straight-line basis over the life of the contract, which is generally twelve months. Revenue associated with contingency arrangements is recognized once written notification is received from an outside third party (e.g., assessor in the case of a property tax engagement) acknowledging that the revenue cycle has been completed.

- Medical Practice Management -- Revenue is recognized when collections are received on our clients' patient accounts.

During the fourth quarter of 2000, CBIZ adopted Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), "Revenue Recognition in the Financial Statements." SAB 101 summarizes certain of the Commission's views in applying generally accepted accounting principles to revenue recognition in financial statements. In light of the guidance to conform to SAB 101 and the SEC's "Frequently Asked Questions and Answers" bulletin released on October 12, 2000, CBIZ changed certain revenue recognition policies effective January 1, 2000. Prior to this change CBIZ's revenue recognition had been in accordance with GAAP and industry standards.

Due to this change, CBIZ recorded a cumulative adjustment in the first quarter 2000 of $11.9 million (net of tax benefit of $7.9 million). The impact in 2000 of adopting SAB 101 resulted in a reduction in revenue of approximately $18.2 million, a reduction in operating expense of approximately $11.4 million, and a reduction in income from continuing operations (before cumulative effect of accounting change) of approximately $6.8 million (pretax). See note 7 for the impact on deferred taxes and note 19 for the impact on previously reported quarterly financial information.

Earnings per Share

Basic earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of shares outstanding for the period. Diluted earnings per share include the dilutive effect of stock options, warrants and contingent shares.

Stock Options

Compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. CBIZ provides pro forma net income and pro forma earnings per share disclosures for employee stock option grants as if the fair-value-based method had been applied. See note 12 to the consolidated financial statements.

Reclassifications

Certain amounts in the prior periods consolidated financial statements have been reclassified to conform to the current year's presentation.

2. ACCOUNTS RECEIVABLE

Accounts receivable for the years ended December 31, 2002 and 2001 were as follows (in thousands):

	2002	2001
Trade accounts receivable	$ 82,694	$103,097
Unbilled revenues	29,123	22,289
Total accounts receivable	111,817	125,386
Less allowance for doubtful accounts	(8,835)	(12,720)
Accounts receivable, net	$102,982	$112,666

3. NOTES RECEIVABLE

The notes receivable balance of $9.6 million and $7.3 million for the years ended December 31, 2002 and 2001, respectively consisted of: (i) the HarborView note related to HarborView Partners LLC agreement with a balance of $2.3 million and $1.0 million at December 31, 2002 and 2001, respectively; (ii) the Philip note taken in connection with the divestiture of the hazardous waste operations in 1997 with a balance of $2.4 million and $3.2 million at December 31, 2002 and 2001 respectively; and (iii) $4.0 million and $2.2 million of notes taken as consideration for divestitures as December 2002 and 2001 respectively. The Philip note was written down by $0.8 million at September 30, 2002 due to management's growing concern of the Philip Services Corporation's ability to pay. The balances of other miscellaneous note receivables were $0.9 million and $0.9 million for the year ended December 31, 2002 and 2001, respectively.

4. INVESTMENTS

The investments balance of $0.6 million and $2.2 million for the years ended December 31, 2002 and 2001 respectively, are included in other assets (non-current) and are accounted for under the cost method of accounting. CBIZ's primary investment is in Statement One, Inc. which was purchased in 1999 and has a carrying value of $0.6 million which represents an ownership interest of 4%. On September 30, 2002, this investment was written down due to a decrease in the market valuation of the investment. CBIZ also holds a 3% ownership interest in QuikCAT Technologies, however management doubts QuikCAT's ability to reach profitability and, as such, has considered the QuickCAT investment fully impaired. In September 2002, CBIZ wrote-off the QuickCAT investment of $1.3 million and a related outstanding trade receivable of $0.5 million.

5. PROPERTY AND EQUIPMENT

Property and equipment, net at December 31, 2002 and 2001 consisted of the following (in thousands):

	2002	2001
Buildings and improvements	$ 9,870	$ 10,001
Furniture and fixtures	14,927	20,039
Equipment and capitalized software	67,599	60,919
	92,396	90,959
Accumulated depreciation and amortization	(47,796)	(38,014)
	$ 44,600	$ 52,945

Depreciation expense was approximately $16.0 million, $14.5 million, and $14.0 million in 2002, 2001 and 2000, respectively.

6. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

The components of intangible assets, net are as follows (in thousands):

	2002	2001
Goodwill, net of accumulated amortization	$157,035	$242,622
Intangibles: Client lists	9,216	6,606
Other	484	430
Total intangibles	9,700	7,036
Total goodwill and other intangibles assets	166,736	249,658
Less accumulated amortization	(3,030)	(2,593)
Total goodwill and other intangible assets, net	$163,706	$247,065

Client lists are primarily amortized over a period not to exceed ten years. Other intangibles, which consist primarily of non-compete agreements, expirations, trademarks and website costs; and are amortized over a period ranging from three to ten years.

Changes in goodwill for the year ended December 31, 2002 are as follows:

SEGMENT	BALANCE DECEMBER 31, 2001	ADDITIONS	SALE OF BUSINESS UNIT	IMPAIRMENT CHARGE	BALANCE DECEMBER 31, 2002
Accounting, Tax, and Advisory Group	$137,009	$ --	$(2,702)	$(44,047)	$ 90,260
Benefits & Insurance Group	51,837	1,476	(374)	(7,733)	45,206
National Practice Group -- Other	36,564	--	--	(32,207)	4,357
Medical Practice Management	17,212	--	--	--	17,212
Subtotal	242,622	1,476	(3,076)	(83,987)	157,035
Discontinued operations	4,840	--	(236)	(4,604)	--
Goodwill, net	$247,462	$1,476	$(3,312)	$(88,591)	$157,035

Prior to January 1, 2002, goodwill was being amortized over periods not exceeding 15 years. Pro forma net income (loss) and earnings (loss) per share for the years ended December 2002, 2001 and 2000 adjusted to eliminate historical amortization of goodwill and related tax effects, are as follows (in thousands):

	2002	2001	2000
Previously reported net loss	$(76,848)	$(16,000)	$(126,076)
Goodwill amortization	--	21,861	27,490
Tax impact	--	(1,312)	(1,650)
Pro forma net income (loss)	$(76,848)	$ 4,549	$(100,236)
Previously reported basic EPS	$ (0.81)	$ (0.17)	$ (1.33)
Previously reported diluted			

EPS...................... $ (0.79) $ (0.17) $
(1.33) Pro forma basic
EPS.................................. $ (0.81) $
0.05 $ (1.06) Pro forma diluted
EPS................................ $ (0.79) $
0.05 $ (1.06)

7. INCOME TAXES

A summary of income tax expense (benefit) included in the consolidated statements of operations is as follows (in thousands):

	2002	2001	2000
Continuing operations:			
Current:			
Federal and international	$12,247	$ 9,517	$ 1,886
State and local	(429)	4,162	832
	11,818	13,679	2,718
Deferred	(3,694)	(1,487)	(1,204)
Total continuing operations	8,124	12,192	1,514
Discontinued operations	367	(1,855)	(6,154)
Loss on sale of discontinued operations	(1,413)	--	(3,002)
Cumulative effect of change in accounting principle	(8,584)	--	(7,936)
	$(1,506)	$10,337	$(15,578)

The provision (benefit) for income taxes attributable to earnings (loss) from continuing operations differed from the amount obtained by applying the federal statutory income tax rate to income (loss) from continuing operations before income taxes, as follows (in thousands):

	2002	2001	2000
Tax at statutory rate	$5,489	$ (359)	$(31,472)
State taxes (net of federal benefit)	530	103	(539)
Change in valuation allowance	109	1,503	700
Nondeductible goodwill	--	6,432	18,885
Disposal of non-core business units	784	3,998	13,022
Other, net	1,212	515	918
Provision (benefit) for income taxes from continuing operations	$8,124	$12,192	$ 1,514
Effective income tax rate	51.8%	n/a	n/a

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities from continuing operations at December 31, 2002 and 2001, are as follows (in thousands):

	2002	2001
Deferred Tax Assets:		
Net operating loss carryforwards	$ 5,829	$6,460
Allowance for doubtful accounts	928	4,330
Consolidation and integration	2,488	1,357
Cumulative change in accounting principle (SAB 101)	3,309	3,723
Goodwill impairment	9,437	1,386
Nondeductible reserve	668	1,387
Other deferred tax assets	505	655
Total gross deferred tax assets	23,164	19,298
Less: valuation allowance	(3,775)	(2,385)
Net deferred tax assets	19,389	16,913
Deferred Tax Liabilities:		
Change in accounting method	492	2,940
Disposal of non-core business units	--	1,333
Asset basis differential	4,750	3,059
Other deferred tax liabilities	--	28
Total gross deferred tax liabilities	5,242	7,360
Net deferred tax asset	$14,147	$9,553

CBIZ had U.S. net operating loss (NOL) carryforwards of approximately $3.0 million and $5.5 million at December 31, 2002, and 2001, from the separate return years of certain acquired entities. These losses are subject to limitations regarding the offset of CBIZ's future taxable income and will begin to expire in 2007. CBIZ has a Canadian NOL carryforward, of which the balance was approximately $3.4 million and $3.3 million at December 31, 2002, and 2001, respectively. The Canadian NOL carryforward begins to expire in 2006. CBIZ also had state NOL carryforwards with a tax benefit of $4.3 million and $3.5 million at December 31, 2002, and 2001, which have various expiration dates. The availability of all the NOL's is reported in the financial statement as deferred tax assets, net of the applicable valuation allowance.

CBIZ has established valuation allowances for portions of the Canadian and state NOL carryforwards, and state deferred taxes related to tax deductible goodwill. The net change in the valuation allowance for the years ended December 31, 2002 and 2001 was an increase of $2.5 million and $1.5 million, respectively. The net change in the valuation allowance for NOL carry forwards for the year ended December 31, 2002 and 2001 was an increase of $1.4 million and $1.5 million, respectively. For December 31, 2002, $1.6 million was recorded as an addition to income tax expense and $0.2 million was allocated to reduce goodwill, and for December 31, 2001, the full amount was recorded as an addition to income tax expense. A valuation allowance of $1.1 million was established for the year ended December 31, 2002, for state deferred taxes related to an impairment of tax deductible goodwill. The portion of the valuation allowance for deferred tax assets for which subsequently recognized tax benefits will be allocated to reduce goodwill of acquired entities is $0 and $0.5 million at December 31, 2002 and 2001.

8. BANK DEBT

Bank debt for the years ended December 31, 2002 and 2001 consists of the following (in thousands):

	2002	2001
Bank debt:		
Revolving credit facilities, effective rates of 3.83% to 6.625%	$17,500	$55,000
Weighted average rate	5.6%	7.6%

In September 2002, CBIZ negotiated a new $73 million revolving credit facility with a group of four banks. Under the facility, loans are charged an interest rate consisting of a base rate or Eurodollar Libor plus an applicable margin. Additionally, a commitment fee of 40 to 50 basis points is charged on the unused portion of the facility. Borrowings and commitments by the banks under the credit facility mature in September 2005. The credit facility is secured by all assets and capital stock of CBIZ and its subsidiaries.

The bank agreement contains certain financial covenants. These covenants require CBIZ to meet certain requirements with respect to (i) minimum tangible net worth; (ii) maximum leverage ratio; and (iii) a minimum fixed charge coverage ratio. Limitations are also placed on CBIZ's ability to acquire as well as divest certain operations. As of December 31, 2002 CBIZ is in compliance with its covenants

The bank credit agreement also places significant restrictions on CBIZ's ability to create liens or other encumbrances, to make certain payments (including dividends), investments, loans and guarantees and to sell or otherwise dispose of a substantial portion of assets, or to merge or consolidate with an unaffiliated entity. The agreement contains a provision that, in the event of a defined change in control, the agreement may be terminated.

In the ordinary course of business, CBIZ provides letters of credit to certain lessors in lieu of security deposits. Letters of credit under the credit facility were $1.9 and $1.5 million as of December 31, 2002, and 2001, respectively. Management does not believes it is practicable to estimate the fair value of these financial instruments, and does not expect any material losses to result from these instruments because performance is not expected to be required.

At December 31, 2002, based on the borrowing base calculation, CBIZ had approximately $36.0 million of available funds under its credit facility. Management believes that the carrying amount of bank debt recorded at December 31, 2002 approximate its fair value.

9. COMMITMENTS AND CONTINGENCIES

Operating Leases

CBIZ leases certain of its premises and equipment under various operating lease agreements. At December 31, 2002, future minimum rental commitments becoming payable under all operating leases are as follows (in thousands):

YEARS ENDING DECEMBER 31,	
2003	$ 22,318
2004	19,480
2005	15,316
2006	13,863
2007	12,610
Thereafter	62,836
	$146,423

Total rental expense incurred under operating leases was $28.5 million, $29.2 million, and $26.3 million in 2002, 2001, and 2000, respectively.

Legal Proceedings

Since September 1999, seven purported stockholder class-action lawsuits were filed against CBIZ and certain of its current and former directors and officers, and were consolidated as In Re Century Business Services Securities Litigation, Case No. 1:99CV2200, in the United States District Court for the Northern District of Ohio. The plaintiffs alleged that the named defendants violated certain provisions of the Securities Exchange Act of 1934 and certain rules promulgated thereunder in connection with certain statements made during various periods from February 1998 through January 2000 by, among other things, improperly amortizing goodwill and failing adequately to monitor changes in operating results. The United States District Court dismissed the matter with prejudice on June 27, 2002. The matter was appealed by the plaintiffs to the Sixth Circuit Court of Appeals. No decision has been rendered on appeal.

CBIZ and the named officer and director defendants deny all allegations of wrongdoing made against them in these actions and intend to continue vigorously defending this matter. Although the ultimate outcome of such litigation is uncertain, based on the allegations contained in the complaints and the carefully considered judgment of the District Court in dismissing the case, management does not believe that these lawsuits will have a material adverse effect on the financial condition, results of operations or cash flows of CBIZ.

In addition to the above-disclosed items, CBIZ is from time to time subject to claims and suits arising in the ordinary course of business. Although the ultimate disposition of such proceedings is not presently determinable, management does not believe that the ultimate resolution of these matters will have a material adverse effect on the financial condition, results of operations or cash flows of CBIZ.

10. CONSOLIDATION AND INTEGRATION RESERVE

The 1999 Plan -- During the fourth quarter of 1999, CBIZ's Board of Directors approved a plan to consolidate several operations in multi-office markets and integrate certain back-office functions into a shared-services center. The plan included the consolidation of approximately 60 locations, the elimination of more than 200 positions, and the divestiture of four non-core businesses. Pursuant to the plan, CBIZ recorded a consolidation and integration pre-tax charge of $27.4 million in December 1999.

During 2000, CBIZ's Board of Directors approved a revision to the 1999 Plan as a result of management changes and certain other strategic changes, and extended the timing of certain office consolidations beyond one year Accordingly, CBIZ reduced approximately $8.4 million of accruals originally provided for in the plan related to several noncancellable lease and severance obligations. In addition, CBIZ completed the planned consolidation of locations in Atlanta, Dallas, Orlando, and Phoenix.

During 2001, CBIZ reduced the 1999 Plan by $0.5 million related to non-cancelable lease obligations, with the postponement of planned consolidations in the San Jose and St. Louis markets.

During 2002, CBIZ further reduced its 1999 Plan by $0.1 million resulting from the buyout of one of its noncancellable lease obligations in the Atlanta market.

Other Plans -- Since adoption of the 1999 Plan management has continued to evaluate market areas in order to meet its strategy to deliver services to client conveniently, and to promote cross-serving between various service groups. CBIZ has initiated the consolidation in some of these markets and has incurred expenses related to noncancellable lease obligations, severance obligations, and expense-reduction initiatives. During 2002, CBIZ initiated plans for the consolidation of the Kansas City market which resulted in $1.7 million of cost related to two noncancellable lease obligations. In addition, CBIZ continued its consolidations in the Philadelphia and

Columbia markets. During 2000 and 2001, expenses were incurred related to consolidations in the Los Angeles, Chicago, Philadelphia, Phoenix, Cleveland, Southern California, and Columbia, Maryland markets.

Consolidation and integration reserve balances as of December 31, 2002, 2001 and 2000, and activity during the twelve-month periods ended December 31, 2001 and 2000 were as follows (in thousands):

	1999 PLAN	OTHER PLANS	
	LEASE CONSOLIDATION	SEVERANCE & BENEFITS	LEASE CONSOLIDATION
Reserve balance at December 31, 2000............	$ 2,843	$ 449	$ 2,385
Amounts charged to income (1).................	--	--	940
Reserve estimate adjustments to income........	(495)	(234)	--
Payments.....................................	(1,251)	(215)	(1,030)
Reserve balance at December 31, 2001............	1,097	--	2,295
Amounts charged to income (1).................	--	--	1,770
Reserve estimate adjustments to income........	(109)	--	742
Payments.....................................	(924)	--	(1,102)
Reserve balance at December 31, 2002............	$ 64	$ --	$ 3,705

- ---------------

(1) Amounts adjusted to income are included in operating expense and corporate general and administrative expense in the accompanying consolidated statement of operations for the twelve-month periods then ended. See the table below for the respective amounts recorded in each line item.

Consolidation and integration charges incurred for years ended December 31, 2002, 2001 and 2000 were as follows ($ in thousands):

	2002		2001		2000	
	OPERATING EXPENSE	CORPORATE G&A EXPENSE	OPERATING EXPENSE	CORPORATE G&A EXPENSE	OPERATING EXPENSE	LOSS ON SALE
CONSOLIDATION AND INTEGRATION CHARGES NOT IN 1999 PLAN:						
Severance expense................	$ 43	$ 296	$ 185	$ 1,767	$ 3,255	$ --
Lease consolidation and abandonment....................	3,290	1,231	--	3,214	64	--
Other consolidation charges.......	650	1,052	--	--	--	--
Shares service and consolidation..................	--	--	--	963	626	--
Write-down of non-core businesses.....................	--	--	--	449	--	566
Subtotal.........................	3,983	2,579	185	6,393	3,945	566
CONSOLIDATION AND INTEGRATION CHARGES FOR THE 1999 PLAN:						
Adjustment to lease accrual.......	(109)	(495)	--	(5,901)	--	--
Adjustment to severance accrual...	--	(127)	(107)	(64)	(2,381)	--

-- ----- ------- ------- ----
Total consolidation and
integration charges.............
$3,874 $1,957 $ 78 $ 428 $ 1,564
$566 ====== ====== ===== =======
======= ====

11. EMPLOYEE BENEFITS

CBIZ has employee savings plans covering substantially all of its employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation, in accordance with Section 401(k) of the Internal Revenue Code. Employer contributions made to the plans in 2002, 2001 and 2000, amounted to approximately $5.3 million, $5.0 million, and $5.6 million, respectively.

Two acquisitions made in 1998 and 1999 had employee stock option plans (ESOP) which were subsequently frozen by CBIZ. The ESOP related to the 1999 acquisition was terminated in 2000, and as required under the Statement of Position No. 93-6, the difference between the cost of the remaining unearned ESOP shares and the fair value of those shares of approximately $1.8 million has been charged to additional paid-in capital in the accompanying consolidated statements of stockholders' equity.

12. COMMON STOCK

CBIZ's authorized common stock consists of 250,000,000 shares of common stock, par value $0.01 per share (Common Stock). The holders of CBIZ's common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. There are no cumulative voting rights with respect to the election of directors. Accordingly, the holder or holders of a majority of the outstanding shares of Common Stock will be able to elect the directors of CBIZ then standing for election as terms expire. Holders of Common Stock have no preemptive rights and are entitled to such dividends as may be declared by the Board of Directors of CBIZ out of funds legally available therefore. The Common Stock is not entitled to any sinking fund, redemption or conversion provisions. On liquidation, dissolution or winding up of CBIZ, the holders of Common Stock are entitled to share ratably in the net assets of CBIZ remaining after the payment of any and all creditors. The outstanding shares of Common Stock are duly authorized, validly issued, fully paid and non-assessable. The transfer agent and registrar for the Common Stock is Fifth Third Bank, N.A.

CBIZ completes registration filings related to its Common Stock to register shares under the Securities Act of 1933. To date, CBIZ has registered the following shares of Common Stock for the following purposes: (i) approximately six million shares of our common stock, part of a Shelf Registration Statement, of which a majority has yet to be sold thereunder; (ii) $125 million in shares of our Common stock, debt securities, and warrants to purchase common stock or debt securities, of which $100 million remain available to be offered from time to time to the public under our universal shelf registration statement; and (iii) 15,000,000 shares of our Common Stock, all of which remain available to be offered from time to time in connection with acquisitions under our acquisition shelf registration statement.

In February 1999, CBIZ issued 1,800,000 restricted shares of common stock and 900,000 warrants to an outside party for a $25 million equity investment in CBIZ. Fifty percent of the common stock is subject to a one-year lock-up restriction, while the remaining common stock is subject to a two-year lock-up restriction, and warrants to purchase shares of common stock may be exercised under the following terms: 300,000 shares for three years at $20 per share; 300,000 shares for four years at $25 per share; and 300,000 for five years at $30 per share.

TREASURY STOCK

In August 2001, CBIZ's Board of Directors authorized the implementation of a share repurchase plan. The initial plan authorized the purchase of up to one million shares of CBIZ's common stock over the first six months of the plan. In accordance with the plan, CBIZ purchases shares though the open market and can privately negotiate purchases and reserve them for possible use in the future in connection with acquisitions, the employee stock investment plan and other general purposes. The repurchase program does not obligate CBIZ to acquire any specific number of shares and may be suspended at any time. As of December 31, 2002, CBIZ had repurchased 170,000 shares at a cost of $0.4 million.

As part of the new bank credit agreement obtained in September 2002, repurchases are subject to limitations based on net income. At December 31, 2002, CBIZ is in compliance with this covenant.

EMPLOYEE STOCK INVESTMENT PLAN

Effective June 1, 2001, CBIZ established the Employee Stock Investment Plan which provides CBIZ employees with a method of purchasing shares of CBIZ's common stock, $.01 par value per share. Participation in the plan is open to all CBIZ employees whose payroll is processed by the designated CBIZ payroll provider. CBIZ pays all opening and transaction charges related to the enrollment and purchase of stock, other than those due upon the sale of the shares.

Participants may also purchase shares of CBIZ Stock by making optional cash investments in accordance with the provisions of the Plan. Shares of CBIZ Stock purchased by participants in the Plan may be treasury or new issue stock, or at CBIZ's option, CBIZ Stock purchased in the open market or negotiated transactions. Treasury or new issue stock is purchased from CBIZ at the market price on the applicable investment date. The price of CBIZ Stock purchased in the open market or in negotiated transactions is the weighted average price at which the shares are actually purchased.

WARRANTS

In connection with the spin off of the hazardous waste operations (including CBIZ's predecessor company) to the stockholders of Republic Industries, Inc. (the "RESI Transaction") in 1996, RESI agreed to issue to holders of unexpired warrants of its former parent, additional RESI warrants to acquire shares of RESI's Common Stock equal to one fifth of the number of shares available. At the Distribution date, RESI adjusted the per share exercise price of the RESI warrants to reflect the effect of the distribution on the market prices of RESI and its former parent's common stock. These warrants are designated as stapled warrants and expired at various dates through December 2000. Prior to the expiration of such warrants, the holders of these warrants were able to exercise under the original terms of the warrants and receive CBIZ stock.

In addition to warrants issued through the RESI Transaction, CBIZ also issued warrants in connection with private placements completed in October 1996, December 1996, and April 1997, and granted warrants in connection with certain acquisitions made during 1997. Portions of the warrants issued in connection with 1997 acquisitions are restricted from being transferred in accordance with various lock-up agreements between the former shareholders of the acquired entities and CBIZ.

During 1999, certain holders of warrants issued in connection with 1997 acquisitions gave up demand registration rights due to them. In November 1999, the Board of Directors extended the expiration dates of the aforementioned warrant holders by an additional twelve months in consideration of forgoing demand registration rights. In December 1999, the Board of Directors extended the expiration dates of certain warrants outstanding from the December 1996 and April 1997 private placements through June 2000. As consideration for the extension of the term, the holders of the warrants will pay the original exercise price, plus a premium for each month from the original expiration date to the exercise date, upon exercise of the warrants.

Information relating to warrants to purchase common stock is summarized below (in thousands):

	2002	2001	2000
Outstanding at beginning of year	1,800	6,170	10,012
Granted/issued	--	--	--
Expired/cancelled	(1,200)	(4,370)	(3,786)
Exercised	--	--	(56)
Outstanding at end of year (a)	600	1,800	6,170
Exercisable at end of year	600	1,800	6,170

- ---------------

(a) Exercise prices for warrants outstanding at December 31, 2002 ranged from $25.00 to $30.00. Exercise prices for warrants outstanding at December 31, 2001 ranged from $13.00 to $30.00. Exercise prices for warrants outstanding at December 31, 2000 ranged from $3.875 to $30.00.

STOCK OPTIONS

Under the 1997 Agents Stock Option Plan, a maximum of 1,200,000 options may be awarded. The purpose of the plan is to provide performance-based compensation to certain insurance agencies and individual agents who write quality surety business for CBIZ's insurance subsidiaries. The options vest only to the extent the agents satisfy minimum premium commitments and certain loss ratio performance criteria. The options terminated in June 2002, or earlier under certain conditions, including termination of the agency agreement.

Under the 2002 Employee Stock Option Plan (formerly the 1996 Employee Stock Option Plan), a maximum of 15,000,000 options may be awarded. The options awarded are subject to a 20% incremental vesting schedule over a five-year period commencing from the date of grant. The options are awarded at a price not less than fair market value at the time of the award and expire six years from the date of grant. Further, under the 1996 plan 250,000 options were granted to non-employee directors. These options became exercisable immediately upon being granted with a six-year expiration term from the date of grant.

Prior to the RESI Transaction, certain options were granted to employees, directors and affiliates of RESI's former parent company. When RESI was spun-off in April 1995 (the "Distribution Date"), optionees received options to acquire RESI Common Stock at the ratio of one RESI option for each five options under the former parent's 1990 and 1991 Stock Option plans. The outstanding options at the Distribution Date and the RESI options granted with respect thereto are stapled and are only exercisable if exercised together. As a result of the sale of RESI in July 1997, options under these plans became fully vested. These options remain vested as long as the optionee is employed by the former parent, RESI or their affiliates. The option price is based on the fair market value of the common shares on the date of grant.

Information relating to the stock option plans is summarized below (in thousands):

	2002	2001	2000
Outstanding at beginning of year	9,652	7,858	5,394
Granted (a)	2,684	3,420	4,501
Exercised (b)	(242)	(34)	--
Expired or canceled	(1,142)	(1,592)	(2,037)
Outstanding at end of year (c)	10,952	9,652	7,858
Exercisable at end of year (d)	4,257	3,086	1,870
Available for future grant at the end of year	4,048	3,472	2,301

- ---------------

(a) Options were granted at average prices of $3.44, $1.54 and $2.98 in 2002, 2001 and 2000, respectively.

(b) Options were exercised at a prices ranging from $1.53 to $3.41 and averaging $2.27 in 2002. Options were exercised at a price of $3.41 in 2001. No options were exercised in 2000.

(c) Exercise prices for options outstanding at December 31, 2002 ranged from $1.08 to $17.75 and averaged $4.81 with expiration dates ranging from March 2003 to November 2008. Exercise prices for options outstanding at December 31, 2001 ranged from $1.08 to $17.75 and averaged $5.49 with expiration dates ranging from May 2002 to December 2007. Exercise prices for options outstanding at December 31, 2000 ranged from $1.08 to $17.75 and averaged $8.17 with expiration dates ranging from May 2002 to December 2006.

(d) Exercise prices for options exercisable at December 31, 2002, 2001, and 2000 averaged $6.67, $8.50, and $11.59, respectively.

Had the cost of stock option plans been determined based on the fair value of options at the grant date, CBIZ's net income (loss) and earnings (loss) per share pro forma amounts would be as follows (amounts in thousands, except per share data):

	AS REPORTED		PRO FORMA	
	BASIC	DILUTED	BASIC	DILUTED
2002 Net loss	$ (76,848)	$ (76,848)	$ (80,365)	$ (80,365)
Net loss per share	$ (0.81)	$ (0.79)	$ (0.85)	$ (0.83)
2001 Net loss	$ (16,000)	$ (16,000)	$ (19,205)	$ (19,205)
Net loss per share	$ (0.17)	$ (0.17)	$ (0.20)	$ (0.20)
2000 Net income	$(126,076)	$(126,076)	$(129,112)	$(129,112)
Net loss per share	$ (1.33)	$ (1.33)	$ (1.36)	$ (1.36)

The above results may not be representative of the effects on net income for future years.

CBIZ applied the Black-Scholes option-pricing model to determine the fair value of each option granted in 2002, 2001 and 2000. Below is a summary of the assumptions used in the calculation:

	2002	2001	2000
Risk-free interest rate	2.89%	4.39%	4.98%
Expected volatility	75.76%	76.38%	62.80%
Expected option life (in years)	3.75	3.75	3.75

13. EARNINGS PER SHARE

For the years presented, CBIZ presents both basic and diluted earnings per share. The following data shows the amounts used in computing earnings (loss) per share and the effect on the weighted average number of shares of dilutive potential common stock (amounts in thousands, except per share data). Included in potential dilutive shares are contingent shares, which represent shares issued and placed in escrow that will not be released until certain performance goals have been met.

	FOR THE YEAR ENDED DECEMBER 31,		
	2002	2001	2000
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Numerator			
Net loss	$(76,848)	$(16,000)	$(126,076)
Denominator:			
Basic			
Weighted average common shares	94,810	94,818	94,674
Diluted			
Options (a)	2,182	-	-
Total	96,992	94,818	94,674
Basic EPS (a)	$ (0.81)	$ (0.17)	$ (1.33)
Diluted EPS (a)	$ (0.79)	$ (0.17)	$ (1.33)

- ---------------

(a) The effect of the incremental shares from warrants, options, and contingent shares of 1,624 and 325 in 2001, and 2000, respectively, have been excluded from diluted weighted average shares, as the net loss for the period would cause the incremental shares to be anti-dilutive.

14. SUPPLEMENTAL CASH FLOW DISCLOSURES

During 2002, CBIZ received consideration for divestitures of $4.2 million in the form of notes receivable in lieu of cash. In addition, CBIZ reduced $0.1 million of accruals for non-cancelable lease obligations due to changes in the consolidation and integration plan.

During 2001, CBIZ received consideration for divestitures of $2.4 million in the form of notes receivable in lieu of cash. CBIZ also reduced approximately $0.5 million of accruals for non-cancelable lease obligations and $0.2 million for severance obligations due to changes in the consolidation and integration plan.

During 2000, CBIZ reduced approximately $8.4 million of accruals for non-cancelable lease obligations and severance obligations due to changes in the consolidation and integration plan.

CASH PAID (RECEIVED) DURING THE YEAR FOR (IN THOUSANDS):

	2002	2001	2000
Interest	$2,521	$ 6,916	$12,156
Income taxes	$4,323	$(8,982)	$ 2,540

15. RELATED PARTIES

The following is a summary of certain agreements and transactions between or among CBIZ and certain related parties. It is CBIZ's policy to enter into transactions with related parties on terms that, on the whole, are no less favorable than those that would be available from unaffiliated parties. Based on CBIZ's experience and the terms of its transactions with unaffiliated parties, it is the Board of Directors' belief that the transactions described below met these standards at the time of the transactions.

A number of the businesses acquired since October 1996 are located in properties owned indirectly by and leased from persons employed by CBIZ. In the aggregate, CBIZ paid approximately $0.8 million, $1.5 million and $1.5 million for the years ended 2002, 2001 and 2000, respectively, under such leases which management believes were at market rates.

Rick L. Burdick, a director and Vice Chairman of CBIZ, is a partner of Akin, Gump, Strauss, Hauer & Feld, L.L.P. (Akin, Gump.) Akin, Gump performed legal work for CBIZ during 2002, 2001 and 2000 for which the firm received $119,064, $68,540 and $116,000 from CBIZ, respectively.

CBIZ maintain joint-referral relationships and service agreements with licensed CPA firms under which CBIZ provides administrative services (including office, bookkeeping, accounting, and other administrative services, preparing marketing and promotion materials, and leasing of administrative and professional staff) in exchange for a fee. The majority of the partners in the independent CPA firms maintaining administrative service agreements with CBIZ are CBIZ employees.

Robert A. O'Byrne, a Senior Vice President, was indebted to CBIZ in the amount of $250,000 and $325,000 at December 31, 2002 and 2001, respectively. Likewise, CBIZ was indebted to the former shareholders of RDOB/GNG of which Mr. O'Byrne is one, for $420,000 at December 31, 2002. Mr. O'Byrne also has an interest in a partnership that receives commissions from CBIZ that are paid to certain eligible benefits and insurance producers in accordance with a formal program to provide benefits in the event of death, disability, retirement or other termination. The note and the program were both in existence at the time CBIZ acquired the former company, of which Mr. O'Byrne was an owner.

CBIZ has divested several operations during 2002 and 2001, in an effort to rationalize the business and sharpen the focus on non-strategic businesses. In accordance with this strategy, CBIZ has sold and may sell in the future businesses to former employees or shareholders. Management believes these transactions were priced at market rates, competitively bid, and entered into at arm's length terms and conditions.

16. ACQUISITIONS

In October 2002, CBIZ acquired a benefits and insurance firm located in Calverton, Maryland. The operating results of this firm have been included in the accompanying consolidated financial statements since the date of the acquisition. The aggregate purchase price of this acquisition was approximately $4.1 million in cash. The excess of purchase price over fair value of the net assets was allocated as follows: (i) goodwill of $2.0 million, (ii) purchased client list of $2.6 million, and (iii) a lease obligation of $0.5 million expiring in January 2006. The purchased client list is being amortized over a ten-year period.

In May 2001, CBIZ acquired one Accounting, Tax and Advisory Services firm which was accounted for under the purchase method of accounting. Accordingly, the operating results of the acquired company have been included in the accompanying consolidated financial statements since the date of the acquisition. The aggregate purchase price of this acquisition was approximately $0.3 million in cash. The excess of the purchase price over fair value of the net assets acquired (goodwill) was approximately $0.1 million.

The pro forma revenue and results of operations for the acquisitions completed in 2002, 2001 and 2000, had the acquisitions occurred at the beginning of such fiscal years, are not significant, and accordingly, have not been provided.

17. DIVESTITURES

During 2002, CBIZ sold, closed, or committed to sale the divestiture of sixteen businesses. Five of these operations have been classified as discontinued operations, in connection with the adoption of SFAS No. 144, "Accounting for the Impairment of or the Disposal of Long-Lived Assets," as discussed in note 21. The remaining eleven operations were either initiated before CBIZ's adoption of SFAS No. 144 or did not meet the criteria for treatment as a discontinued operation and were reported under gain (loss) on divested operations from continuing operations. Of these eleven operations, CBIZ completed the sale or closing of eight ATA operations, one Benefit and Insurance operation, and two National Practice operations for an aggregate price of $7.2 million which included $4.0 million in notes receivables. These divestitures resulted in a pretax gain of $0.9 million.

During fiscal 2001, CBIZ completed the sale or closing of fifteen business operations. In addition, CBIZ also recorded an additional charge related to the planned divestiture or closing of five additional business units to be completed in 2002. The aggregate price of these divestitures was $16.5 million which included $14.0 million in cash, $2.4 million notes receivables and $0.1 million in CBIZ stock. In addition CBIZ also retained a $6.0 million contingent note. These divestitures resulted in a pretax loss of $7.1 million.

During fiscal 2000, CBIZ completed the sale of three business operations and its franchise operations for an aggregate price of $1.2 million. In addition, CBIZ recorded an additional charge of $27.2 million related to the planned divestiture of two business operations with estimated proceeds of $15.5 million, which were scheduled to be completed in 2001. These six divestitures resulted in a pretax loss of $31.6 million.

18. CHANGE IN ACCOUNTING PRINCIPLE RELATED TO SAB 101

During the fourth quarter of 2000, CBIZ adopted Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), "Revenue Recognized in Financial Statements." SAB 101 summarizes certain of the Commission's views in applying generally accepted accounting principles to revenue recognition in financial statements. In light of the guidance given by SAB 101 and the SEC's "Frequently Asked Questions and Answers" bulletin released on October 12, 2000, CBIZ changed certain revenue recognition policies effective January 1, 2000.

Due to this change, CBIZ recorded a cumulative adjustment in the first quarter 2000 of $11.9 million (net of tax benefit of $7.9 million). The impact in 2000 of adopting SAB 101 resulted in a reduction in revenue of approximately $18.2 million, a reduction in operating expenses of approximately $11.4 million, and an increase in pretax loss from continuing operations (before cumulative effect of accounting change) of approximately $6.8 million. Prior to the issuance of SAB 101, CBIZ recorded revenue in a manner consistent with generally accepted accounting principles and industry practice. Based upon our review of SAB 101, CBIZ elected to change its revenue recognition policies for the following items.

- Commissions revenue due from insurance carriers from single-premium bank-owned life insurance policies (BOLI) are recorded based on the amounts due at the time of sale, thereby eliminating a substantial portion of commission receivable and resulted in an increase in deferred tax assets. Prior to SAB 101, CBIZ accrued for commission revenue from BOLI products based on the estimated commission to be received over the life of the insurance policy.

- Commission revenue contingent on meeting volume-based bonus levels are recorded once the volume threshold has been met. Prior to SAB 101, CBIZ accrued for such commission revenue periodically based on the probability of meeting or exceeding the required threshold.

- Revenue related to CBIZ's medical practice management services are recorded once payment is received for our client by the third-party payor, thereby eliminating unbilled receivables and resulted in an increase in deferred tax assets. Prior to SAB 101, CBIZ recognized revenue as services were provided to the client.

- Commission revenue at certain wholesale insurance businesses is reported net of sub-broker commissions, thereby reducing revenue and operating expense proportionately. Prior to SAB 101, commission revenue recognized at these units was reported on a "gross" basis. This change had no impact on net income.

CBIZ recognized $10.1 million of revenue in 2000 which was included as a component of the cumulative effect of a change in accounting principle. During 2002 and 2001, CBIZ recognized $1.0 million of revenue.

19. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations for fiscal years 2002, 2001 (in thousands, except per share amounts):

2002	MARCH 31,	JUNE 30,	SEPTEMBER 30,	DECEMBER 31,
Revenues	$142,204	$125,163	$116,090	$120,878
Income (loss) from continuing operations	$ 10,084	$ 1,954	$ (4,153)	$ (329)
Net income (loss)	$(70,707)	$ 1,136	$ (6,108)	$ (1,169)
Earnings (loss) per share: Basic -- Continuing operations	$ 0.10	$ 0.02	$ (0.04)	$ (0.00)
Net income (loss)	$ (0.75)	$ 0.01	$ (0.06)	$ (0.01)
Earnings (loss) per share: Diluted -- Continuing operations	$ 0.10	$ 0.02	$ (0.04)	$ (0.00)
Net income (loss)	$ (0.73)	$ 0.01	$ (0.06)	$ (0.01)
Basic shares	94,880	95,005	95,109	94,899
Diluted shares	97,112	97,595	95,109	94,899

2001	MARCH 31,	JUNE 30,	SEPTEMBER 30,	DECEMBER 31,
Revenues	$158,622	$129,451	$116,838	$111,981
Income (loss) from continuing operations	$ 9,252	$ 2,246	$ (7,557)	$(17,158)
Net income (loss)	$ 9,347	$ 1,964	$ (9,155)	$(18,156)
Earnings (loss) per share: Basic -- Continuing operations	$ 0.10	$ 0.02	$ (0.08)	$ (0.18)
Net income (loss)	$ 0.10	$ 0.02	$ (0.10)	$ (0.19)
Earnings (loss) per share: Diluted -- Continuing operations	$ 0.10	$ 0.02	$ (0.08)	$ (0.18)
Net income (loss)	$ 0.10	$ 0.02	$ (0.10)	$ (0.19)
Basic shares				

94,825 94,903 94,919 94,754 ========
======== ======== ======== Diluted
shares........................ 95,301
97,099 94,919 94,754 ========
======== ======== ========

20. SEGMENT DISCLOSURES

CBIZ's business units have been aggregated into three reportable segments: Accounting, Tax and Advisory Services, Benefits and Insurance and National Practices. The business units have been aggregated based on the following factors: similarity of the products and services; similarity of the regulatory environment; the long-term performance of these units is affected by similar economic conditions; and the business is managed along these segment lines, which each report to a Practice Group Leader.

During the year 2002 the medical practice management unit under the segment of National Practices exceeded the quantitative threshold of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," prompting CBIZ to disclose this reporting unit separately.

Accounting, Tax and Advisory Services. The Accounting, Tax and Advisory Services practice group offers services in the following areas: tax planning and preparation; cash flow management; strategic planning; consulting; record-keeping; federal, state and local tax return preparation; tax planning based on financial and investment alternatives; tax structuring of business transactions such as mergers and acquisitions; quarterly and year-end payroll tax reporting; corporate, partnership and fiduciary tax planning and return preparation; outsourced chief financial officer services and other financial staff services; financial investment analysis, succession, retirement, and estate planning; and profitability, operational and efficiency enhancement consulting to a number of specialized industries.

Benefits and Insurance Services. The Benefits and Insurance practice group offers services in the following areas: employee benefits, brokerage, consulting, and administration, including the design, implementation and administration of qualified plans, such as 401(k) plans, profit-sharing plans, defined benefit plans, and money purchase plans; actuarial services; health and welfare benefits consulting, including group health insurance plans; dental and vision care programs; group life insurance programs; accidental death and dismemberment and disability programs; COBRA administration and voluntary insurance programs; health care and dependent care spending accounts; premium reimbursement plans; communications services to inform and educate employees about their benefit programs; executive benefits consulting on non-qualified retirement plans and business continuation plans; specialty high-risk life insurance; employee benefit worksite marketing; and wealth management services, including Registered Investment Advisory Services, Investment Policy Statements, also known as IPS, mutual fund selection based on IPS and ongoing mutual fund monitoring.

National Practices. The National Practices group offers services in the following areas: payroll processing and administration; valuations of commercial, tangible, and intangible assets and financial securities; mergers and acquisitions and capital advisory services, health care consulting, government relations; process improvement; and technology consulting, including strategic technology planning, project management, development, network design and implementation and software selection and implementation.

Medical Practice Management. The CBIZ MMP subsidiary of the National Practice group offers services in the following areas: billing and accounts receivable management; coding and automated claims filing; comprehensive delinquent claims follow up and collections; compliance plans to meet governmental and other third party regulations; local office management; and comprehensive statistical and operational reporting; financial reporting; accounts payable, payroll, general ledger processing; design of physician employment, stock and compensation arrangements; comprehensive budgeting, forecasting, and financial analysis; conducts analyses of managed care contracts with a focus on negotiation strategies, pricing, cost containment and utilization tracking; reviews and negotiates contracts with hospitals and evaluates other strategic business partners; identifies and coordinates practice merger and integration opportunities; and coordinates practice expansion efforts.

Corporate and other charges represent costs at the corporate office that are not allocated to the business units, which include goodwill amortization and impairment for all acquisitions accounted for under the purchase method of accounting.

Prior to 2001, CBIZ reported with four reportable segments: Accounting, Tax and Advisory Services, Benefits and Insurance, Performance Consulting, and Technology Services. CBIZ reorganized its management structure and changed from four reportable segments to the three described above. Segment information for the year ended December 31, 2000 has been reclassified in accordance with the new segments.

CBIZ operates in the United States and Toronto, Canada and there is no one customer that represents a significant portion of sales.

Segment information for the years ended December 31, 2002, 2001, and 2000 was as follows (in thousands):

2002

			NATIONAL PRACTICE GROUP			
	ACCOUNTING TAX & ADVISORY	BENEFITS & INSURANCE	MEDICAL PRACTICE MGMT.	OTHER	CORPORATE AND OTHER	TOTAL
Revenue	$209,911	$150,514	$66,156	$77,754	$ --	$504,335
Operating expenses	181,891	123,369	54,481	76,589	9,336	445,666
Gross margin	28,020	27,145	11,675	1,165	(9,336)	58,669
Corporate gen. and admin.	--	--	--	--	19,672	19,672
Deprec. and amort.	5,315	3,592	1,972	1,668	8,110	20,657
Operating income (loss)	22,705	23,553	9,703	(503)	(37,118)	18,340
Other income (expense):						
Interest expense	(56)	(76)	(7)	(51)	(2,288)	(2,478)
Loss on sale of operations, net	--	--	--	--	930	930
Other income (expense), net	455	359	(18)	(1,657)	(251)	(1,112)
Total other income (expense)	399	283	(25)	(1,708)	(1,609)	(2,660)
Income (loss) from continuing operations before taxes	$ 23,104	$ 23,836	$ 9,678	$(2,211)	$(38,727)	$ 15,680

2001

	NATIONAL PRACTICE GROUP					
	ACCOUNTING TAX & ADVISORY	BENEFITS & INSURANCE	MEDICAL PRACTICE MGMT.	OTHER	CORPORATE AND OTHER	TOTAL
Revenue	$231,361	$141,287	$56,838	$87,406	$ --	$516,892
Operating expenses	197,286	112,131	45,786	83,812	8,498	447,513
Gross margin	34,075	29,156	11,052	3,594	(8,498)	69,379
Corporate gen. and admin.	--	--	--	--	19,797	19,797
Deprec. and amort.	4,635	3,683	1,516	1,755	29,047	40,636
Operating income (loss)	29,440	25,473	9,536	1,839	(57,342)	8,946
Other income (expense):						
Interest expense	(91)	(133)	(16)	(63)	(6,494)	(6,797)
Loss on sale of operations, net	--	--	--	--	(7,113)	(7,113)
Other income (expense), net	615	865	7	2,479	(27)	3,939
Total other income (expense)	524	732	(9)	2,416	(13,634)	(9,971)
Income (loss) from continuing operations before taxes	$ 29,964	$ 26,205	$ 9,527	$ 4,255	$(70,976)	$ (1,025)

2000

	NATIONAL PRACTICE GROUP					
	ACCOUNTING TAX & ADVISORY	BENEFITS & INSURANCE	MEDICAL PRACTICE MGMT.	OTHER	CORPORATE AND OTHER	TOTAL
Revenue	$238,962	$150,964	$38,523	$122,722	$ --	$551,171
Operating expenses	209,352	119,579	33,343	118,792	9,515	490,581
Gross margin	29,610	31,385	5,180	3,930	(9,515)	60,590
Corporate gen. and admin.	--	--	--	--	24,694	24,694
Deprec. and amort.	4,681	3,673	1,014	2,235	31,736	43,339
Operating income (loss)	24,929	27,712	4,166	1,695	(65,945)	(7,443)
Other income (expense):						
Interest expense	(329)	(149)	(12)	(126)	(11,497)	(12,113)

Goodwill Impairment.............. -- -- -- -- (32,953) (32,953) Loss on sale of operations, net........................... -- -- -- -- (31,576) (31,576) Other income (expense),net....... 331 (1,051) 63 1,833 (7,010) (5,834) -------- -------- ------- -------- --------- -------- Total other income (expense).............. 2 (1,200) 51 1,707 (83,036) (82,476) -------- -------- ------- -------- --------- -------- Income (loss) from continuing operations before taxes.......... $ 24,931 $ 26,512 $ 4,217 $ 3,402 $(148,981) $(89,919) ======== ======== ======= ======== ========= ========

21. DISCONTINUED OPERATIONS

During 2002, CBIZ adopted formal business plans to sell or close five business operations, which were no longer part of CBIZ's strategic long-term growth objectives. The business operations are reported as discontinued operations and the net assets and liabilities and results of operations are reported separately in the consolidated financial statements. Four of these operations were either sold or closed as of December 31, 2002 for an aggregate price of $4.6 million of cash and $0.2 million of notes receivables. One operation still remains available for sale as of December 31, 2002. In connection with these five divestitures, CBIZ recorded a loss on disposal of discontinued operations, net of tax, of $2.5 million.

Revenues from the discontinued operations for the year ended December 31 2002, 2001 and 2000 were $7.2 million, $10.0 million and $16.6 million, respectively.

The net assets and liabilities of the five business units classified of discontinued operations consisted of the following (in thousands):

	2002	2001
Accounts receivable, net	$5,499	$ 8,367
Property and equipment, net	508	1,244
Deferred tax asset, net	3,554	4,088
Intangible assets, net	--	4,907
Other assets	5	1,885
Assets of discontinued operation	9,566	20,941
Accounts payable	425	369
Accrued expenses	6,480	4,227
Liabilities of discontinued operation	$6,905	$ 4,596

In October 2000, CBIZ completed the sale of its risk-bearing specialty insurance segment (which included Century Surety Company, Evergreen National Indemnity Company, and Continental Heritage Insurance Company) for $28 million in cash, resulting in a loss on disposal of discontinued business, net of tax, of $5.7 million for the year ended December 31, 2000.

22. SUBSEQUENT EVENTS

In January 2003, CBIZ completed the acquisition of a benefits and insurance firm. The aggregate purchase price of this acquisition was approximately $0.7 million in cash, 177,000 shares of restricted common stock (estimated stock value of $0.5 million at acquisition) and was accounted for under the purchase method of accounting.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000

COLUMN A	COLUMN B	COLUMN C			COLUMN D	COLUMN E
		ADDITIONS				
	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COST & EXPENSE	CHARGED TO OTHER ACCOUNTS	ACQUISITIONS/ DIVESTITURES	RECOVERIES/ DEDUCTIONS	BALANCE AT END OF PERIOD
YEAR ENDED DECEMBER 31, 2002						
Allowance deducted from assets to which they apply: Allowance for doubtful accounts..............	$12,720	$ 7,201	$ (523)	$(167)	$(10,396)	$ 8,835
YEAR ENDED DECEMBER 31, 2001						
Allowance deducted from assets to which they apply: Allowance for doubtful accounts..............	$18,900	$ 8,059	$(1,126)	--	$(13,113)	$12,720
YEAR ENDED DECEMBER 31, 2000						
Allowance deducted from assets to which they apply: Allowance for doubtful accounts..............	$15,727	$21,887	$ 948	--	$(19,662)	$18,900

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Steven I. Gerard, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Century Business Services, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/ STEVEN L. GERARD

Steven L. Gerard
Chief Executive Officer

Date: March 24, 2003

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

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

1. I have reviewed this annual report on Form 10-K of Century Business Services, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/ WARE H. GROVE

Ware H. Grove
Chief Financial Officer

Date: March 24, 2003

.
.
.

SUBSIDIARY COMPANIES OF
CENTURY BUSINESS SERVICES, INC.

Exhibit 21.1

	COMPANY NAME	STATE OF INCORPORATION
1	BBGPR, LLC	Texas
2	Benmark, Inc.	Georgia
3	BGS&G Insurance Services, Inc.	Maryland
4	CBIZ Accounting, Tax & Advisory of Atlanta, Inc.	Ohio
5	CBIZ Accounting, Tax & Advisory of Bethesda, Inc.	Ohio
6	CBIZ Accounting, Tax & Advisory of Boca Raton, Inc.	Ohio
7	CBIZ Accounting, Tax & Advisory of Central Ohio, Inc.	Ohio
8	CBIZ Accounting, Tax & Advisory of Cleveland, Inc.	Ohio
9	CBIZ Accounting, Tax & Advisory of Colorado, Inc.	Ohio
10	CBIZ Accounting, Tax & Advisory of Columbia, Inc.	Ohio
11	CBIZ Accounting, Tax & Advisory of Cumberland, Inc.	Ohio
12	CBIZ Accounting, Tax & Advisory of Kansas City, Inc.	Ohio
13	CBIZ Accounting, Tax & Advisory of New York, Inc.	Ohio
14	CBIZ Accounting, Tax & Advisory of Northeast Ohio, Inc.	Ohio
15	CBIZ Accounting, Tax & Advisory of Northern California, Inc.	Ohio
16	CBIZ Accounting, Tax & Advisory of Orange County, Inc.	Ohio
17	CBIZ Accounting, Tax & Advisory of Topeka, Inc.	Ohio
18	CBIZ Accounting, Tax & Advisory of Wichita, Inc.	Ohio
19	CBIZ Accounting, Tax & Advisory, Inc.	Ohio
20	CBIZ Actuarial & Benefit Consultants, Inc.	Ohio
21	CBIZ Beatty Satchell Business Services, Inc.	Maryland
22	CBIZ Benefits & Insurance Services of Maryland, Inc.	Maryland
23	CBIZ Benefits & Insurance Services of Ohio, Inc.	Ohio
24	CBIZ Benefits & Insurance Services of Pennsylvania, Inc.	Delaware
25	CBIZ Benefits & Insurance Services of Silicon Valley, Inc.	California
26	CBIZ Benefits & Insurance Services, Inc.	Missouri
27	CBIZ Business Services, Inc.	Ohio
28	CBIZ Business Solutions of St. Louis, Inc.	Ohio
29	CBIZ Business Solutions of Tampa Bay, Inc.	Ohio
30	CBIZ BVKT Business Services, Inc.	Ohio
31	CBIZ e-Solutions, Inc.	Ontario
32	CBIZ Financial Solutions, Inc.	Ohio
33	CBIZ FPG Business Services, Inc.	Ohio
34	CBIZ Gibraltar Real Estate Services Corporation	Illinois
35	CBIZ Gordon, Zucarelli & Handley Business Services, Inc.	Ohio
36	CBIZ HealthCare Solutions Group, Inc.	Ohio
37	CBIZ Hunt & Associates, Inc.	Ohio
38	CBIZ Institutional Benefit Services, Inc.	Ohio
39	CBIZ Insurance Agency, Inc.	Ohio
40	CBIZ KA Consulting Services, Inc.	Ohio
41	CBIZ Kessler Government Relations, Inc.	Ohio
42	CBIZ M & S Consulting Services, Inc.	Ohio
43	CBIZ M. T. Donahoe & Associates, Inc.	Ohio
44	CBIZ McClain Accounting, Tax & Advisory, Inc.	Ohio
45	CBIZ Medical Management Professionals, Inc.	Ohio
46	CBIZ Mergers & Acquisitions Group, Inc.	Illinois
47	CBIZ Nemphos, Weber Business Services, Inc.	Ohio

SUBSIDIARY COMPANIES OF
CENTURY BUSINESS SERVICES, INC.

	COMPANY NAME	STATE OF INCORPORATION
48	CBIZ Network Solutions, Inc.	Ohio
49	CBIZ Philip-Rae Business Services, Inc.	Ohio
50	CBIZ Property Tax Solutions, Inc.	Ohio
51	CBIZ Restructuring Group, Inc.	Ohio
52	CBIZ Rootberg Business Services, Inc.	Ohio
53	CBIZ SK&B Business Solutions, Inc.	Ohio
54	CBIZ Southern California, Inc.	Ohio
55	CBIZ Special Risk Insurance Services, Inc.	Ohio
56	CBIZ Surety Underwriters, Inc.	Arizona
57	CBIZ Tax & Advisory of Nebraska, Inc.	Ohio
58	CBIZ Technologies, Inc.	Ohio
59	CBIZ Trilinc Consulting, Inc.	Ohio
60	CBIZ Valuation Group, Inc.	Ohio
61	CBIZ Vine Street Holding Corp.	Ohio
62	CBIZ Western Kansas, Inc.	Ohio
63	CBIZ Worksite Services, Inc.	Missouri
64	CBSI Management Co.	Ohio
65	Century Risk Services Company	Ohio
66	Century Surety Underwriters, Inc.	Indiana
67	Commercial Surety Agency, Inc.	Ohio
68	Competitive Technologies Business Services, Inc.	Ohio
69	Connecticut Escrow, Inc.	Ohio
70	Contract Surety Reinsurance Corp.	Ohio
71	DP & Co. Business Services, Inc.	Ohio
72	ERIC Agency, Inc.	Colorado
73	G & C Business Services, Inc.	Ohio
74	Government Employee Benefits Corporation of Georgia	Georgia
75	Health Administration Services, Inc.	Ohio
76	MHM Resources, Inc.	Ohio
77	Moore, Tyler & Company, Inc.	Ohio
78	MRP Business Solutions Group, Inc.	Ohio
79	SLW Business Services, Inc.	Ohio
80	Surety Associates II, Inc.	Connecticut
81	Varney Business Services, Inc.	Ohio
82	WC & M Business Services, Inc.	Ohio

Exhibit 23

Independent Auditors' Consent

The Board of Directors
Century Business Services, Inc.:

We consent to the incorporation by reference in the registration statement Nos. 333-35049, 333-74647 and 333-62148 on Form S-8; Nos. 333-64109, 333-76179 and 333-27825 on Form S-3; Nos. 333-15413, 333 46687, 333-90749 and 333-40331 on Form S-3, as amended; and Nos. 333-40313 and 333-81039 on Form S-4, as amended, of Century Business Services, Inc. and Subsidiaries of our report dated February 7, 2003, with respect to the consolidated balance sheets of Century Business Services, Inc. as of December 31, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2002, and the related financial statement schedule, which report appears in the December 31, 2002, annual report on Form 10 K of Century Business Services, Inc.

Our report refers to changes in the methods of accounting in 2002 for goodwill and other intangible assets and the criteria for identifying and measuring discontinued operations, as well as changes to certain revenue recognition policies in 2000 as a result of adopting Staff Accounting Bulletin No. 101 effective January 1, 2000.

/s/ KPMG LLP

Cleveland, Ohio
March 27, 2003

Exhibit 99.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF CENTURY BUSINESS SERVICES, INC.

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the annual report on Form 10-K (the "Form 10-K") for the year ended December 31, 2002 of Century Business Services, Inc. (the "Issuer").

I, Steven L. Gerard, the Chief Executive Officer of Issuer certify that to the best of my knowledge:

(i) the Form 10-K fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

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

Dated: March 24, 2003.

/s/ Steven L. Gerard

Steven L. Gerard, CEO

Subscribed and sworn to before me this 24th day of March, 2003.

/s/ John J. Geffert
- -------------------------------------
Name: John J. Geffert
Title: Attorney-At-Law
Registered in the State of Ohio
No Expiration Date

Exhibit 99.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF CENTURY BUSINESS SERVICES, INC.

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the annual report on Form 10-K (the "Form 10-K") for the year ended December 31, 2002 of Century Business Services, Inc. (the "Issuer").

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

(i) the Form 10-K fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

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

Dated: March 24, 2003

/s/ Ware H. Grove

Ware H. Grove, CFO

Subscribed and sworn to before me this 24th day of March, 2003.

/s/ John J. Geffert
- ---------------------------------------
Name: John J. Geffert
Title: Attorney-At-Law
Registered in the State of Ohio
No Expiration Date