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

FORM 10-Q

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

For the quarterly period ended September 30, 2018

OR

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

For the transition period from________ to ________

Commission File Number 1-32961

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

Delaware	**22-2769024**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6050 Oak Tree Boulevard, South, Suite 500, Cleveland, Ohio	**44131**
(Address of principal executive offices)	(Zip Code)

(216) 447-9000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

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

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

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

Class of Common Stock	Outstanding at October 31, 2018
Common Stock, par value $0.01 per share	55,491,554

CBIZ, INC. AND SUBSIDIARIES

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,493	$ 424
Restricted cash	32,551	32,985
Accounts receivable, net	234,906	188,300
Income taxes refundable/receivable	—	813
Other current assets	26,576	22,539
Current assets before funds held for clients	297,526	245,061
Funds held for clients	126,311	203,112
Total current assets	**423,837**	**448,173**
Non-current assets:		
Property and equipment, net	31,400	26,081
Goodwill and other intangible assets, net	636,202	613,206
Assets of deferred compensation plan	93,310	85,589
Notes receivable	904	620
Other non-current assets	4,203	2,562
Total non-current assets	**766,019**	**728,058**
Total assets	**$ 1,189,856**	**$ 1,176,231**
LIABILITIES		
Current liabilities:		
Accounts payable	$ 57,764	$ 51,375
Income taxes payable	6,304	—
Accrued personnel costs	55,038	45,264
Notes payable	1,523	1,861
Contingent purchase price liability	21,136	15,151
Other current liabilities	12,735	17,013
Current liabilities before client fund obligations	154,500	130,664
Client fund obligations	127,297	203,582
Total current liabilities	**281,797**	**334,246**
Non-current liabilities:		
Bank debt	167,100	178,500
Debt issuance costs	(1,618)	(828)
Total long-term debt	165,482	177,672
Notes payable	1,480	2,164
Income taxes payable	3,596	4,454
Deferred income taxes, net	5,636	3,339
Deferred compensation plan obligations	93,310	85,589
Contingent purchase price liability	18,760	22,423
Other non-current liabilities	17,880	15,465
Total non-current liabilities	**306,144**	**311,106**
Total liabilities	**587,941**	**645,352**
STOCKHOLDERS' EQUITY		
Common stock	1,314	1,301
Additional paid in capital	690,140	675,504
Retained earnings	409,467	345,302
Treasury stock	(499,167)	(491,046)
Accumulated other comprehensive income (loss)	161	(182)
Total stockholders’ equity	**601,915**	**530,879**
Total liabilities and stockholders’ equity	**$ 1,189,856**	**$ 1,176,231**

See the accompanying notes to the consolidated financial statements

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

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Revenue	**$ 224,249**	**$ 207,723**	**$ 722,980**	**$ 660,198**
Operating expenses	198,607	184,723	608,459	565,609
Gross margin	**25,642**	**23,000**	**114,521**	**94,589**
Corporate general and administrative expenses	10,279	7,979	30,300	25,979
Operating income	**15,363**	**15,021**	**84,221**	**68,610**
Other (expense) income:				
Interest expense	(1,614)	(1,777)	(5,211)	(4,986)
Gain on sale of operations, net	—	—	663	45
Other income, net	3,143	2,792	2,544	9,293
Total other income (expense), net	1,529	1,015	(2,004)	4,352
Income from continuing operations before income tax expense	**16,892**	**16,036**	**82,217**	**72,962**
Income tax expense	3,297	6,172	19,691	26,656
Income from continuing operations	**13,595**	**9,864**	**62,526**	**46,306**
(Loss) gain from discontinued operations, net of tax	(9)	(206)	17	(776)
Net income	**$ 13,586**	**$ 9,658**	**$ 62,543**	**$ 45,530**
Earnings (loss) per share:				
Basic:				
Continuing operations	$ 0.25	$ 0.18	$ 1.15	$ 0.86
Discontinued operations	—	—	—	(0.01)
Net income	**$ 0.25**	**$ 0.18**	**$ 1.15**	**$ 0.85**
Diluted:				
Continuing operations	$ 0.24	$ 0.18	$ 1.11	$ 0.83
Discontinued operations	—	—	—	(0.01)
Net income	**$ 0.24**	**$ 0.18**	**$ 1.11**	**$ 0.82**
Basic weighted average shares outstanding	54,794	54,142	54,489	53,804
Diluted weighted average shares outstanding	56,740	55,827	56,393	55,641
Comprehensive income:				
Net income	$ 13,586	$ 9,658	$ 62,543	$ 45,530
Other comprehensive income, net of tax	55	16	343	233
Comprehensive income	**$ 13,641**	**$ 9,674**	**$ 62,886**	**$ 45,763**

See the accompanying notes to the consolidated financial statements

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

	Issued Common Shares	Treasury Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss) Gain	Totals
December 31, 2017	**130,075**	**75,484**	**$ 1,301**	**$ 675,504**	**$ 345,302**	**$ (491,046)**	**$ (182)**	**$ 530,879**
Cumulative-effect adjustment (Note 2)	—	—	—	—	1,622	—	—	1,622
Adjusted balance at January 1, 2018	**130,075**	**75,484**	**$ 1,301**	**$ 675,504**	**$ 346,924**	**$ (491,046)**	**$ (182)**	**$ 532,501**
Net income	—	—	—	—	62,543	—	—	62,543
Other comprehensive income	—	—	—	—	—	—	343	343
Share repurchases	—	379	—	—	—	(8,121)	—	(8,121)
Restricted stock	272	—	3	(3)	—	—	—	—
Stock options exercised	840	—	8	6,068	—	—	—	6,076
Share-based compensation	—	—	—	5,358	—	—	—	5,358
Business acquisitions	169	—	2	3,213	—	—	—	3,215
September 30, 2018	**131,356**	**75,863**	**$ 1,314**	**$ 690,140**	**$ 409,467**	**$ (499,167)**	**$ 161**	**$ 601,915**

See the accompanying notes to the consolidated financial statements

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

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash flows from operating activities:		
Net income	**$ 62,543**	**$ 45,530**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	17,528	17,167
Bad debt expense, net of recoveries	3,697	4,265
Adjustment to contingent earnout liability	3,290	(221)
Stock-based compensation expense	5,358	4,247
Other noncash adjustments	(1,989)	(3,273)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Accounts receivable, net	(38,937)	(38,095)
Other assets	(3,474)	2,293
Accounts payable	108	(61)
Income taxes payable	9,458	12,509
Accrued personnel costs	8,986	(7,368)
Other liabilities	(3,134)	1,606
Operating cash flows provided by continuing operations	63,434	38,599
Operating cash flows used in discontinued operations	(162)	(748)
Net cash provided by operating activities	**63,272**	**37,851**
Cash flows from investing activities:		
Business acquisitions and purchases of client lists, net of cash acquired	(24,612)	(27,406)
Purchases of client fund investments	(10,745)	(14,046)
Proceeds from the sales and maturities of client fund investments	8,701	6,495
Proceeds from sales of divested operations	332	45
Increase in funds held for clients	78,307	87,224
Additions to property and equipment, net	(9,800)	(8,870)
Collection of notes receivable	18	21
Net cash provided by investing activities	**42,201**	**43,463**
Cash flows from financing activities:		
Proceeds from bank debt	563,800	425,400
Payment of bank debt	(575,200)	(410,800)
Payment for acquisition of treasury stock	(8,121)	(10,261)
Decrease in client funds obligations	(76,285)	(79,736)
Proceeds from exercise of stock options	6,076	6,227
Payment of contingent consideration for acquisitions	(11,677)	(9,827)
Other, net	(1,431)	(309)
Net cash used in financing activities	**(102,838)**	**(79,306)**
Net increase in cash, cash equivalents and restricted cash	**2,635**	**2,008**
Cash, cash equivalents and restricted cash at beginning of year	33,409	31,374
Cash, cash equivalents and restricted cash at end of period	**$ 36,044**	**$ 33,382**

See the accompanying notes to the consolidated financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: CBIZ, Inc. is a diversified services company which, acting through its subsidiaries, has been providing professional business services since 1996, primarily to small and medium-sized businesses, as well as individuals, governmental entities, and not-for-profit enterprises throughout the United States and parts of Canada. CBIZ, Inc. manages and reports its operations along three practice groups; Financial Services, Benefits and Insurance Services and National Practices. A further description of products and services offered by each of the practice groups is provided in Note 16, Segment Disclosures, to the accompanying consolidated financial statements.

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

Unaudited Interim Financial Statements: The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this quarterly report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

In the opinion of CBIZ management, the accompanying condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial condition, results of operations, and cash flows for the interim periods presented, but are not necessarily indicative of the results of operations to be anticipated for the full year ending December 31, 2018.

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

Changes in Accounting Policies: We have consistently applied the accounting policies for the periods presented as described in Note 1, Basis of Presentation and Significant Accounting Policies, to the consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Effective January 1, 2018, we adopted Accounting Standards Update ("ASU") No. 2015-14, "Revenue from Contracts with Customers" ("Topic 606"). As a result, we have changed our accounting policy for revenue recognition as described below in Note 2, New Accounting Pronouncements.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the sole source of authoritative GAAP other than the SEC issued rules and regulations that apply only to SEC registrants. The FASB issues an accounting standard to communicate changes to the FASB codification. We assess and review the impact of all accounting standards. Any accounting standards not listed below were reviewed and determined to be either not applicable or are not expected to have a material impact on the consolidated financial statements of the Company.

Accounting Standards Adopted in 2018

Modification Accounting for Share-Based Payment Awards: Effective January 1, 2018, we adopted ASU No. 2017-09, "Compensation – Stock Compensation (Topic 718) – Scope of Modification Accounting." The new standard clarifies when a change to the terms or conditions of a share-based payment award must be accounted for as a modification. Modification accounting is required if the fair value, vesting condition or the classification of the award is not the same immediately before and after a change to the terms and conditions of the award. We typically do not change either the terms or conditions of share-based payment awards once they are granted; therefore, the adoption of this new guidance had no impact on our consolidated financial statements.

Restricted Cash - Statement of Cash Flows: Effective January 1, 2018, we adopted ASU No. 2016-18, "Statement of Cash Flows (Topic 230)." The new standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, restricted cash should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. When restricted cash is presented separately from cash and cash equivalents on the balance sheet, a reconciliation is required between the amounts presented on the statement of cash flows and the balance sheet, as well as a disclosure of information about the nature of the restrictions. The adoption of this new standard resulted in a $0.4 million decrease in net cash provided by operating activities and a $4.2 million increase in net cash provided by operating activities for the nine months ended September 30, 2018 and 2017, respectively.

Restricted cash consists of funds held by us in relation to our capital and investment advisory services as those funds are restricted in accordance with applicable Financial Industry Regulatory Authority regulations. Restricted cash also consists of funds on deposit from clients in connection with the pass-through of insurance premiums to the carrier with the related liability for these funds recorded in "Accounts payable" in the accompanying Consolidated Balance Sheets.

The following table provides a reconciliation of cash, cash equivalents and restricted cash as reported in the accompanying Consolidated Balance Sheets that sum to the total of the same such amount shown in the accompanying Consolidated Statements of Cash Flows (in thousands):

	September 30, 2018	September 30, 2017
Cash and cash equivalents	$ 3,493	$ 1,278
Restricted cash	32,551	32,104
Total cash, cash equivalents and restricted cash	$ 36,044	$ 33,382

Statement of Cash Flows: Effective January 1, 2018, we adopted ASU No. 2016-15, "Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments." The new standard provides guidance on eight specific cash flow issues. The application of this guidance did not have a material effect on the presentation of our Statement of Cash Flows.

Revenue from Contracts with Customers: Effective January 1, 2018, we adopted Topic 606 using the modified retrospective transition method. We recognized the cumulative effect of initially applying the new standard as an adjustment directly to the opening balance of "Retained earnings" at January 1, 2018. The comparative information has not been restated and continues to be reported under the legacy standard.

We evaluate our revenue contracts with customers based on the five-step model under Topic 606, pursuant to which we: (i) identify the contract with the customer; (ii) identify the performance obligation in the contract; (iii) determine the contract price; (iv) allocate the transaction price; and (v) recognize revenue when as each performance obligation is satisfied. If we determine that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

Revenue recognition was consistent under both the legacy standard and Topic 606 for the majority of our revenue streams, with the exception of two business units within our Benefits and Insurance Services practice group. The revenue recognition policies in our Benefits and Insurance Services practice group have been modified under the new standard as follows.

- In our Property and Casualty business unit, commission revenue under agency billing arrangements (pursuant to which we bill the insured, collect the funds and remit the premium to the insurance carrier less our commissions) was previously recognized as of the later of the effective date of the insurance policy or the date billed to the customer. We now recognize the commission revenue on the effective date of the insurance policy.

  Also in our Property and Casualty business unit, commission revenue under direct billing arrangements (pursuant to which the insurance carrier bills the insured directly and remits the commissions to us) was previously recognized when the data necessary from the carriers was available, whereas now we recognize the commission revenue on the effective date of the insurance policy.

- In our Retirement Plan Services business unit, under certain defined benefit administration arrangements we charge new clients an initial, non-refundable, set-up fee as part of a multi-year service agreement. Previously, these fees were recognized over the initial set up period, whereas now we defer the set-up fees and associated costs and recognize them over the life of the contract or the expected customer relationship, whichever is longer.

The cumulative effect of the changes made to our consolidated January 1, 2018 balance sheet was as follows (in thousands):

Balance Sheet	Balance at December 31, 2017	Adjustments due to Topic 606	Balance at January 1, 2018
ASSETS			
Accounts receivable, net	$ 188,300	$ 9,446	$ 197,746
Other current assets	259,873	80	259,953
Other non-current assets	728,058	728	728,786
Total assets	**$ 1,176,231**	**$ 10,254**	**$ 1,186,485**
LIABILITIES			
Accounts payable	51,375	6,281	57,656
Accrued personnel costs	45,264	595	45,859
Other current liabilities	237,607	113	237,720
Deferred income taxes, net	3,339	631	3,970
Other non-current liabilities	307,767	1,012	308,779
Total liabilities	**645,352**	**8,632**	**653,984**
STOCKHOLDERS' EQUITY			
Retained earnings	345,302	1,622	346,924
Other stockholders' equity	185,577	—	185,577
Total stockholders' equity	**530,879**	**1,622**	**532,501**
Total liabilities and stockholders' equity	**$ 1,176,231**	**$ 10,254**	**$ 1,186,485**

The following tables summarize the impact of adopting Topic 606 on our consolidated financial statements for the periods indicated below (in thousands):

September 30, 2018 Balance Sheet	As reported	Adjustments	Balances without adoption of Topic 606
ASSETS			
Accounts receivable, net	$ 234,906	$ (15,097)	$ 219,809
Other current assets	188,931	(80)	188,851
Other non-current assets	766,019	(667)	765,352
Total assets	**$ 1,189,856**	**$ (15,844)**	**$ 1,174,012**
LIABILITIES			
Accounts payable	$ 57,764	$ (10,276)	$ 47,488
Accrued personnel costs	55,038	(575)	54,463
Other current liabilities	168,995	(114)	168,881
Deferred income taxes, net	5,636	(1,038)	4,598
Other non-current liabilities	300,508	(925)	299,583
Total liabilities	**587,941**	**(12,928)**	**575,013**
STOCKHOLDERS' EQUITY			
Retained earnings	409,467	(2,916)	406,551
Other stockholders' equity	192,448	—	192,448
Total shareholders' equity	**601,915**	**(2,916)**	**598,999**
Total liabilities and stockholders' equity	**$ 1,189,856**	**$ (15,844)**	**$ 1,174,012**

Three Months Ended September 30, 2018 Income Statement	As reported	Adjustments	Balances without adoption of Topic 606
Revenue	**$ 224,249**	**$ (763)**	**$ 223,486**
Operating expenses	198,607	(14)	198,593
Gross margin	**25,642**	**(749)**	**24,893**
Corporate general and administrative expenses	10,279	-	10,279
Operating income	**15,363**	**(749)**	**14,614**
Other (expense) income:			
Interest expense	(1,614)	—	(1,614)
Gain on sale of operations, net	—	—	—
Other income, net	3,143	—	3,143
Total other expense, net	1,529	—	1,529
Income from continuing operations before income tax expense	**16,892**	**(749)**	**16,143**
Income tax expense	3,297	(168)	3,129
Income from continuing operations	**13,595**	**(581)**	**13,014**
Loss from discontinued operations, net of tax	(9)	—	(9)
Net income	**$ 13,586**	**$ (581)**	**$ 13,005**

Nine Months Ended September 30, 2018 Income Statement	As reported	Adjustments	Balances without adoption of Topic 606
Revenue	**$ 722,980**	**$ (1,744)**	**$ 721,236**
Operating expenses	608,459	(43)	608,416
Gross margin	**114,521**	**(1,701)**	**112,820**
Corporate general and administrative expenses	30,300	—	30,300
Operating income	**84,221**	**(1,701)**	**82,520**
Other (expense) income:			
Interest expense	(5,211)	—	(5,211)
Gain on sale of operations, net	663	—	663
Other income, net	2,544	—	2,544
Total other expense, net	(2,004)	—	(2,004)
Income from continuing operations before income tax expense	**82,217**	**(1,701)**	**80,516**
Income tax expense	19,691	(407)	19,284
Income from continuing operations	**62,526**	**(1,294)**	**61,232**
Gain from discontinued operations, net of tax	17	-	17
Net income	**$ 62,543**	**$ (1,294)**	**$ 61,249**

Nine Months Ended September 30, 2018 Cash Flow Statement	As reported	Adjustments	Balances without adoption of Topic 606
Cash flows from operating activities:			
Net income	$ 62,543	$ (1,294)	**$ 61,249**
Adjustments to reconcile net income to net cash provided by operating activities:	27,884	—	27,884
Changes in assets and liabilities, net of acquisitions and divestitures:			—
Accounts receivable, net	(38,937)	5,651	(33,286)
Other assets	(3,474)	(61)	(3,535)
Accounts payable	108	(3,995)	(3,887)
Accrued personnel costs	8,986	20	9,006
Other liabilities	(3,134)	(321)	(3,455)
Other	9,458	—	9,458
Operating cash flows provide by continuing operations	63,434	—	63,434
Operating cash flows used in discontinued operations	(162)	—	(162)
Net cash provided by operating activities	**63,272**	**—**	**63,272**
Net provided by investing activities	**42,201**	**—**	**42,201**
Net cash used in financing activities	**(102,838)**	**—**	**(102,838)**
Net increase in cash, cash equivalents and restricted cash	**2,635**	**—**	**2,635**
Cash, cash equivalents and restricted cash at beginning of year	**33,409**	**—**	**33,409**
Cash, cash equivalents and restricted cash at end of period	**$ 36,044**	**—**	**$ 36,044**

Accounting Standards Not Yet Adopted

Internal-Use Software: In August 2018, the FASB issued ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)," which aligns the requirements for capitalizing implementation costs incurred in a service contract hosting arrangement with those of developing or obtaining internal-use software. This standard is effective for interim and annual reporting periods beginning after December 15, 2019, and early adoption is permitted. We are currently evaluating the impact the new standard will have on our consolidated financial position and results of operations.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income: In February 2018, the FASB issued ASU No. 2018-02, “Income Statement – Reporting Comprehensive Income (Topic 220)” which allows the reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods, with early adoption permitted. We do not expect this guidance to have a material impact on our consolidated financial position or results of operations.

Derivatives and Hedging: In August 2017, the FASB issued ASU No. 2017-12, “Derivatives and Hedging (Topic 815) - Targeted Improvements to Accounting for Hedging Activities.” The new standard improves and simplifies accounting rules for hedge accounting to better present the economic results of an entity’s risk management activities in its financial statements and improves the disclosures of hedging arrangements. Additionally, it simplifies the hedge documentation and effectiveness assessment requirements. The updated guidance is effective for us beginning January 1, 2019. We do not expect this guidance to have a material impact on our consolidated financial position or results of operations.

Leases: In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)” (the “New Lease Standard”) which amends the current ASC Topic 840, “Leases.” The guidance requires lessees to recognize a right-of-use asset and a lease liability for all leases (with the exception of short-term leases) on their balance sheet at the commencement date and recognize expenses on their income statement similar to the current ASC Topic 840, Leases. The New Lease Standard is effective for fiscal years and interim periods beginning after December 15, 2018. In addition, the FASB issued ASU No. 2018-11, “Leases Targeted Improvements” which provides a package of practical expedients for entities to apply upon adoption. We will adopt this standard effective January 1, 2019.

We are making progress on our project plan to implement the New Lease Standard, including assessing and evaluating our portfolio of active real estate leases and surveying our business units for other leases. Additionally, we are utilizing a lease accounting software solution for both real estate and other leases to support the new reporting requirements. We are currently analyzing key lease agreement terms to extract and load into the lease accounting software solution. Although we are still finalizing our evaluation of the impact of the New Lease Standard, we expect it to have a material effect on our consolidated balance sheet. Based on the future minimum payments under non-cancellable operating leases as of September 30, 2018, we would expect to record approximately $200 million of lease related assets and liabilities, discounted to fair value, on our consolidated balance sheet with no impact on our equity. The New Lease Standard is not expected to have a material impact on our results of operations, our liquidity or our debt covenant compliance under our current credit agreements.

NOTE 3. REVENUE

In accordance with the new revenue recognition standard requirements, the following table disaggregates our revenue by source (in thousands):

	Three Months Ended September 30, 2018			
	Financial Services	Benefits & Insurance	National Practices	Consolidated
Accounting, tax, advisory and consulting	$ 146,145	$ —	$ —	$ 146,145
Core Benefits and Insurance Services	—	67,192	—	67,192
Non-core Benefits and Insurance Services	—	2,877	—	2,877
Managed networking, hardware services	—	—	5,902	5,902
National Practices consulting	—	—	2,133	2,133
Total revenue	**$ 146,145**	**$ 70,069**	**$ 8,035**	**$ 224,249**

	Nine Months Ended September 30, 2018			
	Financial Services	Benefits & Insurance	National Practices	Consolidated
Accounting, tax, advisory and consulting	$ 478,485	$ —	$ —	$ 478,485
Core Benefits and Insurance Services	—	210,292	—	210,292
Non-core Benefits and Insurance Services	—	9,860	—	9,860
Managed networking, hardware services	—	—	18,211	18,211
National Practices consulting	—	—	6,132	6,132
Total revenue	**$ 478,485**	**$ 220,152**	**$ 24,343**	**$ 722,980**

Financial Services

Revenue primarily consists of professional service fees derived from traditional accounting services, tax return preparation, administrative services, financial and risk advisory, consulting and valuation services. Clients are billed for these services based upon a fixed-fee, an hourly rate, or an outcome-based fee. Time related to the performance of all services is maintained in a time and billing system.

Revenue for fixed-fee arrangements is recognized over time with the performance obligation measured in hours worked and anticipated realization. Time and expense arrangement revenue is recognized over time with progress measured towards completion with value being transferred through our hourly fee arrangement at expected net realizable rates per hour, plus agreed-upon 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. Outcome-based arrangement revenue is fully constrained and recognized when the constraint is lifted at a point in time when the value is determined and verified by a third party.

Benefits and Insurance Services

Core Benefits and Insurance Services consists of group health benefits consulting, property and casualty, retirement plan services and payroll processing services. Revenue consists primarily of fee income for administering health and retirement plans and brokerage commissions. Revenue also includes investment income related to client payroll funds that are held in CBIZ accounts, as is industry practice. Under the new revenue recognition standard, the cost to obtain a contract must be capitalized unless the contract period is one year or less. We have applied a practical expedient related to commissions paid internally and continue to expense the commissions as incurred since the majority of our contract periods are one year or less.

Revenue related to group health benefits consulting consists of (i) commissions, (ii) fee income which can be fixed or variable based on a price per participant and (iii) contingent revenue.

- Commission revenue and fee income are recognized over the contract period as these services are provided to clients continuously throughout the term of the arrangement. Our customers benefit from each month of service on its own and although volume and the number of participants may differ month to month, the obligation to perform substantially remains the same.
- Contingent revenue arrangements are related to carrier-based performance targets. Due to the uncertainty of the outcome and the probability that a change in estimate would result in a significant reversal of revenue, we have applied a constraint on recording contingent revenue. Revenue is recognized when the constraint has been lifted which is the earlier of written notification that the target has been achieved or cash collection. Contingent revenue is not a significant revenue stream to our consolidated financial position or results of operations.

Revenue related to property and casualty consists of (i) commissions and (ii) contingent revenue.

- Commissions relating to agency billing arrangements (pursuant to which we bill the insured, collect the funds and forward the premium to the insurance carrier less our commission) and direct billing arrangements (pursuant to which the insurance carrier bills the insured directly and forwards the commission to us) are both recognized on the effective date of the policy. Commission revenue is reported net of reserves for estimated policy cancellations and terminations. The cancellation and termination reserve is based upon estimates and assumptions using historical cancellation and termination experience and other current factors to project future experience.
- Contingent revenue arrangements related to carrier-based performance targets include claim loss experience and other factors. Due to the uncertainty of the outcome and the probability that a change in estimate would result in a significant reversal of revenue, we have applied a constraint on recording contingent revenue. Revenue is recognized when the constraint has been lifted which is the earlier of written notification that the target has been achieved or cash collection. Contingent revenue is not a significant revenue stream to our consolidated financial position or results of operations.

Revenue related to retirement plan services consist of advisory, third party administration and actuarial services.

- Advisory revenue is based on the value of assets under management with fees recognized when the quarterly data becomes available.
- Third party administration revenue is recognized over the contract period as these services are provided to clients continuously throughout the term of the arrangement. Our clients benefit from each month of service on its own, and although volume may differ month to month, the obligation to perform substantially remains the same.
- Actuarial revenue is recognized over the contract period with performance measured in hours in relation to the expected total hours. Under certain defined benefit plan administration arrangements, we charge new clients an initial, non-refundable, set-up fee as part of a multi-year service agreement. Revenue and costs related to the set-up fees are deferred and recognized over the life of the contract or the expected customer relationship, whichever is longer.

Revenue related to payroll processing consists of a (i) fixed fee or (ii) variable fee based on a price per employee or check processed. Revenue is recognized when the actual payroll processing occurs. Our customers benefit from each month of service on its own and although volume and the variability may differ month to month, the obligation to perform substantially remains the same.

Non-core Benefits and Insurance Services consists of transactional businesses that tend to fluctuate. These include life insurance, wholesale agency benefits and talent and compensation services.

National Practices

Managed networking, hardware services revenue consists of installation, maintenance and repair of computer hardware. These services are charged to a single customer based on cost plus an agreed-upon markup percentage, which has existed since 1999.

National Practices consulting revenue is based upon a fixed fee, an hourly rate, or a percentage of savings. Revenue for fixed fee and time and expense arrangements is recognized over the performance period based upon actual hours incurred.

Transaction Price Allocated to Future Obligations

The new revenue recognition standard requires us to disclose the aggregate amount of transaction price allocated to performance obligations that have not yet been satisfied as of September 30, 2018. The guidance provides certain practical expedients that limit this requirement, including performance obligations that are part of a contract that is one year or less. Since the majority of our contracts are one year or less, we have applied this practical expedient related to quantifying remaining performance obligations.

NOTE 4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, at September 30, 2018 and December 31, 2017 were as follows (in thousands):

	September 30, 2018	December 31, 2017
Trade accounts receivable	$ 155,521	$ 139,730
Unbilled revenue, at net realizable value	93,428	62,397
Total accounts receivable	248,949	202,127
Allowance for doubtful accounts	(14,043)	(13,827)
Accounts receivable, net	$ 234,906	$ 188,300

NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

The components of goodwill and other intangible assets, net, at September 30, 2018 and December 31, 2017 were as follows (in thousands):

	September 30, 2018	December 31, 2017
Goodwill	$ 560,712	$ 528,424
Intangible assets:		
Client lists	180,320	177,221
Other intangible assets	9,368	8,767
Total intangible assets	189,688	185,988
Total goodwill and intangibles assets	750,400	714,412
Accumulated amortization:		
Client lists	(109,105)	(97,063)
Other intangible assets	(5,093)	(4,143)
Total accumulated amortization	(114,198)	(101,206)
Goodwill and other intangible assets, net	$ 636,202	$ 613,206

NOTE 6. DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for property and equipment and intangible assets for the three and nine months ended September 30, 2018 and 2017 was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating expenses	$ 5,794	$ 5,796	$ 17,301	$ 16,885
Corporate general and administrative expenses	58	92	227	282
Total depreciation and amortization expense	$ 5,852	$ 5,888	$ 17,528	$ 17,167

NOTE 7. DEBT AND FINANCING ARRANGEMENTS

On April 3, 2018, we amended and restated our $400 million unsecured credit facility (as so amended and restated, the “2018 credit facility”), by and among CBIZ Operations, Inc., CBIZ, Inc., and Bank of America, N.A., as administrative agent and bank, and other participating banks. The 2018 credit facility amends and restates our credit agreement (prior to being amended and restated by the 2018 credit facility, the “2014 credit facility”), dated as of July 28, 2014, as amended by the First Amendment to credit agreement, dated as of April 10, 2015, and as amended by the Second Amendment to credit agreement, as filed on November 3, 2015.

The 2018 credit facility extends the maturity date from 2019 to 2023, and continues to provide for a $400 million revolving loan commitment. The 2018 credit facility improves our borrowing margin related to leverage ratio and increases the flexibility of certain covenant baskets, as compared to the 2014 credit facility. In connection with our 2018 credit facility, we incurred approximately $1.1 million of financing costs during the second quarter of 2018, which have been deferred as other assets on our Consolidated Balance Sheets. These deferred financing costs are being amortized as interest expense on a straight line basis over the term of 2018 credit facility.

The 2018 credit facility provides us with the capital necessary to meet our working capital needs as well as the flexibility to continue with our strategic initiatives, including business acquisitions and share repurchases.

On August 16, 2018, we entered into an unsecured $20 million line of credit (“line of credit”) with a bank participating in our 2018 credit facility. This line of credit will be used to support our short-term funding requirements of payroll client fund obligations due to the investment of client funds, rather than liquidating client funds that have already been invested in available-for-sale securities. Refer to Note 9, Financial Instruments, for further discussion regarding these investments. The line of credit, which terminates August 16, 2019, did not have a balance outstanding at September 30, 2018. Borrowings under the line of credit bear interest at the prime rate.

In addition to the discussion below, refer to our Annual Report on Form 10-K for the year ended December 31, 2017 for additional details of our debt and financing arrangements.

Bank Debt

The balance outstanding under the 2018 credit facility and the 2014 credit facility was $167.1 million and $178.5 million at September 30, 2018 and December 31, 2017, respectively.

Rates for the nine months ended September 30, 2018 and 2017 were as follows:

	Nine Months Ended September 30,	
	2018	**2017**
Weighted average rates	3.07%	2.67%
Range of effective rates	2.37% - 5.25%	2.19% - 4.75%

We have approximately $226 million of available funds under the 2018 credit facility at September 30, 2018, net of outstanding letters of credit of $0.9 million. As of September 30, 2018, we were in compliance with our debt covenants.

Interest Expense

During the three months ended September 30, 2018 and 2017, interest expense under the 2018 credit facility and the 2014 credit facility was $1.6 million and $1.8 million, respectively. During the nine months ended September 30, 2018 and 2017, interest expense under the 2018 credit facility and 2014 credit facility was $5.2 million and $5 million, respectively.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Guarantees

We provide letters of credit to landlords (lessors) of our leased premises in lieu of cash security deposits, which totaled \$0.9 million and \$2.3 million at September 30, 2018 and December 31, 2017, respectively. In addition, we provide license bonds to various state agencies to meet certain licensing requirements. The amount of license bonds outstanding was \$2.9 million and \$2.5 million at September 30, 2018 and December 31, 2017, respectively.

Legal Proceedings

In 2010, CBIZ, Inc. and its subsidiary, CBIZ MHM, LLC (fka CBIZ Accounting, Tax & Advisory Services, LLC) (the “CBIZ Parties”), were named as defendants in lawsuits filed in the U.S. District Court for the District of Arizona and the Superior Court for Maricopa County, Arizona. The federal court case is captioned Robert Facciola, et al v. Greenberg Traurig LLP, et al, and the state court cases are captioned Victims Recovery, LLC v. Greenberg Traurig LLP, et al, Roger Ashkenazi, et al v. Greenberg Traurig LLP, et al, Mary Marsh, et al v. Greenberg Traurig LLP, et al; and ML Liquidating Trust v. Mayer Hoffman McCann, P.C. (“Mayer Hoffman”), et al. Prior to these suits CBIZ MHM, LLC was named as a defendant in Jeffrey C. Stone v. Greenberg Traurig LLP, et al.

These lawsuits arose out of the bankruptcy of Mortgages Ltd., a mortgage lender to developers in the Phoenix, Arizona area. Various other professional firms and individuals not related to the Company were also named defendants in these lawsuits. The lawsuits asserted claims for, among others things, violations of the Arizona Securities Act, common law fraud, and negligent misrepresentation, and sought to hold the CBIZ Parties vicariously liable for Mayer Hoffman’s conduct as Mortgage Ltd.’s auditor, as either a statutory control person under the Arizona Securities Act or a joint venturer under Arizona common law.

With the exception of claims being pursued by two plaintiffs from the Ashkenazi lawsuit (“Baldino Group”), all other related matters have been dismissed or settled without payment by the CBIZ Parties. The Baldino Group’s claims, which allege damages of approximately \$16 million, are currently stayed as to the CBIZ Parties and Mayer Hoffman, and no trial date has been set.

On September 16, 2016, CBIZ, Inc. and its subsidiary CBIZ Benefits & Insurance Services, Inc. (“CBIZ Benefits”) were named as defendants in a lawsuit filed in the U.S. District Court for the Western District of Pennsylvania. The federal court case is brought by UPMC, d/b/a University of Pittsburgh Medical Center, and a health system it acquired, UPMC Altoona (formerly, Altoona Regional Health System). The lawsuit asserts professional negligence, breach of contract, and negligent misrepresentation claims against CBIZ, CBIZ Benefits and a former employee of CBIZ Benefits in connection with actuarial services provided by CBIZ Benefits to Altoona Regional Health System. The complaint seeks damages in an amount of no less than \$142 million.

We cannot predict the outcome of the above matters or estimate the possible loss or range of possible loss, if any. Although the proceedings are subject to uncertainties inherent in the litigation process and the ultimate disposition of these proceedings is not presently determinable, we intend to vigorously defend these cases.

In addition to those items disclosed above, we are, from time to time, subject to claims and suits arising in the ordinary course of business.

NOTE 9. FINANCIAL INSTRUMENTS

Bonds

We held corporate and municipal bonds with par values totaling $51.5 million and $49.5 million at September 30, 2018 and December 31, 2017, respectively. All bonds are investment grade and are classified as available-for-sale. These bonds have maturity or callable dates ranging from October 2018 through November 2023, and are included in “Funds held for clients – current” in the accompanying Consolidated Balance Sheets based on our intent and ability to sell these investments at any time under favorable conditions. The following table summarizes our bond activity for the nine months ended September 30, 2018 and the twelve months ended December 31, 2017 (in thousands):

	Nine Months Ended September 30, 2018	Twelve Months Ended December 31, 2017
Fair value at beginning of period	$ 51,101	$ 44,573
Purchases	10,745	15,546
Redemptions	(1,331)	(940)
Maturities	(7,370)	(7,845)
Decrease in bond premium	(219)	(160)
Fair market value adjustment	(538)	(73)
Fair value at end of period	$ 52,388	$ 51,101

Interest Rate Swaps

We do not purchase or hold any derivative instruments for trading or speculative purposes. We utilize interest rate swaps to manage interest rate risk exposure associated with our floating-rate debt under the credit facility. Under these interest rate swap contracts, we receive cash flows from counterparties at variable rates based on the London Interbank Offered Rate (“LIBOR”) and pay the counterparties a fixed rate. See our Annual Report on Form 10-K for the year ended December 31, 2017 for further discussion on our interest rate swaps.

During the second quarter of 2018, we entered into an additional interest rate swap with a notional value of $15 million at a fixed interest rate of 2.64% maturing in 5 years.

The following table summarizes our outstanding interest rate swaps and their classification in the accompanying Consolidated Balance Sheets at September 30, 2018 and December 31, 2017 (in thousands):

	September 30, 2018		
	Notional Amount	Fair Value	Balance Sheet Location
Interest rate swaps	$ 70,000	$ 2,089	Other non-current assets
Interest rate swaps	$ 15,000	$ 21	Other current assets

	December 31, 2017		
	Notional Amount	Fair Value	Balance Sheet Location
Interest rate swaps	$ 55,000	$ 1,055	Other non-current assets
Interest rate swaps	$ 15,000	$ 76	Other current assets

Under the terms of the interest rate swaps, we pay interest at a fixed rate of interest plus applicable margin as stated in the agreement, and receive interest that varies with the one-month LIBOR. The notional value, fixed rate of interest and expiration date of each interest rate swap as of September 30, 2018 is (i) $15 million – 1.155% -November 2018, (ii) $25 million – 1.300% - October 2020, (iii) $10 million – 1.120% - February 2021, (iv) $20 million – 1.770% - May 2022, and (v) $15 million – 2.64% - June 2023. Refer to Note 10, Fair Value Measurements, for additional disclosures regarding fair value measurements.

The following table summarizes the effects of the interest rate swaps on the accompanying Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2018 and 2017 (in thousands):

	Gain Recognized in AOCL, net of tax		(Loss) Gain Reclassified from AOCL into Expense	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2018	2017	2018	2017
Interest rate swap	$ 123	$ 11	$ (104)	$ 20
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Interest rate swap	$ 749	$ 82	$ (229)	$ 120

NOTE 10. FAIR VALUE MEASUREMENTS

The following table summarizes our assets and liabilities at September 30, 2018 and December 31, 2017, respectively, that are measured at fair value on a recurring basis subsequent to initial recognition and indicates the fair value hierarchy of the valuation techniques utilized by us to determine such fair value (in thousands):

	Level	September 30, 2018	December 31, 2017
Deferred compensation plan assets	1	$ 93,310	$ 85,589
Corporate and municipal bonds	1	$ 52,388	$ 51,101
Deferred compensation plan liabilities	1	$ (93,310)	$ (85,589)
Interest rate swaps	2	$ 2,110	$ 1,131
Contingent purchase price liabilities	3	$ (39,896)	$ (37,574)

During the nine months ended September 30, 2018 and 2017, there were no transfers between the valuation hierarchy Levels 1, 2 and 3. The following table summarizes the change in Level 3 fair values of our contingent purchase price liabilities for the nine months ended September 30, 2018 and 2017 (pre-tax basis) (in thousands):

	2018	2017
Beginning balance – January 1	$ (37,574)	$ (33,709)
Additions from business acquisitions	(12,361)	(17,526)
Settlement of contingent purchase price liabilities	13,329	11,644
Change in fair value of contingencies	(2,574)	651
Change in net present value of contingencies	(716)	(430)
Ending balance – September 30	$ (39,896)	$ (39,370)

Contingent Purchase Price Liabilities

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

We probability weight risk-adjusted estimates of future performance of acquired businesses, then calculate the contingent purchase price based on the estimates and discount them to present value representing management's best estimate of fair value. The fair value of the contingent purchase price liabilities are reassessed on a quarterly basis based on assumptions provided by practice group leaders and business unit controllers together with our corporate finance department. Any change in the fair value estimate is recorded in the earnings of that period. Refer to Note 14, Acquisitions, for further discussion of our acquisitions and contingent purchase price liabilities.

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

NOTE 11. OTHER COMPREHENSIVE INCOME

The following table is a summary of other comprehensive income and discloses the tax impact of each component of other comprehensive income for the three and nine months ended September 30, 2018 and 2017 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net unrealized (loss) gain on available-for-sale securities, net of income taxes (1)	$ (65)	$ 11	$ (391)	$ 162
Net unrealized gain on interest rate swaps, net of income taxes (2)	123	11	749	82
Foreign currency translation	(3)	(6)	(15)	(11)
Total other comprehensive income	$ 55	$ 16	$ 343	$ 233

(1) Net of income tax (benefit) expense of ($24) and $7 for the three months ended September 30, 2018 and 2017, respectively, and net of income tax (benefit) expense of ($145) and $108 for the nine months ended September 30, 2018 and 2017, respectively.

(2) Net of income tax expense of $38 and $6 for the three months ended September 30, 2018 and 2017, respectively, and net of income tax expense of $230 and $48 for the nine months ended September 30, 2018 and 2017, respectively.

Accumulated other comprehensive income (loss), net of tax, was approximately $0.2 million and ($0.2) million for the period ending September 30, 2018 and December 31, 2017, respectively. Accumulated other comprehensive income (loss) consisted of adjustments, net of tax, for unrealized gains and losses on available-for-sale securities and interest rate swaps, and foreign currency translation.

NOTE 12. EMPLOYEE SHARE PLANS

We grant various share-based awards under the CBIZ, Inc. 2014 Stock Incentive Plan (the “2014 Plan”), which expires in 2024. The terms and vesting schedules for the share-based awards vary by type and date of grant. A maximum of 9.6 million stock options, shares of restricted stock or other stock-based compensation awards may be granted. Shares subject to award under the 2014 Plan may be either authorized but unissued shares of CBIZ common stock or treasury shares. Compensation expense for stock-based awards recognized during the three and nine months ended September 30, 2018 and 2017 was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Stock options	$ 531	$ 527	$ 2,078	$ 1,578
Restricted stock awards	978	930	3,280	2,669
Total stock-based compensation expense	$ 1,509	$ 1,457	$ 5,358	$ 4,247

Stock award activity during the nine months ended September 30, 2018 was as follows (in thousands, except per share data):

	Stock Options		Restricted Stock Awards	
	Number of Options	Weighted Average Exercise Price Per Share	Number of Shares	Weighted Average Grant-Date Fair Value (1)
Outstanding at beginning of year	3,844	$ 9.67	724	$ 11.78
Granted	642	$ 19.45	272	$ 18.77
Exercised or released	(840)	$ 7.24	(364)	$ 11.18
Expired or canceled	—	$ —	—	$ —
Outstanding at September 30, 2018	3,646	$ 11.95	632	$ 15.35
Exercisable at September 30, 2018	2,035	$ 9.21		

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

We utilized the Black-Scholes-Merton options-pricing model to determine the fair value of stock options on the date of grant. The fair value of stock options granted during 2018 was $4.73. The following weighted average assumptions were utilized:

	Nine Months Ended September 30, 2018
Expected volatility (1)	22.04%
Expected option life (years) (2)	4.62
Risk-free interest rate (3)	2.80%
Expected dividend yield (4)	0.00%

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

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

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

(4) The expected dividend yield assumption was determined in view of our historical and estimated dividend payouts. We do not expect to change our dividend payout policy in the foreseeable future.

NOTE 13. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share from continuing operations for the three and nine months ended September 30, 2018 and 2017 (in thousands, except per share data).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Numerator:				
Income from continuing operations	$ 13,595	$ 9,864	$ 62,526	$ 46,306
Denominator:				
Basic				
Weighted average common shares outstanding	54,794	54,142	54,489	53,804
Diluted				
Stock options (1)	1,654	1,433	1,573	1,499
Restricted stock awards (1)	268	244	307	330
Contingent shares (2)	24	8	24	8
Diluted weighted average common shares outstanding	56,740	55,827	56,393	55,641
Basic earnings per share from continuing operations	$ 0.25	$ 0.18	$ 1.15	$ 0.86
Diluted earnings per share from continuing operations	$ 0.24	$ 0.18	$ 1.11	$ 0.83

(1) A total of 0.5 million and 0.3 million share based awards were excluded from the calculation of diluted earnings per share for the three and nine months ended September 30, 2018, respectively, and a total of 0.8 million and 0.4 million share based awards were excluded from the calculation of diluted earnings per share for the three and nine months ended September 30, 2017, respectively, as their effect would be anti-dilutive.

(2) Contingent shares represent additional shares to be issued for purchase price earned by former owners of businesses acquired by us once future considerations have been met. Refer to Note 14, Acquisitions, for further details.

NOTE 14. ACQUISITIONS

Our acquisition strategy focuses on businesses with a leadership team that is committed to best in class culture, extraordinary client service and cross-serving potential. We have a long history of acquiring businesses that share common cultural values with us and provide value-added services to the small and midsize business market. The valuation of any business is a subjective process and includes industry, geography, profit margins, expected cash flows, client retention, nature of recurring or non-recurring project-based work, growth rate assumptions and competitive market conditions.

2018

During the first half of 2018, we acquired substantially all of the assets of two businesses; InR Advisory Services, LLC (“InR”), effective April 1, 2018, and Laurus Transaction Advisors, LLC (“Laurus”), effective February 1, 2018. InR, located in Media, Pennsylvania, provides investment advisory services for public and private sector clients and non-profit organizations. Operating results of InR are reported in the Benefits and Insurance Services practice group. Laurus, located in Denver, Colorado, provides financial and accounting due diligence and advisory services with respect to mergers and acquisition transactions to private equity groups and public and private sector companies. Operating results for Laurus are reported in the Financial Services practice group.

Aggregate consideration for the InR and Laurus acquisitions consisted of approximately $23.4 million in cash consideration, $0.9 million in CBIZ common stock and $12.4 million in contingent consideration. Under the terms of these acquisition agreements, a portion of the purchase price is contingent on future performance of the business acquired. The maximum potential undiscounted amount of all future payments that we could be required to make under the contingent arrangements is $12.4 million, of which $3.4 million was recorded in “Contingent purchase price liability – current” and $9 million was recorded in “Contingent purchase price liability – non-current” in the accompanying Consolidated Balance Sheets at September 30, 2018. Refer to Note 10, Fair Value Measurements, for additional information regarding contingent purchase price liability fair value and fair value adjustments.

Annualized revenue for these acquisitions is estimated to be approximately $9.1 million. Pro forma results of operations for these acquisitions have not been presented because the effects of the acquisitions were not significant to our "Income from continuing operations before income taxes."

2017

During the first half of 2017, we acquired substantially all of the assets of three businesses; CMF Associates, LLC ("CMF"), effective June 1, 2017, Slaton Insurance ("Slaton"), effective June 1, 2017, and Pacific Coastal Pension and Insurance Services, Inc. ("Pacific Coastal"), effective February 1, 2017. CMF, located in Philadelphia, provides various financial consulting, executive search and deal origination services. Operating results of CMF are reported in the Financial Services practice group. Slaton, located in West Palm Beach, Florida, is a full service insurance brokerage firm offering clients a complete line of services including commercial lines, risk management and employee benefits. Pacific Coastal, located in Morgan Hill, California, provides defined contribution third party administrative and consulting services. Operating results for both Slaton and Pacific Coastal are reported in the Benefits and Insurance Services practice group.

Aggregate consideration for these acquisitions consisted of approximately $23.7 million in cash consideration, $2 million in CBIZ common stock and $17.5 million in contingent consideration. The maximum potential undiscounted amount of all future payments that we could be required to make under the contingent arrangements is $17.5 million, of which $5.9 million was recorded in "Contingent purchase price liability – current" and $11.6 million was recorded in "Contingent purchase price liability – non-current" in the accompanying Consolidated Balance Sheets at September 30, 2017.

Annualized revenue for these acquisitions is estimated to be approximately $23.2 million. Pro forma results of operations for these acquisitions have not been presented because the effects of the acquisitions were not significant to our "Income from continuing operations before income taxes."

The following table summarizes the amounts of identifiable assets acquired, liabilities assumed and aggregate purchase price for the acquisitions for the nine months ended September 30, 2018 and 2017 (in thousands):

	Nine Months Ended September 30,	
	2018	**2017**
Cash	$ 306	$ 843
Accounts receivable, net	1,920	4,338
Property and equipment, net	—	24
Other assets	12	151
Identifiable intangible assets	3,864	3,115
Current liabilities	(1,717)	(4,716)
Total identifiable net assets	$ 4,385	$ 3,755
Goodwill	32,255	39,460
Aggregate purchase price	$ 36,640	$ 43,215

The goodwill of $32.3 million and $39.5 million arising from the acquisitions in the first nine months of 2018 and 2017, respectively, primarily resulted from expected future earnings and cash flows from the existing management team, as well as the synergies created by the integration of the new business within our organization, including cross-selling opportunities expected with our Financial Services practice group and the Benefits and Insurance Services practice group, to help strengthen our existing service offerings and expand our market position. All of the goodwill is deductible for income tax purposes.

Client Lists

During the nine months ended September 30, 2018, we purchased one client list, reported in the Financial Services practice group, for $0.3 million of contingent consideration. During the same period in 2017, we purchased two client lists, one of which is reported in the Benefits and Insurance practice group for $0.7 million of contingent consideration and one of which is reported in the Financial Services practice group for $0.7 million of contingent considerations.

Change in Contingent Purchase Price Liability for Previous Acquisitions

During the first nine months of 2018 and 2017, the fair value of the contingent purchase price liability related to prior acquisitions increased by $3.3 million and decreased by $0.2 million, respectively. The change in fair value during 2018 is mostly attributable to the change in stock price related to the mark-to-market adjustment of future common stock issuances, while the change in fair value during 2017 was due to a subsequent measurement adjustment based on projected future results of the acquired businesses. These adjustments are included in “Other income, net” in the accompanying Consolidated Statements of Comprehensive Income.

Contingent Payments for Previous Acquisitions and Client Lists

We paid $11 million in cash and issued approximately 0.1 million shares of our common stock during the nine months ended September 30, 2018 for previous acquisitions, compared to $4.8 million in cash and approximately 0.2 million shares of our common stock during the same period in 2017. For the first nine months of 2018 and 2017, we paid approximately $1.1 million and $1 million in cash for previous client list purchases.

NOTE 15. DISCONTINUED OPERATIONS AND DIVESTITURES

We will divest (through sale or closure) business operations that do not contribute to our long-term objectives for growth, or that are not complementary to our target service offerings and markets. Discontinued operations primarily consisted of two small businesses under the Financial Services segment that were sold in 2015. During the first nine months of both 2018 and 2017, we did not discontinue the operations of any of our businesses. Divested operations and assets that do not qualify for treatment as discontinued operations are recorded as “Gain on sale of operations, net” in the accompanying Consolidated Statements of Comprehensive Income. We recorded a gain of $0.7 million in the first nine months of 2018, related to a small book of business under the Benefits and Insurance Services practice group.

NOTE 16. SEGMENT DISCLOSURES

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

Financial Services	**Benefits and Insurance Services**	**National Practices**
• Accounting and Tax	• Group Health Benefits Consulting	• Managed Networking and Hardware Services
• Government Healthcare Consulting	• Payroll	• Healthcare Consulting
• Financial Advisory	• Property & Casualty	
• Valuation	• Retirement Plan Services	
• Risk & Advisory Services		

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

Accounting policies of the practice groups are the same as those described in Note 1, Basis of Presentation and Significant Accounting Policies, to the Annual Report on Form 10-K for the year ended December 31, 2017. Upon consolidation, intercompany accounts and transactions are eliminated, thus inter-segment revenue is not included in the measure of profit or loss for the practice groups. Performance of the practice groups is evaluated on operating income excluding those costs listed above, which are reported in the “Corporate and Other” segment.

Segment information for the three and nine months ended September 30, 2018 and 2017 is presented below. We do not manage our assets on a segment basis, therefore segment assets are not presented below.

	Three Months Ended September 30, 2018				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 146,145	$ 70,069	$ 8,035	$ —	$ 224,249
Operating expenses	124,546	59,399	7,514	7,148	198,607
Gross margin	21,599	10,670	521	(7,148)	25,642
Corporate general & admin	—	—	—	10,279	10,279
Operating income (loss)	21,599	10,670	521	(17,427)	15,363
Other (expense) income:					
Interest expense	—	(7)	—	(1,607)	(1,614)
Other (expense) income, net	(142)	129	—	3,156	3,143
Total other (expense) income	(142)	122	—	1,549	1,529
Income (loss) from continuing operations before income tax expense	$ 21,457	$ 10,792	$ 521	$ (15,878)	$ 16,892

	Three Months Ended September 30, 2017				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 130,305	$ 69,663	$ 7,755	$ —	$ 207,723
Operating expenses	112,996	59,155	7,109	5,463	184,723
Gross margin	17,309	10,508	646	(5,463)	23,000
Corporate general & admin	—	—	—	7,979	7,979
Operating income (loss)	17,309	10,508	646	(13,442)	15,021
Other income (expense):					
Interest expense	—	(10)	—	(1,767)	(1,777)
Other income, net	79	82	—	2,631	2,792
Total other income	79	72	—	864	1,015
Income (loss) from continuing operations before income tax expense	$ 17,388	$ 10,580	$ 646	$ (12,578)	$ 16,036

Segment information for the nine months ended September 30, 2018 and 2017 was as follows (in thousands):

	Nine Months Ended September 30, 2018				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 478,485	$ 220,152	$ 24,343	$ —	$ 722,980
Operating expenses	386,649	181,697	22,356	17,757	608,459
Gross margin	91,836	38,455	1,987	(17,757)	114,521
Corporate general & admin	—	—	—	30,300	30,300
Operating income (loss)	91,836	38,455	1,987	(48,057)	84,221
Other income (expense):					
Interest expense	—	(96)	—	(5,115)	(5,211)
Gain on sale of operations, net	—	—	—	663	663
Other income, net	106	351	—	2,087	2,544
Total other income (expense)	106	255	—	(2,365)	(2,004)
Income (loss) from continuing operations before income tax expense	$ 91,942	$ 38,710	$ 1,987	$ (50,422)	$ 82,217

	Nine Months Ended September 30, 2017				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 421,529	$ 215,386	$ 23,283	$ —	$ 660,198
Operating expenses	348,236	179,174	21,351	16,848	565,609
Gross margin	73,293	36,212	1,932	(16,848)	94,589
Corporate general & admin	—	—	—	25,979	25,979
Operating income (loss)	73,293	36,212	1,932	(42,827)	68,610
Other income (expense):					
Interest expense	—	(30)	—	(4,956)	(4,986)
Gain on sale of operations, net	—	—	—	45	45
Other income (expense), net	122	298	(9)	8,882	9,293
Total other income (expense)	122	268	(9)	3,971	4,352
Income (loss) from continuing operations before income tax expense	$ 73,415	$ 36,480	$ 1,923	$ (38,856)	$ 72,962

NOTE 17. SUBSEQUENT EVENTS

Subsequent to September 30, 2018 and through October 31, 2018, we repurchased approximately 0.1 million shares in the open market at a total cost of $1.4 million under our current Rule 10b5-1 trading plan.

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

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

The following discussion is intended to assist in the understanding of our financial position at September 30, 2018 and December 31, 2017, results of operations for the three months and nine months ended September 30, 2018 and 2017, and cash flows for the nine months ended September 30, 2018 and 2017, and should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our Annual Report on Form 10-K for the year ended December 31, 2017. This discussion and analysis contains forward-looking statements and should also be read in conjunction with the disclosures and information contained in "Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q and in "Item 1A. Risk Factors" included in the Annual Report on Form 10-K for the year ended December 31, 2017.

OUR BUSINESS

We provide professional business services, products and solutions that help our clients grow and succeed by better managing their finances and employees. These services are provided to businesses of various sizes, as well as individuals, governmental entities and not-for-profit enterprises throughout the United States and parts of Canada. We deliver integrated services through three practice groups: Financial Services, Benefits and Insurance Services, and National Practices. Refer to Note 16, Segment Disclosures, to the accompanying consolidated financial statements for a general description of services provided by each practice group.

Refer to the Annual Report on Form 10-K for the year ended December 31, 2017 for further discussion of our business and strategies, as well as the external relationships and regulatory factors that currently impact our operations.

EXECUTIVE SUMMARY

Revenue for the three months ended September 30, 2018 increased $16.5 million, or 8%, to $224.2 million from $207.7 million for the same period in 2017. The increase in revenue was attributable to an increase in same-unit revenue of $13 million, or 6.3%, and newly acquired operations of $3.5 million, or 1.7%.

Revenue for the nine months ended September 30, 2018 increased $62.8 million, or 9.5%, to $723 million from $660.2 million for the same period in 2017. The increase in revenue was attributable to an increase in same-unit revenue of $39.4 million, or 6%, and newly acquired operations of $23.4 million, or 3.5%. A detailed discussion of revenue by practice group is included under "Operating Practice Groups."

Income from continuing operations was $13.6 million, or $0.24 per diluted share, for the three months ended September 30, 2018, compared to $9.9 million, or $0.18 per diluted share, for the same period in 2017. For the nine months ended September 30, 2018, income from continuing operations was $62.5 million, or $1.11 per diluted share, compared to $46.3 million, or $0.83 per diluted share, for the same period in 2017. Refer to "Results of Operations – Continuing Operations" for a detailed discussion of the components of income from continuing operations.

Strategic Use of Capital

Our first priority for the use of capital is to make strategic acquisitions. We have the financing flexibility and the capacity to carry out an active acquisition program. Refer to Note 14, Acquisitions, to the accompanying consolidated financial statements for further discussion on acquisitions. We also take an opportunistic approach towards using funds to repurchase shares.

In the first quarter of 2018, the CBIZ Board of Directors authorized the purchase of up to 5 million shares of our common stock under our Share Repurchase Program (the "Share Repurchase Program"), which may be suspended or discontinued at any time and expires on April 1, 2019. The shares may be purchased in open market, privately negotiated or Rule 10b5-1 trading plan purchases, which may include purchases from our employees, officers and directors, in accordance with the Securities and Exchange Commission (the "SEC") rules. CBIZ management will determine the timing and amount of the transactions based on its evaluation of market conditions and other factors.

- We repurchased approximately 0.2 million shares of our common stock at a total aggregate cost of approximately $3.7 million during the three months ended September 30, 2018. During the nine months ended September 30, 2018 we repurchased approximately 0.3 million shares of our common stock at a total cost of approximately $6.2 million.

Amended and Restated Credit Agreement

On April 3, 2018, we amended and restated our $400 million unsecured credit facility (as so amended and restated, the “2018 credit facility”) by and among CBIZ Operations, Inc., CBIZ, Inc., and Bank of America, N.A., as administrative agent and bank, and other participating banks. The 2018 credit facility amends and restates the previous credit facility, extends the maturity date from 2019 to 2023, and continues to provide for a $400 million revolving loan commitment. The 2018 credit facility improves our borrowing margin and increases the flexibility of certain covenant baskets, as compared to the previous credit facility.

Adoption of ASU 2015-14 – Revenue from Contracts with Customers

On January 1, 2018, we adopted the new accounting standard, “Revenue from Contracts with Customers” (“Topic 606”) and all of the related amendments. We recognized the cumulative effect of initially applying Topic 606 as an increase of $1.6 million to the opening balance of retained earnings. Revenue recognition is consistent under both the legacy standard and Topic 606 for the majority of our revenue streams, with the exception of two business units within our Benefits and Insurance Services practice group. The revenue recognition policies in our Benefits and Insurance Services practice group have been modified under the new standard. Refer to Note 2, New Accounting Pronouncements, and Note 3, Revenue, to the accompanying condensed consolidated financial statements for further discussion on Topic 606.

Tax Cuts and Jobs Act of 2017 (the “Tax Act”)

On December 22, 2017, the Tax Act was signed into law, which reduced the maximum corporate income tax rate from 35% to 21% beginning in 2018. As a result, our effective tax rate was 23.95% for the first nine months of 2018 compared to 36.53% for the first nine months of 2017. As a result of the Tax Act, our diluted earnings per share from continuing operations increased by $0.04 during the third quarter of 2018 and by $0.17 during the nine months ended September 30, 2018.

Recent Accomplishments and Other Events

Line Of Credit – On August 16, 2018, we entered into an unsecured $20 million line of credit (“line of credit”) with a bank participating in our 2018 credit facility. This line of credit will be used to support our short-term funding requirements of payroll client fund obligations due to the investment of client funds, rather than liquidating client funds that have already been invested in available-for-sale securities. Refer to Note 9, Financial Instruments, to the accompanying consolidated financial statements for further discussion regarding these investments. The line of credit, which terminates August 16, 2019, did not have a balance outstanding at September 30, 2018. Borrowings under the line of credit bear interest at the prime rate. Refer to Note 7, Debt and Financing Arrangements, to the accompanying consolidated financial statements for further discussion regarding the line of credit.

National Marketing Campaign – In August 2018, we launched a national marketing campaign using television, digital and online advertisements in our major markets throughout the United States. It is designed to create brand awareness with prospective clients, as well as with target companies and potential new hires. The campaign will continue through the end of 2018 and then again in the Spring and Fall of 2019.

Best Places to Work – We were selected and honored for the fourth year in a row as a “Best Places to Work in Insurance” by Business Insurance magazine based on our commitment to attracting, developing and retaining great talent through employee benefits and other programs. We were recognized for this award based on core focus areas such as leadership and planning, corporate culture, communications, work environment and overall engagement.

RESULTS OF OPERATIONS – CONTINUING OPERATIONS

Revenue

The following tables summarize total revenue for the three and nine months ended September 30, 2018 and 2017 (in thousands except percentages).

	Three Months Ended September 30,					
	2018	% of Total	2017	% of Total	$ Change	% Change
Financial Services	$ 146,145	65.2%	$ 130,305	62.7%	$ 15,840	12.2%
Benefits and Insurance Services	70,069	31.2%	69,663	33.6%	406	0.6%
National Practices	8,035	3.6%	7,755	3.7%	280	3.6%
Total CBIZ	$ 224,249	100.0%	$ 207,723	100.0%	$ 16,526	8.0%

	Nine Months Ended September 30,					
	2018	% of Total	2017	% of Total	$ Change	% Change
Financial Services	$ 478,485	66.2%	$ 421,529	63.9%	$ 56,956	13.5%
Benefits and Insurance Services	220,152	30.5%	215,386	32.6%	4,766	2.2%
National Practices	24,343	3.3%	23,283	3.5%	1,060	4.6%
Total CBIZ	$ 722,980	100.0%	$ 660,198	100.0%	$ 62,782	9.5%

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

Operating Expenses

	Three Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Operating expenses	$ 198,607	$ 184,723	$ 13,884	7.5%
Operating expenses % of revenue	88.6%	88.9%		(30 bps)

	Nine Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Operating expenses	$ 608,459	$ 565,609	$ 42,850	7.6%
Operating expenses % of revenue	84.2%	85.7%		(150 bps)

Non-qualified Deferred Compensation Plan

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

Three months ended September 30, 2018 compared to September 30, 2017. The majority of our operating expenses relate to personnel costs, which includes (i) salaries and benefits, (ii) commissions paid to producers (iii) incentive compensation and (iv) share-based compensation. Operating costs as a percentage of revenue decreased in the third quarter of 2018 primarily due to leveraging personnel costs and other operating expenses with the increase in revenue.

The increase in our operating costs is primarily due an increase in personnel costs of $13.4 million, or 9.4%, as a result of higher incentive-based compensation attributable to our performance in 2018, and also to support our growth in revenue. Personnel costs are discussed in further detail under “Operating Practice Groups.”

The non-qualified deferred compensation added expense of $3 million in the three months ended September 30, 2018 compared to expense of $2.7 million during the same period in 2017. Excluding the non-qualified deferred compensation expenses, operating expenses would have been $195.6 million and $182 million, or 87.2% and 87.6% of revenue, for the three months ended September 30, 2018 and 2017, respectively. The remaining fluctuation consists of other operating expenses, none of which are individually significant.

Nine months ended September 30, 2018 compared to September 30, 2017. The increase in operating costs and the decrease as a percentage of revenue for the nine months ended September 30, 2018 was due to the same factors as discussed above in the quarterly section. Personnel costs increased $40.5 million, or 9.2%, with acquisitions contributing $12.3 million to personnel costs. Travel-related expenses, mostly attributable to the growth in our advisory business in the Financial Services practice group, contributed an increase of $3.2 million, or 16%. The remaining fluctuation consists of other operating expenses, none of which are individually significant.

The non-qualified deferred compensation added expense of $4.7 million for the nine months ended September 30, 2018 compared to expense of $7.6 million during the same period in 2017. Excluding the non-qualified deferred compensation expenses, operating expenses would have been $603.7 million and $558 million, or 83.5% and 84.5% of revenue, for the nine months ended September 30, 2018 and 2017, respectively.

Corporate General & Administrative ("G&A") Expenses

	Three Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
G&A expenses	$ 10,279	$ 7,979	$ 2,300	28.8%
G&A expenses % of revenue	4.5%	3.8%		70 bps

	Nine Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
G&A expenses	$ 30,300	$ 25,979	$ 4,321	16.6%
G&A expenses % of revenue	4.2%	3.9%		30 bps

Three months ended September 30, 2018 compared to September 30, 2017. The increase in our G&A expenses is primarily due to an increase in personnel costs of $1.8 million, or 48.5%, as a result of higher incentive-based compensation attributable to our performance in 2018, as well as an increase in marketing costs of $0.6 million due to our national marketing campaign launched during the three months ended September 30, 2018. G&A expenses, excluding the impact of the non-qualified deferred compensation plan, would have been $9.9 million and $7.7 million, or 4.4% and 3.7% of revenue, for the three months ended September 30, 2018 and 2017, respectively.

Nine months ended September 30, 2018 compared to September 30, 2017. The increase in our G&A expenses for the nine months ended September 30, 2018 is primarily due to the same factors as discussed above in the quarterly section. Personnel costs increased by $3.7 million, or 25.6%, while marketing costs increased $0.7 million. G&A expenses, excluding the impact of the non-qualified deferred compensation plan, would have been $29.8 million and $25.2 million, or 4.1% and 3.8% of revenue, for the nine months ended September 30, 2018 and 2017, respectively.

Other (Expense) Income, Net

	Three Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Interest expense	$ (1,614)	$ (1,777)	$ 163	(9.2)%
Other income, net	3,143	2,792	351	12.6%
Total other income, net	$ 1,529	$ 1,015	$ 514	50.6%

	Nine Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Interest expense	$ (5,211)	$ (4,986)	$ (225)	4.5%
Gain on sale of operations, net	663	45	618	NM
Other income, net	2,544	9,293	(6,749)	(72.6)%
Total other (expense) income, net	$ (2,004)	$ 4,352	$ (6,356)	(146.0)%

Interest Expense

Three and nine months ended September 30, 2018 compared with September 30, 2017. Interest expense for the three months ended September 30, 2018 decreased slightly by $0.2 million, or 9.2%, from the same period in 2017. For the three months ended September 30, 2018, our average debt balance and interest rate was $173 million and 3.16%, compared to $212 million and 2.82% for the three months ended September 30, 2017. Interest expense for the nine months ended September 30, 2018 increased by $0.2 million, or 4.5%, from the same period in 2017. Our average debt balance and interest rate was $192.4 million and 3.07% for the nine months ended September 30, 2018, compared to $208.6 million and 2.67% for the nine months ended September 30, 2017. Our debt is further discussed in Note 7, Debt and Financing Arrangements, to the accompanying consolidated financial statements.

Gain on Sale of Operations, Net

Three and nine months ended September 30, 2018 compared with September 30, 2017. We sold a book of business under the Benefits and Insurance Services practice group during the nine months ended September 30, 2018 for a net gain of $0.7 million.

Other Income, Net

Three and nine months ended September 30, 2018 compared with September 30, 2017. Other income, net includes a net gain of $3.4 million and $3 million for the three months ended September 30, 2018 and 2017, respectively, associated with the value of investments held in a rabbi trust related to the non-qualified deferred compensation plan. Adjustments to the fair value of our contingent purchase price liability related to prior acquisitions contributed expense of $0.2 million during the three months ended September 30, 2018 compared to expense of $0.5 million for the same period in 2017.

Other income, net includes a net gain of $5.2 million and $8.4 million for the nine months ended September 30, 2018 and 2017, respectively, associated with the non-qualified deferred compensation plan. Adjustments to the fair value of our contingent purchase price liability related to prior acquisitions contributed expense of $3.2 million for the nine months ended September 30, 2018. This was mostly attributable to the required mark-to-market accounting of anticipated future share issuances for the contingent portion of consideration for completed acquisitions. For the same period in 2017, adjustments to the fair value of our contingent purchase price liability related to prior acquisitions contributed income of $0.2 million. Also included in other income net, for the nine months ended September 30, 2018 is $0.6 million in proceeds from business interruption insurance related to Hurricane Irma.

Income Tax Expense

	Three Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Income tax expense	$ 3,297	$ 6,172	$ (2,875)	(46.6)%
Effective tax rate	19.5%	38.5%		

	Nine Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Income tax expense	$ 19,691	$ 26,656	$ (6,965)	(26.1)%
Effective tax rate	24.0%	36.5%		

Three and nine months ended September 30, 2018 compared with September 30, 2017. The decrease in our effective tax rate is mostly attributable to (i) the Tax Act signed into law on December 22, 2017, which permanently reduced the corporate income tax rate, (ii) the excess tax benefit related to stock compensation accounting, and (iii) the reversal of estimated tax reserves due to the expiration of certain statutes of limitation.

Operating Practice Groups

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

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

Financial Services

	Three Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Revenue				
Same-unit	$ 143,537	$ 130,305	$ 13,232	10.2%
Acquired businesses	2,608	—	2,608	
Total revenue	$ 146,145	$ 130,305	$ 15,840	12.2%
Operating expenses	124,546	112,996	11,550	10.2%
Gross margin	$ 21,599	$ 17,309	$ 4,290	24.8%
Gross margin percent	14.8%	13.3%		

	Nine Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Revenue				
Same-unit	$ 457,992	$ 421,529	$ 36,463	8.7%
Acquired businesses	20,493	—	20,493	
Total revenue	$ 478,485	$ 421,529	$ 56,956	13.5%
Operating expenses	386,649	348,236	38,413	11.0%
Gross margin	$ 91,836	$ 73,293	$ 18,543	25.3%
Gross margin percent	19.2%	17.4%		

Three months ended September 30, 2018 compared to September 30, 2017

Revenue

The Financial Services practice group revenue during the three months ended September 30, 2018 grew by 12.2% to $146.1 million from $130.3 million in the three months ended September 30, 2017, primarily reflecting same-unit growth of $13.2 million, or 10.2%, driven by those units that provide traditional accounting and tax related services, which increased by $8.3 million, or 12%, as well as those units that provide national services, which increased by $4.5 million, or 8.4%. Traditional accounting and tax-related services growth was attributable to favorable pricing and an increase in billable hours. National services benefited from both project work and growth in the governmental health care compliance business, as well as growth in the advisory business. The acquisitions of Laurus Transaction Advisors, LLC ("Laurus"), effective February 1, 2018 and McKay & Carnahan, Inc. ("McKay"), effective December 1, 2017, added approximately $2.6 million of incremental revenue.

We provide a range of services to affiliated CPA firms under joint referral and administrative service agreements ("ASAs"). Fees earned under the ASAs are recorded as revenue in the accompanying Consolidated Statements of Comprehensive Income and were approximately $33.2 million and $34.7 million for the three months ended September 30, 2018 and 2017, respectively.

Operating Expenses

Operating expenses increased by $11.6 million, or 10.2%, during the three months ended September 30, 2018, but decreased to 85.2% of revenue from 86.7% of revenue for the prior year, primarily due to leveraging personnel costs and other operating expenses with the increase in revenue. Personnel costs increased by $11.2 million, or 12.4%, with acquisitions contributing approximately $1.1 million to the increase in personnel costs.

Nine months ended September 30, 2018 compared to September 30, 2017

Revenue

Revenue for the nine months ended September 30, 2018 grew by 13.5% to $478.5 million from $421.5 million in 2017. Same-unit growth of $36.5 million, or 8.7%, was driven by those units that provide traditional accounting and tax related services, which increased by $17.6 million, or 7.4%, as well as national services, which increased by $17.2 million, or 11.4%, due to the same factors as discussed above in the quarterly section. The acquisitions listed above in the quarterly section as well as the acquisition of CMF Associates, LLC ("CMF"), effective June 1, 2017, collectively provided incremental revenue of approximately $20.5 million.

Fees earned under the ASAs, as described above, were approximately $124.1 million and $125.5 million for the nine months ended September 30, 2018 and 2017, respectively.

Operating Expenses

Operating expenses increased by $38.4 million, or 11%, for the nine months ended September 30, 2018, but decreased to 80.8% of revenue, from 82.6% of revenue for the prior year due to the same factors as discussed above in the quarterly section. Personnel costs increased by $33.1 million, or 11.7%, with acquisitions contributing approximately $11.7 million to the increase in personnel costs. Travel costs attributable to the growth in our advisory business also contributed to the increase in operating expenses. Travel-related costs increased $2.6 million, or 20.4%.

Benefits and Insurance Services

	Three Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Revenue				
Same-unit	$ 69,107	$ 69,663	$ (556)	(0.8)%
Acquired businesses	962	—	962	
Total revenue	$ 70,069	$ 69,663	$ 406	0.6%
Operating expenses	59,399	59,155	244	0.4%
Gross margin	$ 10,670	$ 10,508	$ 162	1.5%
Gross margin percent	15.2%	15.1%		

	Nine Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Revenue				
Same-unit	$ 217,242	$ 215,386	$ 1,856	0.9%
Acquired businesses	2,910	—	2,910	
Total revenue	$ 220,152	$ 215,386	$ 4,766	2.2%
Operating expenses	181,697	179,174	2,523	1.4%
Gross margin	$ 38,455	$ 36,212	$ 2,243	6.2%
Gross margin percent	17.5%	16.8%		

Three months ended September 30, 2018 compared to September 30, 2017

Revenue

The Benefits and Insurance Services practice group revenue during the three months ended September 30, 2018 increased by $0.4 million, or 0.6%, to $70.1 million compared to $69.7 million for the same period in 2017. The increase was driven by $1 million of incremental revenue from the acquisition of InR Advisory Services, LLC (“InR”), effective April 1, 2018, partially offset by a decrease in same-unit revenue of approximately $0.6 million in the third quarter of 2018 mostly attributable to our employee benefits group.

Operating Expenses

Operating expenses increased slightly by $0.2 million, or 0.4%, during the three months ended September 30, 2018, but decreased slightly to 84.8% of revenue from 84.9% of revenue for the same period in 2017. Personnel costs increased by $0.5 million, or 1.2%, with acquisitions contributing approximately $0.4 million to the increase in personnel costs.

Nine months ended September 30, 2018 compared to September 30, 2017

Revenue

Revenue for the nine months ended September 30, 2018 increased by $4.8 million, or 2.2%, to $220.2 million compared to $215.4 million for the same period in 2017. The increase was primarily driven by $2.9 million of incremental revenue from the acquisition listed above in the quarterly section as well as Slaton Insurance (“Slaton”), effective June 1, 2017, and Pacific Coastal Pension and Insurance Services (“Pacific Coastal”), effective February 1, 2017. Same-unit growth of $1.9 million, or 0.9%, was driven by our core benefits and insurance services, notably in our property and casualty group, which recognized revenue of $1.6 million in the nine months ended September 30, 2018 due to the adoption of Topic 606. Revenue was not restated for the same period in 2017, as permitted under Topic 606. Refer to Note 2, New Accounting Pronouncements, for further details on the impact of Topic 606.

Operating Expenses

Operating expenses increased by $2.5 million, or 1.4%, for the nine months ended September 30, 2018, but decreased to 82.5% of revenue, from 83.2% of revenue for the prior year due to leveraging personnel costs and other operating expenses with the increase in revenue. Personnel costs increased by $2.5 million, or 1.9%, with acquisitions contributing approximately $1.5 million to the increase in personnel costs.

National Practices

	Three Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Same-unit revenue	$ 8,035	$ 7,755	$ 280	3.6%
Operating expenses	7,514	7,109	405	5.7%
Gross margin	$ 521	$ 646	$ (125)	(19.3)%
Gross margin percent	6.5%	8.3%		

	Nine Months Ended September 30,			
	2018	2017	$ Change	% Change
	(In thousands, except percentages)			
Same-unit revenue	$ 24,343	$ 23,283	$ 1,060	4.6%
Operating expenses	22,356	21,351	1,005	4.7%
Gross margin	$ 1,987	$ 1,932	$ 55	2.8%
Gross margin percent	8.2%	8.3%		

Three and nine months ended September 30, 2018 compared to September 30, 2017

Revenue and Operating Expenses

The National Practices group is primarily driven by a cost-plus contract with a single client, which has existed since 1999. Revenues from this single client accounted for approximately 75% of the National Practice group's revenue. For the three and nine months ended September 30, 2018, revenue increased by $0.3 million, or 3.6%, and $1.1 million, or 4.6%, respectively, while operating expenses increased $0.4 million, or 5.7%, and $1 million, or 4.7%, driven by an increase in salaries and benefits.

LIQUIDITY

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

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

Accounts receivable balances increase in response to the increase in first quarter revenue generated by the Financial Services practice group. A significant amount of this revenue is billed and collected in subsequent quarters. Days sales outstanding ("DSO") from continuing operations represent accounts receivable and unbilled revenue (net of realization adjustments) at the end of the period, divided by trailing twelve months daily revenue. We provide DSO data because such data is commonly used as a performance measure by analysts and investors and as a measure of our ability to collect on receivables in a timely manner. DSO was 81 days and 72 days at September 30, 2018 and December 31, 2017, respectively. DSO at September 30, 2017 was 84 days.

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

	Nine Months Ended September 30,	
	2018	2017
Net cash provided by operating activities	$ 63,272	$ 37,851
Net cash provided by investing activities	42,201	43,463
Net cash used in financing activities	(102,838)	(79,306)
Net increase in cash, cash equivalents and restricted cash	$ 2,635	$ 2,008

<u>*Operating Activities*</u>

The $25.4 million net increase in cash provided by operations was mainly due to an increase in net income of $17 million and a $5.7 million increase in noncash item adjustments, notably an increase in the adjustment to the contingent earnout liability of $3.5 million mostly attributable to a mark-to-market adjustment on contingent shares held for earnouts, as well as a $3.1 million adjustment related to deferred income taxes.

Investing Activities

Cash provided by investing activities for the nine months ended September 30, 2018 consisted primarily of net activity related to funds held for clients of $76.3 million, partially offset by $24.6 million of cash used related to the acquisitions of Laurus and InR, as well as $9.8 million of cash used for capital expenditures. Cash provided by investing activities for the nine months ended September 30, 2017 consisted primarily of $79.7 million of net activity related to funds held for clients, partially offset by $26.6 million of cash used related to the acquisitions of CMF, Slaton and The Savitz Organization, as well as $8.9 million of cash used for capital expenditures.

The balances in funds held for clients and client fund obligations can fluctuate with the timing of cash receipts and the related cash payments. The nature of these accounts is further described in Note 1, Organization and Summary of Significant Accounting Policies, to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Financing Activities

Cash used in financing activities for the nine months ended September 30, 2018 primarily consisted of net decrease in client fund obligations of $76.3 million, as well as $11.7 million in contingent consideration payments related to prior acquisitions and $11.4 million in net payments on our credit facility. Cash used in financing activities for the nine months ended September 30, 2017 consisted primarily of a net decrease of $79.7 million in client fund obligations and the repurchase of our common stock at a cost of approximately $10.3 million.

CAPITAL RESOURCES

Credit Facility

At September 30, 2018, we had $167.1 million outstanding under the 2018 credit facility as well as letters of credit totaling $0.9 million. Available funds under the 2018 credit facility, based on the terms of the commitment, were approximately $226 million at September 30, 2018. For further discussion regarding our debt, refer to Note 7, Debt and Financing Arrangements, to the accompanying consolidated financial statements.

Line Of Credit

On August 16, 2018, we entered into an unsecured $20 million line of credit with a bank participating in our 2018 credit facility. This line of credit will be used to support our short-term funding requirements of payroll client fund obligations due to the investment of client funds, rather than liquidating client funds that have already been invested in available-for-sale securities. Refer to Note 9, Financial Instruments, to the accompanying consolidated financial statements for further discussion regarding these investments. The line of credit, which terminates August 16, 2019, did not have a balance outstanding at September 30, 2018. Borrowings under the line of credit bear interest at the prime rate. Refer to Note 7, Debt and Financing Arrangements, to the accompanying consolidated financial statements for further discussion regarding the line of credit.

Debt Covenant Compliance

Under the 2018 credit facility, we are required to meet certain financial covenants with respect to (i) total leverage ratio and (ii) a minimum fixed charge coverage ratio. We are in compliance with our covenants as of September 30, 2018. Our ability to service our debt and to fund future strategic initiatives will depend upon our ability to generate cash in the future.

Use of Capital

Our first priority for the use of capital is to make strategic acquisitions. We have the financing flexibility and the capacity to carry out an active acquisition program and to take an opportunistic approach towards using funds to repurchase shares. We believe that repurchasing shares of our common stock under the Share Repurchase Program is a prudent use of our financial resources, and that investing in our shares is an attractive use of capital and an efficient means to provide value to our shareholders.

- We completed two acquisitions during the nine months ended September 30, 2018. For further details on acquisitions, refer to Note 14, Acquisitions, to the accompanying condensed consolidated financial statements.

- During the nine months ended September 30, 2018, we repurchased approximately 0.3 million shares of our common stock at a total cost of approximately $6.2 million, compared to 0.6 million shares of our common stock at a total cost of approximately $8.8 million for the same period in 2017. For the nine months ended September 30, 2018 and 2017, we withheld approximately 0.1 million and 0.1 million shares with an aggregate value of approximately $1.9 million and $1.4 million from employees who exercised stock options or who received vested restricted stock awards. Such shares were withheld, if applicable, to cover the required tax withholdings.

OFF-BALANCE SHEET ARRANGEMENTS

We maintain administrative service agreements with independent CPA firms (as described more fully under “Business – Financial Services” and in Note 1, Basis of Presentation and Significant Accounting Policies, to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017), which qualify as variable interest entities. The accompanying consolidated financial statements do not reflect the operations or accounts of variable interest entities as the impact is not material to the financial condition, results of operations, or cash flows of CBIZ.

We provide letters of credit to landlords (lessors) of our leased premises in lieu of cash security deposits, which totaled $0.9 million and $2.3 million at September 30, 2018 and December 31, 2017. In addition, we provide license bonds to various state agencies to meet certain licensing requirements. The amount of license bonds outstanding at September 30, 2018 and December 31, 2017 totaled $2.9 million and $2.5 million, respectively.

We have various agreements under which we may be obligated to indemnify the other party with respect to certain matters. Generally, these indemnification clauses are included in contracts arising in the normal course of business under which we customarily agree to hold the other party harmless against losses arising from a breach of representations, warranties, covenants or agreements, related to matters such as title to assets sold and certain tax matters. Payment by us under such indemnification clauses is generally conditioned upon the other party making a claim. Such claims are typically subject to challenge by us and to dispute resolution procedures specified in the particular contract. Further, our obligations under these agreements may be limited in terms of time and/or amount and, in some instances, we may have recourse against third parties for certain payments made by us. It is not possible to predict the maximum potential amount of future payments under these indemnification agreements due to the conditional nature of our obligations and the unique facts of each particular agreement. Historically, we have not made any payments under these agreements that have been material individually or in the aggregate. As of September 30, 2018, we are not aware of any material obligations arising under indemnification agreements that would require payment.

CRITICAL ACCOUNTING POLICIES

The SEC defines critical accounting policies as those that are most important to the portrayal of a company’s financial condition and results and that require management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Effective January 1, 2018, we adopted Topic 606. As a result, we have changed our accounting policy for revenue recognition as described in Note 2, New Accounting Pronouncements, and Note 3, Revenue.

NEW ACCOUNTING PRONOUNCEMENTS

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

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact included in this Quarterly Report, including without limitation, "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding our financial position, business strategy and plans and objectives for future performance are forward-looking statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Forward-looking statements are commonly identified by the use of such terms and phrases as "intends", "believes", "estimates", "expects", "projects", "anticipates", "foreseeable future", "seeks", and words or phrases of similar import in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated services, sales efforts, expenses, and financial results. From time to time, we 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 Quarterly Report on Form 10-Q and in any other public statements that we make, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Such forward-looking statements can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Should one or more of these risks or assumptions materialize, or should the underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected.

Consequently, no forward-looking statement can be guaranteed. A more detailed description of risk factors may be found in our Annual Report on Form 10-K for the year ended December 31, 2017. Except as required by the federal securities laws, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our filings with the SEC, such as quarterly, periodic and annual reports.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our floating rate debt under our 2018 credit facility exposes us to interest rate risk. Interest rate risk results when the maturity or repricing intervals of interest-earning assets and interest-bearing liabilities are different. A change in the Federal Funds Rate, or the reference rate set by Bank of America, N.A., would affect the rate at which we could borrow funds under the 2018 credit facility. Our balance outstanding under our 2018 credit facility at September 30, 2018 was $167.1 million, of which $82.1 million is subject to rate risk. If market rates were to increase or decrease 100 basis points from the levels at September 30, 2018, interest expense would increase or decrease approximately $0.8 million annually.

We do not engage in trading market risk sensitive instruments. We periodically use interest rate swaps to manage interest rate risk exposure. The interest rate swaps effectively modify our exposure to interest rate risk, primarily through converting portions of its floating rate debt under the 2018 credit facility to a fixed rate basis. These agreements involve the receipt or payment of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amounts.

At September 30, 2018, we had five interest rate swaps with notional values of $15 million, $25 million, $10 million, $20 million and $15 million with maturities of 5 months, 2 years, 3 years, 4 years and 5 years, respectively. Refer to Note 9, Financial Instruments, for further details on our interest rate swaps. Management will continue to evaluate the potential use of interest rate swaps as we deem appropriate under certain operating and market conditions. We do not enter into derivative instruments for trading or speculative purposes.

In connection with our payroll business, funds held for clients are segregated and invested in short-term investments, such as corporate and municipal bonds. In accordance with our investment policy, all investments carry an investment grade rating at the time of the initial investment. At each respective balance sheet date, these investments are adjusted to fair value with fair value adjustments being recorded to other comprehensive income or loss and reflected in the accompanying Consolidated Statements of Comprehensive Income for the respective period. If an adjustment is deemed to be other-than-temporarily impaired due to credit loss, then the adjustment is recorded to “Other income, net” in the accompanying Consolidated Statements of Comprehensive Income. Refer to Note 9, Financial Instruments, and Note 10, Fair Value Measurements, to the accompanying consolidated financial statements for further discussion regarding these investments and the related fair value assessments.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Limitations on the Effectiveness of Controls

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

Conclusions

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

(b) Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We implemented internal controls to ensure we adequately evaluated our contracts and properly assessed the impact of the new accounting standard related to revenue recognition on our financial statements to facilitate the adoption on January 1, 2018. There were no significant changes to our internal control over financial reporting due to the adoption of the new revenue recognition standard. Refer to Note 2, New Accounting Pronouncements, and Note 3, Revenue, for further information.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding certain legal proceedings in which we are involved is incorporated by reference from Note 8, Commitments and Contingencies, to the accompanying consolidated financial statements.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed under "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC. These risks could materially and adversely affect the business, financial condition and results of operations of CBIZ.

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

(a) Recent sales of unregistered securities

During the three months ended September 30, 2018, we did not issue any shares of our common stock as payment for contingent consideration for previous acquisitions. During the nine months ended September 30, 2018, we issued approximately 0.1 million shares of our common stock as payment for contingent consideration for previous acquisitions.

The above referenced shares were issued in transactions not involving a public offering in reliance on the exemption from registration afforded by Section 4(a)(2) of the Securities Act. The persons to whom the shares were issued had access to full information about CBIZ and represented that they acquired the shares for their own account and not for the purpose of distribution. The certificates for the shares contain a restrictive legend advising that the shares may not be offered for sale, sold, or otherwise transferred without having first been registered under the Securities Act or pursuant to an exemption from the Securities Act.

(c) Issuer purchases of equity securities

Our first priority for the use of capital is to make strategic acquisitions. We have the financing flexibility and the capacity to carry out an active acquisition program and to take an opportunistic approach towards using funds to repurchase shares. We have a Share Repurchase Program, authorized by our Board of Directors, which allows us to purchase up to 5 million shares of our common stock (i) in the open market, (ii) in privately negotiated transactions, and (iii) under Rule 10b5-1 trading plans. Privately negotiated transactions may include purchases from our employees, Officers and Directors, in accordance with SEC rules. Rule 10b5-1 trading plans allow for repurchases during periods when we would not be normally active in the trading market due to regulatory restrictions. The Share Repurchase Program does not obligate us to acquire any specific number of shares and may be suspended at any time.

On February 8, 2018, our Board of Directors authorized the continuation of the Share Repurchase Program, which has been renewed annually for the past fourteen years. It is effective beginning April 1, 2018, to which the amount of shares to be purchased will be reset to 5 million, and expires one year from the effective date.

Shares repurchased during the three months ended September 30, 2018 (reported on a trade-date basis) are summarized in the table below (in thousands, except per share data). Average price paid per share includes fees and commissions. During the three months ended September 30, 2018, we repurchased 159,600 shares of our common stock at a total cost of approximately $3.7 million, which does not include the purchase of shares withheld for tax purposes under the 2014 Plan. During the three months ended September 30, 2018, less than one thousand shares were purchased from stock plan recipients in lieu of cash to satisfy certain tax obligations under the 2014 Plan.

	Issuer Purchases of Equity Securities			
Third Quarter Purchases	**Total Number of Shares Purchased**	**Average Price Paid Per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plan**	**Maximum Number of Shares That May Yet Be Purchased Under the Plan**
July 1 – July 31, 2018	53	$ 22.88	53	4,759
August 1 – August 31, 2018	60	$ 22.88	60	4,699
September 1 – September 30, 2018	47	$ 23.86	47	4,652
Third quarter purchases	160	$ 23.17	160	

According to the terms of our 2018 credit facility, we are not permitted to declare or make any dividend payments, other than dividend payments made by one of our wholly owned subsidiaries to the parent company. Refer to Note 7, Debt and Financing Arrangements, to the consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2017 for a description of working capital restrictions and limitations on the payment of dividends.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

Item 6. Exhibits

10.1 *	Loan Agreement dated as of August 16, 2018 by and among CBIZ Benefits and Insurance, Inc. and The Huntington National Bank.
31.1 *	Certification of President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2 *	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 **	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 **	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 *	The following materials from CBIZ, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, formatted in XBRL (eXtensible Business Reporting Language); (i) Consolidated Balance Sheets at September 30, 2018 and December 31, 2017, (ii) Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2018 and 2017, (iii) Consolidated Statements of Stockholders' Equity for the nine months ended September 30, 2018 and the year ended December 31, 2017; (iv) Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017, and (v) Notes to the Consolidated Financial Statements.

* Indicates documents filed herewith.

** Indicates document furnished herewith.

SIGNATURE

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

	CBIZ, Inc.
	(Registrant)
Date: November 1, 2018	By: /s/ Ware H. Grove
	Ware H. Grove
	Chief Financial Officer
	Duly Authorized Officer and Principal Financial Officer

Exhibit 10.1

LOAN AGREEMENT

dated as of

August 16, 2018

between

CBIZ BENEFITS & INSURANCE SERVICES, INC.

and

THE HUNTINGTON NATIONAL BANK

This LOAN AGREEMENT (this “Agreement”) is made and entered into as of August 16, 2018 between CBIZ BENEFITS & INSURANCE SERVICES, INC., a Missouri corporation (the “Borrower”) and THE HUNTINGTON NATIONAL BANK, a national banking association (the “Lender”).

ARTICLE 1

DEFINITIONS

Section 1.01. *Defined Terms.* As used in this Agreement, the following terms have the meanings specified below:

“Affiliate” means, as to any Person, any other Person (excluding any Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person. For purposes of this definition, a Person shall be deemed to be “controlled by” a Person if such Person possesses, directly or indirectly, power to direct or cause the direction of the management and policies of such Person whether by control or otherwise.

“**Anti-Terrorism Laws**” means those laws and sanctions relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act (Public Law 107-56), the Bank Secrecy Act (Public Law 91-508), the Trading with the Enemy Act (50 U.S.C. App. Section 1 et. seq.), the International Emergency Economic Powers Act (50 U.S.C. Section 1701 et. seq.), and the sanction regulations promulgated pursuant thereto by the Office of Foreign Assets Control, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957 (as any of the foregoing may from time to time be amended, renewed, extended or replaced).

“**Bank Product Obligations**” shall mean all obligations, liabilities, contingent reimbursement obligations, fees, and expenses owing by the Borrower or any Subsidiary to the Lender or any Affiliate of the Lender for Bank Products irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

“**Bank Products**” shall mean any service or facility extended to the Borrower or any Subsidiary by the Lender or any Affiliate of the Lender, including: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH transactions, (f) cash management, including controlled disbursement, accounts or services or (g) Hedging Contracts. Bank Products shall not include facilities under the Syndicated Credit Agreement.

“Basis Point” means one one-hundredth of one percent (0.01%).

“Blocked Person” means any of the following: (a) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224; (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224; (c) a Person with which Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (d) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the

Executive Order No. 13224; (e) a Person that is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list; or (f) a Person who is affiliated or associated with a Person listed above.

"Business Day" means any day other than a Saturday, a Sunday, or other day on which the Lender is authorized or required to be closed.

"Change of Control" means any of the following (or any combination of the following) whether arising from any single transaction or event or any series of transactions or events (whether as the most recent transaction in a series of transactions) which, individually or in the aggregate, results in a change in the ownership of the Borrower, such that the Parent fails to: (i) own legally and beneficially, directly or indirectly, 100% of the outstanding equity interests of the Borrower or (ii) have the power to direct or cause the direction of the management and policies of the Borrower.

"Commitment" means the commitment of the Lender to make Revolving Loans hereunder in the amount of up to $20,000,000.

"Control" means possession, directly or indirectly, of the power (a) to vote 20% or more of any class of voting securities of a Person or (b) to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Dollars" or **"$"** refers to lawful money of the United States.

"Effective Date" means the date on which each of the conditions specified in Section 4.01 is satisfied (or waived in accordance with Section 8.02).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or the effects of the environment on health and safety.

"ERISA" means the Employee Retirement Income Security Act of 1974, as the same may be amended or supplemented from time to time, and any successor statute of similar import and the rules and regulations promulgated thereunder as from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower or any Subsidiary, is treated as a single employer under Section 4 14(b) or (c) of the Internal Revenue Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Internal Revenue Code, is treated as a single employer under Section 414 of the Internal Revenue Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (except an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Internal Revenue Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 4 12(d) of the Internal Revenue Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any ERISA Affiliate of any liability with respect to withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Events of Default" has the meaning specified in Article 7.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States.

"Financing Transactions" means the execution, delivery and performance by the Borrower of the Loan Documents to which it is to be a party, the borrowing of Loans, and the use of the proceeds thereof.

"Fiscal Quarter" means a fiscal quarter of the Borrower.

"Fiscal Year" means a fiscal year of the Borrower.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States, applied on a basis consistent (except for changes concurred with by the Borrower's independent public accountants) with the most recent audited consolidated financial statements of the Borrower and its consolidated Subsidiaries delivered to the Lender.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“**Hedging Contract**” means any foreign exchange contract, currency swap agreement, futures contract, commodities hedge agreement, interest rate protection agreement, interest rate future agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, option agreement or any other similar hedging agreement or arrangement entered into by a Person in the ordinary course of business.

“**Hedging Obligations**” means any and all obligations of Borrower to Lender or any affiliate of The Huntington National Bank, whether absolute, contingent or otherwise and howsoever and whensoever (whether now or hereafter) created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefore), under or in connection with (i) any and all Hedging Contracts, and (ii) any and all cancellations, buy-backs, reversals, terminations or assignments of any Hedging Contract.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“Loan Documents” means this Agreement, the promissory note, any and all Hedging Contracts, any and all agreements with respect to any Bank Products, any guaranties, , letter of credit application and agreement or other reimbursement agreements, any subordination agreements, intercreditor agreements and any and all other agreements, instruments and documents, including powers of attorney, consents, and all other writings heretofore, now or hereafter executed by the Borrower or delivered to the Lender in connection with this Agreement.

“Loans” means loans made by the Lender to the Borrower pursuant to this Agreement.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, properties, assets, financial condition, prospects, contingent liabilities or material agreements of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower to perform any of its obligations under any Loan Document, or (c) the rights of or benefits available to the Lender under, or the validity or enforceability of, any Loan Document.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Parent” means CBIZ, Inc., a Delaware corporation.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Person” means any individual, sole proprietorship, partnership, corporation, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, institution, public benefit corporation, joint venture, entity or governmental body.

“Plan” means any employee pension benefit plan (except a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Internal Revenue Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) a “contributing sponsor” as defined in Section 400 l(a)(13) of ERISA.

“Prime Commercial Rate” means, for any date, the rate established by the Lender from time to time based on its consideration of economic, money market, business and competitive factors as of such date, and it is not necessarily the Lender’s 's most favored rate. Subject to any maximum or minimum interest rate limitation specified herein or by applicable law, any variable rate of interest on the obligation evidenced hereby shall change automatically without notice to the undersigned immediately with each change in the Prime Commercial Rate. The interest rate change will not occur more often than each Business Day. If the Prime Commercial Rate becomes unavailable, the Lender may designate a substitute index after notifying the Borrower.

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and its Affiliates.

“Revolving Availability” means on any date an amount equal to the amount of the Commitment on such date minus the Total Outstanding Amount on such date.

“Revolving Availability Period” means the period from and including the Effective Date to but excluding the Revolving Availability Termination Date (or, if earlier, the date on which the outstanding Commitment terminates).

“Revolving Availability Termination Date” means the earliest to occur of (i) August 16, 2019, (ii) the date on which the Syndicated Credit Agreement is terminated, and (iii) the date on which the Lender ceases to be a “Lender” under the Syndicated Credit Agreement.

“Revolving Loan” means a Loan made pursuant to Section 2.02.

“Subsidiary” means a corporation or other entity of whose shares of stock or other ownership interests having ordinary voting power (other than stock or other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the directors of such corporation, are owned, directly or indirectly, by the Borrower.

“Syndicated Credit Agreement” means that certain Amended and Restated Credit Agreement dated as of April 3, 2018, by and among CBIZ Operations, Inc., as the Borrower, CBIZ, Inc., Bank of America, N.A., as Agent, a Lender, Issuing Bank and Swing Line Bank, and the other financial institutions party thereto, as amended, modified, supplemented, restated or replaced from time to time.

“TM Services Agreement” means, collectively, the Authorization and Agreement for Treasury Management Services executed and delivered by the Borrower dated August 16, 2018, and the Treasury Management Services Agreement delivered to the Borrower in connection therewith.

“Total Outstanding Amount” means, at any date, the sum of the aggregate outstanding principal amount of the Lender’s Revolving Loans at such date.

“**UCC**” means the Uniform Commercial Code as in effect from time to time. Unless otherwise specified, the UCC shall refer to the UCC as in effect in the State of Ohio.

“United States” means the United States of America.

“**USA Patriot Act**” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.02. *Terms Generally.* The definitions of terms herein (including those incorporated by reference to another document) apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms. The words **“include”**, **“includes”** and **“including”** shall be deemed to be followed by the phrase **“without limitation”.** The word **“will”** shall be construed to have the same meaning and effect as the word **“shall”.** Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof’ and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the word “property” shall be construed to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.03. *Accounting Terms; Changes in GAAP; Uniform Commercial Code Terms.* Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP as in effect from time to time; *provided* that, if the Borrower notifies the Lender that the Borrower requests an amendment of any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof (or if the Lender notifies the Borrower requesting an amendment of any provision hereof for such purpose), regardless of whether such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be applied on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE 2

THE CREDITS

Section 2.01. *Commitment.* Subject to the terms and conditions set forth herein, the Lender agrees to make Revolving Loans to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not at any time result in the Total Outstanding Amount exceeding the Revolving Availability. Within the foregoing limit and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

Section 2.02. *Manner of Borrowing Loans.* In accordance with Section 4 of Part IV of the TM Services Agreement, Revolving Loan shall be advanced at any time that the daily balance in the Borrower's demand deposit account number xxxx2372 (or such other demand deposit account specified by the Lender from time to time in writing) falls below Zero Dollars ($0.00) and the principal amount of such Revolving Loan shall be the amount necessary, rounded to the nearest Dollar, to bring the balance in such demand deposit account to an amount in excess of Zero Dollars ($0.00); provided, however that the principal amount of such Revolving Loan shall not be less than Five Thousand Dollars ($5,000).

Section 2.03. *Funding of Revolving Loans.* The Lender shall credit the principal amount of the Revolving Loans in accordance with Section 4 of Part IV of the TM Services Agreement.

Section 2.04. *Termination of Commitment.* Unless previously terminated, the Commitment will terminate on the Revolving Availability Termination Date.

Section 2.05. *Payment of Principal; Evidence of Debt.* (a) The Borrower unconditionally promises to pay to the Lender immediately upon the Revolving Availability Termination Date the then unpaid principal amount of the Revolving Loans.

(b) The Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the Lender resulting from each Loan made by the Lender, including the amounts of principal and interest payable and paid to the Lender from time to time.

(c) The Lender shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to the Lender hereunder and (iii) the amount of any sum received by the Lender hereunder.

(d) The entries made in the accounts maintained pursuant to subsections (b) and (c) of this Section shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; *provided* that any failure by the Lender to maintain such accounts or any error therein shall not affect the Borrower's obligation to repay the Loans in accordance with the terms of this Agreement.

(e) The Loans shall be evidenced by a promissory note in the form of Exhibit A hereto.

Section 2.06. *Optional and Mandatory Prepayments.* (a) *Optional Prepayments.* The Borrower will have the right at any time to prepay any Revolving Loan in whole or in part, without premium or penalty.

(b) *Mandatory Prepayments.* If at any date the Total Outstanding Amount exceeds the Revolving Availability calculated as of such date, then not later than the next succeeding Business Day, the Borrower shall be required to prepay the Loans in an amount equal to such excess until the Total Outstanding Amount does not exceed the Revolving Availability.

Section 2.07. *Fees.* The Borrower shall pay to the Lender monthly in advance on the first day of each month, commencing on September 1, 2018, a monthly maintenance fee in the amount of Four Hundred Seventy-five Dollars ($475), which fee shall be deemed fully earned and non-refundable when paid.

Section 2.08. *Interest. (a)* The principal sum outstanding under this Agreement shall bear interest at a floating rate per annum equal to the Prime Commercial Rate (the "Interest Rate"). The Lender shall not be required to notify the Borrower of any adjustment to the Prime Commercial Rate or the Interest Rate hereunder. Interest on the unpaid principal sum outstanding under this Agreement is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Any reference in this Agreement to a "per annum" rate shall be based on a year of 360 days.

(b) [Reserved.]

(c) Notwithstanding the foregoing, (i) if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to two hundred (200) Basis Points in excess of the rate that otherwise would be applicable to such Loan as provided in the preceding subsections of this Section; and (ii) upon notice to the Borrower from the Lender upon and during the continuance of an Event of Default, and continuing for so long as an Event of Default exists (but without duplication of the interest accruing pursuant to clause (i), above), interest on the Loans shall bear interest, after as well as before judgment, at a rate per annum equal to two hundred (200) Basis

Points in excess of the rate that otherwise would be applicable to such Loan as provided in the preceding subsections of this Section.

(d) Interest accrued on each Borrowing shall be payable monthly in arrears on the first day of each calendar month, commencing October 1, 2018 (provided that if such date is not a Business Day, payment will be due on the next Business Day). If not sooner paid, the outstanding principal balance under this Agreement shall be due and payable in full on the Revolving Availability Termination Date.

(e) The Prime Commercial Rate shall be determined by the Lender, and its determination thereof will be conclusive absent manifest error.

(f) Notwithstanding any provision to the contrary in this Agreement, in no event shall the interest rate charged under this Agreement exceed the maximum rate of interest permitted under applicable state and/or federal usury law. Any payment of interest that would be deemed unlawful under applicable law for any reason shall be deemed received on account of, and will automatically be applied to reduce, the principal sum outstanding and any other sums (other than interest) due and payable to the Lender under this Agreement, and the provisions hereof shall be deemed amended to provide for the highest rate of interest permitted under applicable law.

Section 2.09. *Taxes.* All payments by the Borrower under the Loan Documents shall be made free and clear of and without deduction for any taxes.

Section 2.10. *Payments Generally.* (a) The Borrower shall make each payment required to be made by it under the Loan Documents (whether of principal, interest or fees) at or before the time expressly required under the relevant Loan Document for such payment (or, if no such time is expressly required, before 2:00 p.m., Columbus, Ohio time) on the date when due, in immediately available funds, without set-off or counterclaim. Any amount received after such time on any day may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. Unless otherwise specified herein, if any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment will be extended to the next succeeding Business Day and, if such payment accrues interest, interest thereon will be payable for the period of such extension. All payments under each Loan Document shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Lender to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, and (ii) second, to pay principal then due hereunder.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that:

Section 3.01. *Organization; Powers.* The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where failures to do so, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

Section 3.02. *Authorization; Enforceability.* The Financing Transactions to be entered into by the Borrower are within its corporate powers and have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each other Loan Document to which the Borrower is to be a party, when executed and delivered by the Borrower, will constitute, a legal, valid and binding obligation of the Borrower, as the case may be, in each case enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 3.03. *Governmental Approvals; No Conflicts.* The Financing Transactions (a) do not require any consent or approval of, registration or filing with, or other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) to the best of the Borrower's knowledge will not violate any applicable law or regulation or any order of any Governmental Authority, (c) will not violate the charter, by-laws, or other organizational documents of the Borrower, (d) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower or any of its properties, or give rise to a right thereunder to require the Borrower to make any payment, where such default or payment reasonably can be expected to have a Material Adverse Effect and (e) to the best of the Borrower's knowledge will not result in the creation or imposition of any Lien on any property of the Borrower.

Section 3.04. *Financial Statements; No Material Adverse Change.* (a) The Parent has heretofore furnished to the Lender the consolidated balance sheet as of December 31, 2017 and the related consolidated statements of activities and cash flows for the Fiscal Year then ended. Such financial statements present fairly, in all material respects, the consolidated financial position of the Parent as of such date and its consolidated results of operations and cash flows for such periods in accordance with generally accepted auditing standards.

(b) Since December 31, 2017, and as of the Effective Date, there has been no change in the business, operations, properties, assets, financial condition, prospects, contingent liabilities or material agreements of the Parent and its Subsidiaries, taken as a whole, which would reasonably be expected to have a Material Adverse Effect.

Section 3.05. *Borrower's Subsidiaries.* As of the Effective Date, the Borrower has no Subsidiaries other than those set forth on Schedule 3.05. Schedule 3.05 accurately identifies the jurisdiction under the laws of which each such Subsidiary is formed.

Section 3.06. *Litigation.* As of the Effective Date, there is no action, suit, arbitration proceeding or other proceeding, inquiry or investigation, at law or in equity, before or by any arbitrator or Governmental Authority pending against the Borrower or of which the Borrower has otherwise received notice or which, to the knowledge of the Borrower, is threatened against the Borrower (i) as to which there is a reasonable possibility of an unfavorable decision, ruling or finding which would reasonably be expected to result in a Material Adverse Effect or (ii) that involves any of the Loan Documents or the Financing Transactions.

Section 3.07. *Compliance with Laws and Agreements.* The Borrower is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property (including (i) all Environmental Laws, (ii) ERISA, (iii) applicable laws, regulations and orders dealing with intellectual property, and (iv) the Fair Labor Standards Act and other applicable law dealing with such matters) and all indentures, agreements and other instruments binding on it or its property, except where failures to do so, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

Section 3.08. *Taxes.* The Borrower has filed all required tax returns and reports (or filed appropriate extensions therefor) that are now required to be filed by it in connection with any federal, state and local tax, duty or charge levied, assessed or imposed upon any Borrower or its assets, including unemployment, social security, and real estate taxes, except where failures to do so, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. Except for Contested Claims (as defined in Section 5.10), the Borrower has paid all taxes which are now due and payable, except where failures to do so, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. No taxing authority has asserted or assessed any additional tax liabilities against the Borrower which are outstanding on the Effective Date, and the Borrower has not filed for any extension of time for the payment of any tax.

Section 3.09. *Investment Company Status.* The Borrower is not (a) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 3.10. *ERISA.* No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect.

Section 3.11. *Regulation U.* Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U).

Section 3.12. *Solvency.* Immediately after the Financing Transactions to occur on the Effective Date are consummated and after giving effect to the application of the proceeds of each Loan made on the Effective Date and after giving effect to the application of the proceeds of each Loan made on any other date, (a) the fair value of the assets of the Borrower, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the Borrower will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (c) the Borrower will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and proposed to be conducted after the Effective Date.

Section 3.13 *Anti-Terrorism Laws*. The Borrower is not in violation of any Anti-Terrorism Law or engaged in nor has it conspired to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. Neither Borrower nor the Parent (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order No. 13224

ARTICLE 4

CONDITIONS

Section 4.01. *Effective Date.* The obligations of the Lender to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 8.02):

(a) The Lender shall have received counterparts of this Agreement.

(b) The Lender shall have received such documents and certificates as the Lender or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower, the authorization for and validity of the Financing Transactions and any other legal matters relating to the Borrower, the Loan Documents or the Financing Transactions, all in form and substance reasonably satisfactory to the Lender and its counsel.

(c) The Lender shall have received a certificate, dated the Effective Date and signed by an officer of the Borrower, confirming compliance with the conditions set forth in clause (b), (c) and (d) of Section 4.02.

(d) The Lender shall not have determined that, since December 31, 2017, any event, development or circumstance has occurred that has had or would reasonably be expected to have a Material Adverse Effect, other than those events, developments and circumstances that have been disclosed to the Lender in writing.

(e) The Lender shall not have become aware of any information or other matter affecting the Borrower or the Financing Transactions which was in existence prior to the date of this Agreement and is inconsistent in a material and adverse manner with any such information or other matter disclosed to them prior to the date of this Agreement.

(f) The Borrower shall have executed and delivered to the Lender the note required by Section 2.05(e).

(g) The Borrower shall have delivered to the Lender the certificates evidencing the insurance required pursuant to Section 5.06.

(h) The Borrower shall have paid all fees and other amounts due and payable to the Lender on or before the Effective Date, including, to the extent invoiced, all out-of-pocket expenses (including reasonable fees, charges and disbursements of the Lender's counsel) required to be reimbursed or paid by the Borrower under the Loan Documents.

(i) All consents and approvals required to be obtained from any Governmental Authority or other Person in connection with the Financing Transactions shall have been obtained and be in full force and effect, except where failure to obtain such approval or consent would not have a Material Adverse Effect.

(j) The Lender shall have received from the Borrower such other certificates and other documents as the Lender may reasonably have requested.

Promptly after the Effective Date occurs, the Lender shall notify the Borrower thereof, and such notice shall be conclusive and binding.

Section 4.02. *Conditions to Initial Utilization and Each Subsequent Utilization.* The obligation of the Lender to make a Loan on the occasion of any Borrowing (including the initial Borrowing), is subject to receipt of the Borrower's request therefor in accordance herewith and to the satisfaction of the following conditions:

(a) The Effective Date shall have occurred.

(b) Immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing.

(c) The representations and warranties of the Borrower set forth in the Loan Documents shall be true on and as of the date of such Borrowing, as applicable.

(d) Immediately before and after such Borrowing is made, the Total Outstanding Amount will not exceed the Revolving Availability.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in clauses (b), (c) and (d) of this Section.

ARTICLE 5

AFFIRMATIVE COVENANTS

Until the Commitment has expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, the Borrower covenants and agrees with the Lender that:

Section 5.01. *Financial Statements and Other Information.* The Borrower shall furnish to the Lender, or shall cause the Parent to furnish, (a) the financial statements described in Section 7.01 of the Syndicated Credit Agreement, (b) the certificates and other information described in Section 7.02 of the Syndicated Credit Agreement, and (c) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower, or compliance with the terms of any Loan Document, as the Lender may reasonably request. Delivery by the Parent pursuant to Sections 7.01 and 7.02 of the Syndicated Credit Agreement shall be deemed to satisfy (a) and (b) above.

Section 5.02. *Notice of Material Events.* The Borrower shall furnish to the Lender prompt written notice of the following:

(a) the occurrence of any Default of which Borrower has knowledge;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Subsidiary or any Affiliate thereof that, if adversely determined, would reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in liabilities of the Borrower and its Subsidiaries in an aggregate amount exceeding $1,000,000; and

(d) any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of an officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.03. *Existence; Conduct of Business.* The Borrower shall, and shall cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business and the loss of which could be reasonably expected to result in a Material Adverse Effect; *provided* that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.01.

Section 5.04. *Payment of Obligations.* The Borrower shall, and shall cause each of its Subsidiaries to, pay all of its debt and other material obligations, including tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest would not reasonably be expected to result in a Material Adverse Effect.

Section 5.05. Reserved..

Section 5.06. *Insurance.* The Borrower shall keep itself and all of its insurable properties, and shall cause each of its Subsidiaries to keep itself and all of its insurable properties, insured at all times to such extent, by such insurers, and against such hazards and liabilities as is customarily carried by prudent businesses of like size and enterprise; and the Borrower shall furnish to the Lender certificates of insurance naming the Lender as additional insured with respect to liability insurance, together with such other information about any such insurance as the Lender may from time to time reasonably request.

Section 5.07. *Proper Records; Rights to Inspect and Appraise.* The Borrower shall keep proper books of record and account in which complete and correct entries are made of all transactions relating to its business and activities. The Borrower shall permit any representatives designated by the Lender, upon reasonable prior notice and at reasonable intervals, to discuss with senior officers of the Borrower, the affairs, finances and condition of the Borrower.

Section 5.08. *Compliance with Laws.* The Borrower shall, and shall cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority (including all Environmental Laws and ERISA and the respective rules and regulations thereunder) applicable to it or its property, other than such laws, rules or regulations (a) the validity or applicability of which the Borrower or any Subsidiary is contesting in good faith by appropriate proceedings or (b) the failure to comply with which cannot reasonably be expected to result in a Material Adverse Effect.

Section 5.09. *Use of Proceeds.* The proceeds of the Revolving Loans will be used only to finance the general corporate purposes of the Borrower, including ongoing working capital needs, seasonal cash flow variations and other Borrower requirements. No part of the proceeds of any Loan will be used, directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Federal Reserve Board, including Regulations U and X.

Section 5.10. *Taxes.* The Borrower shall pay when due all taxes, assessments and other governmental charges imposed upon each of them or their respective assets, franchises, business, income or profits before any penalty or interest accrues thereon, and all claims (including claims for labor, services, materials and supplies) for sums which by law might be a Lien or charge upon any of its assets, *provided* that no such charge or claim need be paid if and for so long as each of the following conditions continue to be met ("Contested Claims"): (a) such Contested Claim is being diligently contested in good faith so long as Lender is notified in advance of such contest, and (b) the Borrower establishes an adequate reserve or other appropriate provision for the payment of such Contested Claim and all other Contested Claims required by GAAP.

Section 5.11. *ERISA.* The Borrower shall not create, maintain or become obligated to contribute to any Plan or Multiemployer Plan, as such terms are defined in Sections 3(2), 3(37) and 4001(a)(3) of ERISA without the Lender's prior written consent, which consent shall not be unreasonably withheld.

ARTICLE 6

NEGATIVE COVENANTS

Until the Commitment has expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, the Borrower covenants and agrees with the Lender that:

Section 6.01. *Fundamental Changes.* The Borrower shall not, and shall not permit any of its Subsidiaries to, merge into or consolidate with any other Person, or liquidate or dissolve, or permit any other Person to merge into or consolidate with it, except that (i) the Borrower may merge with any Person organized under the laws of the United States of America or one of its States or the District of Columbia so long as (A) (1) the Borrower is the surviving corporation, and (2) at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing, or (B) immediately upon the consummation of such merger or consolidation, all of the Loans would be repaid in full, (ii) any Subsidiary may merge into any other Subsidiary, and (iii) any Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and such liquidation or dissolution could not reasonably be expected to have a Material Adverse Effect.

Section 6.02. *Anti-Terrorism Laws.* The Borrower shall not, at any time, (a) directly or through its Affiliates and agents, conduct any business or engage in any transaction or dealing with any Blocked Person, including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (b) directly or through its Affiliates and agents, deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order No. 13224; (c) directly or through its Affiliates and agents, engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law; or (d) fail to deliver to Lender any certification or other evidence requested from time to time by Lender in its sole discretion, confirming the compliance of Lender with this section.

Section 6.03. *Amendment of Material Documents.* The Borrower shall not, and shall not permit any of its Subsidiaries to, without the prior written consent of the Lender, amend, modify or waive any of its rights under its articles of incorporation, bylaws or other organizational documents, in each case in any manner that would reasonably be expected to have a Material Adverse Effect.

ARTICLE 7

EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when the same shall become due, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise; or

(b) the Borrower shall fail to pay when due any interest on any Loan or any fee or other amount (except an amount referred to in clause (a) above) payable under any Loan Document within three (3) days of notice of nonpayment from the Lender; or

(c) any representation, warranty or certification made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made; or

(d) the Borrower shall fail to observe or perform any covenant or agreement contained in Section 5.01, Section 5.02, or Section 5.04 or in Article 6; or

(e) the Borrower shall fail to observe or perform any provision of any Loan Document (other than those failures covered by clauses (a), (b), (c) and (d) of this Article 7) and such failure shall continue for 30 days after the earlier of written notice of such failure to the Borrower from the Lender or actual knowledge of such failure by an officer of the Borrower; or

(f) any provision of any Loan Document after delivery thereof shall for any reason cease to be valid and binding on or enforceable against the Borrower, or the Borrower shall so state in writing and as a result it would reasonably be expected to result in a Material Adverse Effect; or

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its Subsidiaries or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(h) the Borrower shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any the Borrower or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing; or

(i) the Borrower shall become unable, admit in writing its inability or fail generally to pay its debts as they become due; or

(j) an ERISA Event shall have occurred that, in the opinion of the Lender, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect; or

(k) there occurs any Change of Control; or

(l) any “Event of Default” occurs under the Syndicated Credit Agreement;

then, and in every such event (except an event with respect to the Borrower described in clause (g) or (h) above), and at any time thereafter during the continuance of such event, the Lender may, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitment, and thereupon the Commitment shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are waived by the Borrower; and in the case of any event with respect to the Borrower described in clause (g) or (h) above, the Commitment shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are waived by the Borrower.

ARTICLE 8

MISCELLANEOUS

Section 8.01. *Notices.* Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower, to CBIZ Benefits & Insurance Services, Inc., 6050 Oak Tree Boulevard South, Suite 500, Cleveland, Ohio 44131 Attention: Cynthia Sobe (Facsimile No. (216) 447-9007); and

(b) if to the Lender, to The Huntington National Bank, 200 Public Square, Cleveland, Ohio 44114, Attention: Brian Gallagher (Facsimile No. (877) 672-1062).

Either party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other party. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement will be deemed to have been given on the date of receipt.

Section 8.02. *Waivers; Amendments.* (a) No failure or delay by the Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender under the Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by subsection (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Lender had notice or knowledge of such Default at the time.

(b) No Loan Document or provision thereof may be waived, amended or modified except, in the case of this Agreement, by an agreement or agreements in writing entered into by the Borrower and the Lender or, in the case of any other Loan Document, by an agreement or agreements in writing entered into by the parties thereto with the consent of the Lender.

Section 8.03. *Expenses; Indemnity; Damage Waiver.* (a) The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Lender and its respective Affiliates, including, without limitation, the reasonable fees, charges and disbursements of Squire Patton Boggs (US) LLP, special counsel for the Lender, in connection with the preparation and administration of the Loan Documents and any amendments, modifications or waivers of the provisions thereof, (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out-of-pocket expenses incurred by the Lender, including the fees, charges and disbursements of any counsel for the Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents (including its rights under this Section) or the Loans, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Loans.

(b) The Borrower shall indemnify the Lender and its Related Parties (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Financing Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Borrower or any Subsidiary, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; *provided* that (i) such indemnity shall not be available to any Indemnitee to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from such Indemnitee's gross negligence or willful misconduct; (ii) such indemnity shall not be available to any Indemnitee for losses, claims, damages, liabilities or related expenses arising out of a proceeding in which such indemnitee and the Borrower are adverse parties to the extent that the Borrower prevails on the merits, as determined by a court of competent jurisdiction (it being understood that nothing in this Agreement shall preclude a claim or suit by the Borrower against any Indemnitee for such Indemnitee's failure to perform any of its obligations to the Borrower under the Loan Documents); (iii) the Borrower shall not, in connection with any such proceeding or related proceedings in the same jurisdiction and in the absence of conflicts of interest, be liable for the fees and expenses of more than one law firm at any one time for the Indemnitees (which law firm shall be selected (x) by mutual agreement of the Lender and the Borrower or (y) if no such agreement has been reached following the Lender's good faith consultation with the Borrower with respect thereto, by the Lender in its reasonable discretion); (iv) each Indemnitee shall give the Borrower (x) prompt notice of any such action brought against such Indemnitee in connection with a claim for which it is entitled to indemnity under this Section and (y) an opportunity to consult from time to time with such indemnitee regarding defensive measures and potential settlement; and (v) the Borrower shall not be obligated to pay the amount of any settlement entered into without its written consent (which consent shall not be unreasonably withheld).

(c) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Financing Transactions, any Loan or the use of the proceeds thereof.

(d) All amounts due under this Section shall be payable within ten Business Days after written demand therefor.

Section 8.04. *Successors and Assigns.* (a) The provisions of this Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (except the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly provided herein, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) The Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement with the prior written consent of the Borrower, which shall not be withheld or delayed unreasonably; *provided*, however, that upon the duration and continuance of an Event of Default, no such consent by the Borrower shall be required.

Section 8.05. *Survival.* All covenants, agreements, representations and warranties made by the Borrower in the Loan Documents and in certificates or other instruments delivered in connection with or pursuant to the Loan Documents shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any principal of or accrued interest on any Loan or any fee or other amount payable hereunder is outstanding and unpaid or any Commitment has not expired or terminated. The provisions of Section 8.03 shall survive and remain in full force and effect regardless of the consummation of the Financing Transactions, the repayment of the Loans, the expiration or termination of the Commitment or the termination of this Agreement or any provision hereof.

Section 8.06. *Counterparts; Integration; Effectiveness.* This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement (i) will become effective when the Lender shall have signed this Agreement and received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto and (ii) thereafter will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy will be effective as delivery of a manually executed counterpart of this Agreement.

Section 8.07. *Severability.* If any provision of any Loan Document is invalid, illegal or unenforceable in any jurisdiction then, to the fullest extent permitted by law, (i) such provision shall, as to such jurisdiction, be ineffective to the extent (but only to the extent) of such invalidity, illegality or unenforceability, (ii) the other provisions of the Loan Documents shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Lender in order to carry out the intentions of the parties thereto as nearly as may be possible and (iii) the invalidity, illegality or unenforceability of any such provision in any jurisdiction shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

Section 8.08. *Right of Setoff.* If an Event of Default shall have occurred and be continuing, the Lender and each of its Affiliates is authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by the Lender or Affiliate to or for the credit or the account of the Borrower against any obligations of the Borrower now or hereafter existing hereunder and held by the Lender, irrespective of whether or not the Lender shall have made any demand hereunder and although such obligations may be unmatured. The rights of the Lender under this Section are in addition to other rights and remedies (including other rights of setoff) that the Lender may have.

Section 8.09. *Governing Law; Jurisdiction; Consent to Service of Process.* (a) This Agreement shall be construed in accordance with and governed by the law of the State of Ohio.

(b) The Borrower irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of Ohio sitting in Franklin County and of the United States District Court of the Southern District of Ohio, and any relevant appellate court, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each party hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such Ohio state court or, to the extent permitted by law, in such Federal court. Each party hereto agrees that a final judgment in any such action or proceeding, including any appeals, shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in any Loan Document shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to any Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) Each party irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to any Loan Document in any court referred to in subsection (b) of this Section. Each party hereto irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of any such suit, action or proceeding in any such court.

SECTION 8.10. *WAIVER OF JURY TRIAL.* **THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT THERE MAY BE A CONSTITUTIONAL RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY CLAIM, DISPUTE OR LAWSUIT ARISING BETWEEN OR AMONG THEM, BUT THAT SUCH RIGHT MAY BE WAIVED. ACCORDINGLY, THE PARTIES AGREE THAT, NOTWITHSTANDING SUCH CONSTITUTIONAL RIGHT, IN THIS COMMERCIAL MATTER THE PARTIES BELIEVE AND AGREE THAT IT SHALL IN THEIR BEST INTERESTS TO WAIVE SUCH RIGHT, AND, ACCORDINGLY, HEREBY WAIVE SUCH RIGHT TO A JURY TRIAL, AND FURTHER AGREE THAT THE BEST FORUM FOR HEARING ANY CLAIM, DISPUTE, OR LAWSUIT, IF ANY, ARISING IN CONNECTION WITH THIS AGREEMENT, THE LOAN DOCUMENTS, OR THE RELATIONSHIP AMONG THE PARTIES HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, OR WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE, SHALL BE A COURT OF COMPETENT JURISDICTION SITTING WITHOUT A JURY.**

Section 8.11. *Headings.* Article and Section headings herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 8.12. *Interest Rate Limitation.* Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under applicable law (collectively the "**Charges**"), shall exceed the maximum lawful rate (the "**Maximum Rate**") that may be contracted for, charged or otherwise received by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to the Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until the Lender shall have received such cumulated amount, together with interest thereon at the Base Rate to the date of payment.

Section 8.13. *Important Information About Procedures Required by the USA Patriot Act.* To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each entity or person who opens an account or establishes a relationship with the Lender.

What this means: When an entity or person opens an account or establishes a relationship with the Lender, the Lender may ask for the name, address, date of birth, and other information that will allow the Lender to identify the entity or person who opens an account or establishes a relationship with the Lender. The Lender may also ask to see identifying documents for the entity or person.

[No other provisions are on this page; the next page is the signature page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CBIZ BENEFITS & INSURANCE SERVICES, INC.

By: /s/ Ware H. Grove
Name: Ware H. Grove
Title: Vice President

THE HUNTINGTON NATIONAL BANK

By: ______________________
Name:
Title:

Exhibit A

FORM OF REVOLVING LOAN NOTE

$20,000,000 August 16, 2018

FOR VALUE RECEIVED, CBIZ BENEFITS & INSURANCE SERVICES, INC., a Missouri corporation (the "Borrower"), promises to pay to the order of The Huntington National Bank (the "Lender"), the principal sum of Twenty Million and No/100 Dollars ($20,000,000) or such lesser amount that is the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to Article 2 of the Loan Agreement (as hereinafter defined), in immediately available funds at the office of The Huntington National Bank, 200 Public Square, Cleveland, Ohio 44114, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Loan Agreement. Subject to the provisions of Article 7 of the Loan Agreement, the Borrower shall pay the principal of and any accrued and unpaid interest on the Loans in full upon the Revolving Availability Termination Date.

The Lender is hereby authorized to record on the schedule attached hereto, or to otherwise record in accordance with its usual practice (including, without limitation in the Lender's electronic data processing system), the date and amount of each Loan and the date and amount of each principal payment hereunder.

Determination of Index. This Note expresses an initial interest rate and an initial index value to 2 places to the right of the decimal point. This expression is done solely for convenience. The reference sources for the index used by Lender, as stated in this Note, may actually quote the index on any given day to as many as 5 places to the right of the decimal point. Therefore, the actual index value used to calculate the interest rate on and the amount of interest due under this Note will be to 5 places to the right of the decimal point.

This Note is issued pursuant to, and is entitled to the benefits of, the Loan Agreement dated as of August 16, 2018 (which, as it may be amended or modified and in effect from time to time, is herein called the "Loan Agreement"), between the Borrower and the Lender, to which Loan Agreement reference is hereby made for a statement of the terms and conditions governing this Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Loan Agreement.

CBIZ BENEFITS & INSURANCE SERVICES, INC.

By: /s/ Ware H. Grove
Name: Ware H. Grove
Title: Vice President

SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL
TO
NOTE OF CBIZ BENEFITS & INSURANCE SERVICES, INC. TO
THE HUNTINGTON NATIONAL BANK
DATED AUGUST 16, 2018

Date	Principal Amount of Loan	Maturity of Interest Period	Principal Amount Paid	Unpaid Balance

Schedule 3.05

<u>Subsidiaries</u>

The company CBIZ Benefits & Insurance Services, Inc. does not have any subsidiaries.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF CBIZ, INC.

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

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

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

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

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

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

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

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

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

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

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

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

Date: November 1, 2018

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

CERTIFICATION OF CHIEF FINANCIAL OFFICER OF CBIZ, INC.

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

1. I have reviewed this Quarterly Report on Form 10-Q of CBIZ, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: November 1, 2018

/s/ WARE H. GROVE

Ware H. Grove

Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF CBIZ, INC.

This certification is provided pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and accompanies the Quarterly Report on Form 10-Q for the period ended
September 30, 2018 (the “Form 10-Q”) of CBIZ, Inc. (the “Issuer”) filed with the Securities and Exchange Commission on the date hereof.

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

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

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

Date: November 1, 2018

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

Subscribed and sworn to before me this 1st day of November, 2018.

/s/ MICHAEL W. GLEESPEN
Name: Michael W. Gleespen
Title: Notary Public & Attorney-At-Law
Registered in Franklin County, Ohio
No Expiration Date

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER OF CBIZ, INC.

This certification is provided pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and accompanies the Quarterly Report on Form 10-Q for the period ended September 30, 2018 (the “Form 10-Q”) of CBIZ, Inc. (the “Issuer”) filed with the Securities and Exchange Commission on the date hereof.

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

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

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

Date: November 1, 2018

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

Subscribed and sworn to before me this 1st day of November, 2018.

/s/ MICHAEL W. GLEESPEN
Name: Michael W. Gleespen
Title: Notary Public & Attorney-At-Law
Registered in Franklin County, Ohio
No Expiration Date