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

FORM 10-K

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

For the fiscal year ended December 31, 2021
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.)
6801 Brecksville Rd., Door N. Independence Ohio	**44131**
(Address of principal executive offices)	(Zip Code)

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

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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, a 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued the audit report. ☒

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

The aggregate market value of the common stock held by non-affiliates of the registrant, computed by reference to the last sales price of such common stock as of the closing of trading on June 30, 2021, was approximately $1.66 billion.

The number of outstanding shares of the registrant's common stock is 52,175,652 as of February 18, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant incorporates by reference in Part III hereof portions of its definitive Proxy Statement for its 2022 Annual Meeting of Stockholders.

CBIZ, INC.

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934 (“the Exchange Act”). All statements other than statements of historical fact included in this Annual Report on Form 10-K including, without limitation, “Business” and “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 “will,” “could,” “can,” “may,” “strive,” “hope,” “intend,” “believe,” “estimate,” “continue,” “plan,” “expect,” “project,” “anticipate,” “outlook,” “foreseeable future,” “seek” and words or phrases of similar import in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated services, sales efforts, expenses, and financial results.

From time to time, we may also provide oral or written forward-looking statements in other materials we release to the public. Any or all of our forward-looking statements in this Annual Report on Form 10-K and in any other public statements that we make, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Such forward-looking statements can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in “Item 1A. Risk Factors” will be important in determining future results. 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. Our actual future results may vary materially, and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in the quarterly, periodic and annual reports we file with the United States Securities and Exchange Commission (the “SEC”). Also note that we provide cautionary discussion of risks, uncertainties and possibly inaccurate assumptions relevant to our businesses as discussed in Item 1 and Item 1A. These are factors that we think could cause our actual results to differ materially from expected and historical results. Other factors besides those described here could also adversely affect operating or financial performance.

The following text is qualified in its entirety by reference to the more detailed information and consolidated financial statements (including the notes thereto) appearing elsewhere in this Annual Report on Form 10-K. Unless the context otherwise requires, references in this Annual Report to “we,” “our,” “us,” “CBIZ” or the “Company” shall mean CBIZ, Inc., a Delaware corporation, and its wholly-owned subsidiaries. All references to years, unless otherwise noted, refer to our fiscal year which ends on December 31.

PART I

ITEM 1. BUSINESS

Overview

CBIZ, Inc. is a leading national provider of financial, insurance and advisory services designed to help our clients and their businesses grow and succeed. Founded on the simple idea that growing businesses of all sizes wanted and needed access to best in class professional services with a personalized, local approach, CBIZ is now one of the largest accounting, insurance brokerage, financial and advisory services providers in the country. Over 25 years, CBIZ has grown to a team of approximately 6,000 professionals working through more than 100 offices located in 32 states and the District of Columbia. Shares of our common stock are traded on the New York Stock Exchange ("NYSE") under the symbol "CBZ."

Business Strategy

Since our founding in 1996, CBIZ set out to build a company that would provide a breadth of services and depth of expertise that is unmatched in our industries to assist our clients' with their most pressing needs and greatest opportunities. CBIZ pursued this vision by establishing a national platform of core services that our clients rely on to support their day-to-day business. Our core services include accounting, tax, government health care consulting, employee benefits, property and casualty insurance, payroll, human capital management, retirement plan services and a host of similar services. Over time, CBIZ strengthened this model by adding advisory services that help our clients with specialized needs they may have from time to time. These services include financial advisory, transaction advisory, risk advisory, valuation, technical accounting, litigation support, preparation for IPO, actuarial, executive search and compensation consulting services. This combination of the core essential services our clients rely on us to provide on a regular basis and the more specialized advisory services that our clients need from time to time are fundamental to our ability to perform well in both favorable and less favorable business climates.

Acquisitions are a key part of our growth strategy. We pursue acquisitions to: enter attractive geographic markets, strengthen our presence in an existing market, add services or deepen our expertise for our existing offerings, expand into higher growth industries and service niches and access top talent. We seek to acquire the most highly regarded, best in class financial, insurance, and advisory firms that demonstrate a desire for a greater national platform and enhanced client service capabilities, possess strong leadership, cultural fit and a client base with cross-serving potential.

Available Information - Our principal executive office is located at 6801 Brecksville Road, Door N, Independence, Ohio 44131, and our telephone number is (216) 447-9000. Our website is located at *https://www.cbiz.com*. We make available, free of charge on our website, through our investor relations page, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports as soon as reasonably practicable after we file (or furnish) such reports with the SEC. In addition, the SEC maintains an Internet Website that contains reports, proxy and information statements and other information about us at *https://www.sec.gov*. Our corporate code of conduct and ethics and the charters of the Audit Committee, the Compensation and Human Capital Committee and the Nominating and Governance Committee of the Board of Directors are available on the investor relations page of our website, referenced above, and in print to any shareholder who requests them.

Business Services - We deliver our services through the following three practice groups: Financial Services, Benefits and Insurance Services, and National Practices. A general description of the services provided by each practice group is presented in the table below.

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

Financial Services

Financial Services is comprised of core accounting service including traditional accounting, tax compliance, advisory, and specialty services, like transaction and risk advisory services, litigation support, valuation, and federal and state government health care compliance and consulting. The leader of each service line reports to the President of Financial Services.

Restrictions imposed by independence requirements and state accountancy laws and regulations preclude us from rendering audit and attest services (other than internal audit services). As such, we maintain joint-referral relationships and administrative service agreements ("ASAs") with independent licensed Certified Public Accounting ("CPA") firms (the "CPA firms") under which audit and attest services may be provided to our clients by such CPA firms. At December 31, 2021, we maintained ASAs with four CPA firms. Most of the members and/or stockholders of those CPA firms are also our team members, and we render services to the CPA firms as an independent contractor. One of our ASAs is with Mayer Hoffman McCann, P.C. ("Mayer Hoffman"), an independent national CPA firm headquartered in Kansas City, Missouri. Mayer Hoffman has 159 stockholders. Mayer Hoffman maintains an eight member board of directors. There are no board members of Mayer Hoffman who hold senior officer positions at CBIZ. Our association with Mayer Hoffman offers clients access to the multi-state resources and expertise of a national CPA firm. We also have an ASA with Myers and Stauffer LC ("MSLC"), an independent national governmental health care consulting firm headquartered in Kansas City, Missouri. MSLC has thirteen equity members, all of whom are also our team members. MSLC maintains a five member executive committee, none of whom hold senior officer positions at CBIZ. Although the ASAs do not constitute control, we are one of the beneficiaries of the agreements and may bear certain economic risks. As such, the CPA firms with which we maintain ASAs qualify as variable interest entities.

The ASAs have terms ranging up to 22 years, are renewable upon agreement by both parties, and have certain rights of extension and termination. Under these ASAs, we provide a range of services to the CPA firms, including (but not limited to): administrative functions such as office management, bookkeeping and accounting; preparing marketing and promotional materials; providing office space, computer equipment, systems support and administrative and professional staff. Services are performed in exchange for a fee. Fees earned by us under the ASAs are recorded as revenue in the accompanying Consolidated Statements of Comprehensive Income and totaled approximately $174.8 million, $159.4 million and $157.6 million for the years ended December 31, 2021, 2020 and 2019, respectively, a majority of which is related to services rendered to privately-held clients and governmental agencies. In the event that accounts receivable and unbilled work in process become uncollectible by the CPA firms, the service fee due to us is typically reduced on a proportional basis. Refer to Note 1, Basis of Presentation and Significant Accounting Policies, to the accompanying consolidated financial statements for further discussion.

Benefits and Insurance Services

Benefits and Insurance Services provides brokerage and consulting expertise for group health benefits and property and casualty insurance in addition to retirement plan advisory services, payroll, human capital management, and other related services. The leader for each service line reports to the President of Benefits and Insurance Services.

The Benefits and Insurance Services practice group maintains relationships with many different insurance carriers. We do not assume underwriting risk. Some of these carriers have compensation arrangements with us whereby some portion of payments due to the Company may be contingent upon meeting certain performance goals, or upon our providing client services that would otherwise be provided by the carriers. These compensation arrangements are provided to us as a result of our performance and expertise, and may result in enhancing our ability to access certain insurance markets and services on behalf of our clients. The aggregate compensation related to these arrangements received during the years ended December 31, 2021, 2020 and 2019 was less than 2% of consolidated CBIZ revenue for the respective periods.

National Practices

Our National Practices group provides two services: information technology focusing on managed networking and hardware services and healthcare consulting. The information technology business has been serving one client in the United States and Canada for more than 20 years.

The healthcare consulting business, with expertise in revenue management, reimbursement optimization and managed care contracting, serves hospitals and other healthcare providers.

Revenue

Revenue by practice group for the years ended December 31, 2021, 2020 and 2019 is provided in the table below (in thousands) along with a discussion of certain external relationships and regulatory factors that currently impact those segments.

	Year End December 31,								
	2021			2020			2019		
Financial Services	$	734,026	66.4 %	$	629,778	65.3 %	$	616,567	65.0 %
Benefits and Insurance Services		332,323	30.1 %		297,758	30.9 %		296,228	31.2 %
National Practices		38,576	3.5 %		36,361	3.8 %		35,629	3.8 %
Total CBIZ revenue	$	1,104,925	100.0 %	$	963,897	100.0 %	$	948,424	100.0 %

Our revenue growth model includes three components; internal organic growth, cross-serving additional services to our existing clients, and strategic acquisitions.

- We capitalize on organic growth opportunities by creating value for our clients to help them achieve their goals, take advantage of their greatest opportunities or address their biggest challenges. We focus on building long-term relationships with our clients. We do this by offering our clients a personalized service experience that is backed by national resources. This approach enables our clients to access a breadth of services locally and depth of expertise typically not available through smaller, regional professional services providers but with a more tailored client experience than what is delivered by many national firms. Our ability to coordinate services and offer more comprehensive solutions enables us to provide additional value to our clients.

- Cross-serving provides us with the opportunity to offer and deliver multiple services to our existing clients. Cross-serving opportunities are identified by our professionals as they provide services to our existing clients. Being our clients' preferred partner allows us the opportunity to respond to our clients' needs with diverse and integrated services and solutions.

- From the time of our founding, we have pursued growth through strategic acquisitions. We seek to acquire businesses that strengthen our existing service offerings, to add new services or specialties, enhance our expertise or expand capacity to better serve our clients and enter into or expand in desirable geographies and growing markets. Using clear criteria, we seek to identify, cultivate and pursue acquisitions that will make us a stronger company and position us for future growth. We prioritize positive market reputation, shared values and alignment of culture, commitment to exceptional client service, and strong leadership. In 2021, we completed six business acquisitions and purchased one client list. From time to time, we divest, through sale or closure, business operations that do not contribute to our long-term objectives for growth or are not critical to our service offerings or markets. In 2021, we sold one business in the Benefits and Insurance Services practice group. For further discussion regarding acquisitions and divestitures, refer to Note 18, Business Combinations, to the accompanying consolidated financial statements.

Clients

We provide multi-disciplinary and comprehensive solutions and professional services to over 93,000 clients across 25 industries. Our client base is made up of approximately 54,000 business clients and 39,000 individual clients. Our business client base is geographically dispersed across the country and includes small, middle market, and large businesses and organizations ranging from less than 10 to more than 10,000 employees. Our largest client comprised approximately 2.6% of our consolidated revenue in 2021 and is included in the National Practices group. Management believes that the diversity of our client base helps insulate us from a downturn in a particular industry or geographic market. Nevertheless, economic conditions among select clients and groups of clients may have an impact on the demand for the services that we provide.

Regulation

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

We are subject to industry regulation and changes, including changes in laws, regulations, and codes of ethics governing our accounting, insurance, registered investment advisory and broker-dealer operations, as well as in other industries, the interpretation of which may impact our operations.

We are subject to certain privacy and information security laws and regulations, including, but not limited to those under the Health Insurance Portability and Accountability Act of 1996, Financial Modernization Act of 1999 (the Gramm-Leach-Bliley Act), the Health Information Technology for Economic and Clinical Health Act, and other provisions of federal and state laws which may restrict our operations and give rise to expenses related to compliance.

As a public company, we are subject to the provisions of the Sarbanes-Oxley Act of 2002 to reform the oversight of public company auditing, improve the quality and transparency of financial reporting by those companies and strengthen the independence of auditors.

With respect to CPA firm clients that are required to file audited financial statements with the SEC, the SEC staff views us and the CPA firms with which we have contractual relationships as a single entity in applying independence rules established by the accountancy regulators and the SEC. Accordingly, we do not hold any financial interest in an SEC-reporting attest client of an associated CPA firm, enter into any business relationship with an SEC-reporting attest client that the CPA firm performing an audit could not maintain, or sell any non-audit services to an SEC-reporting attest client that the CPA firm performing an audit could not sell, under the auditor independence limitations set out in the Sarbanes-Oxley Act of 2002 and other professional accountancy independence standards. Applicable professional standards generally permit us to provide additional services to privately-held companies in addition to those services which may be provided to SEC-reporting attest clients of an associated CPA firm. We and the CPA firms with which we are associated have implemented policies and procedures designed to enable us and the CPA firms to maintain independence and freedom from conflicts of interest in accordance with applicable standards. Given the policies set by us on our relationships with SEC-reporting attest clients of associated CPA firms, and the limited number and size of such clients, the Sarbanes-Oxley Act of 2002 independence limitations do not, and are not expected to, materially affect our revenues.

The CPA firms with which we maintain ASAs may operate as limited liability companies, limited liability partnerships or professional corporations. The firms are separate legal entities with separate governing bodies and officers. Neither the existence of the ASAs nor the providing of services thereunder constitutes control of the CPA firms by us. The Company and the CPA firms maintain their own respective liability and risk of loss in connection with the performance of their respective services. Attest services are not permitted to be performed by any individual or entity that is not licensed to do so. We are not permitted to perform audits, reviews, compilations, or other attest services, do not contract to perform them and do not provide the associated attest reports. Given this legal prohibition and course of conduct, we do not believe it is likely that we would bear the risk of litigation losses related to attest services provided by the CPA firms. Although the ASAs do not constitute control, we are one of the beneficiaries of the agreements and may bear certain economic risks. As such, the CPA firms with which we maintain ASAs qualify as variable interest entities. Refer to Note 1, Basis of Presentation and Significant Accounting Policies, to the accompanying consolidated financial statements for further discussion.

As of December 31, 2021, we are in compliance with all governmental and professional organizations regulations relevant to the services we provide.

Liability Insurance

We carry insurance policies, including those for commercial general liability, automobile liability, property, crime, professional liability, directors' and officers' liability, fiduciary liability, cyber liability, employment practices liability and workers' compensation, subject to prescribed state mandates. Excess liability coverage is carried over the underlying limits provided by the commercial general liability, directors' and officers' liability, professional liability, cyber liability, and automobile liability policies.

Seasonality

Core financial services (traditional tax and accounting services) are impacted by seasonality given the nature of tax season due to a heavier volume of activity during the first four months of the year. Seasonality is most evident in the quarterly earnings per share (EPS) as most of the annual EPS is earned during the first half of the year. Like most professional service companies, a large portion of our operating costs are relatively fixed in the short term, which generally results in higher operating margins in the first half of the year.

Competition

The professional business services industry is highly fragmented and competitive. We compete with national, regional and local professional services firms including accounting and tax firms, insurance brokers, payroll advisors and consulting firms. While many of our competitors tend to be mono-line in their offerings, we offer multi-disciplinary, holistic solutions that are comprehensive and provide higher value to our clients while eliminating the need for coordination between multiple service providers. We are also embedded in local and regional markets and build meaningful relationships to foster deeper understanding of our clients' business and industry.

We believe that our strong client relationships, high quality of professional services, range of service offerings, industry expertise, geographic proximity, as well as our ability to provide national expertise on a local level give us a competitive advantage.

Human Capital

At CBIZ, our value proposition to our clients is the breadth of our services and the depth of expertise, including our unique ability to provide multi-disciplinary, coordinated solutions that respond to the complexity and uncertainty of today's business environment. CBIZ brings value because of the talent, expertise and commitment of the over 6,000 professionals that make up our team nationwide.

We are diligent in our efforts to attract, retain and develop talent. Recruitment is managed through a combination of local and national teams based on a process that consistently and fairly utilizes best practices and various recruiting tools to source top talent. CBIZ recruiters cultivate relationships to establish strong networks of candidates, and are full life-cycle recruiters who stay with their candidates from first contact through their first 60 days as a CBIZ team member. Our recruiters source candidates through multiple channels including professional associations, career websites, community organizations and social media networks, as well as schools, universities and institutions with a special emphasis on those entities that attract a diverse population.

CBIZ is an equal opportunity employer and does not discriminate in hiring or employment in accordance with the requirements of all applicable state and federal laws, including race, religion, national origin, ancestry, age, gender identity, marital status, military status, sexual orientation, disability, or medical condition. The CBIZ Human Rights Policy demonstrates our commitment to respecting human rights throughout CBIZ. We believe the protection of human rights is fundamental to conducting great business, and believe we have both the ability and responsibility to drive positive change through our culture and business practices.

CBIZ is proud of its efforts to be a learning organization that provides opportunities for education, technical training, professional development, leadership development, and coaching and awareness at every step in a team member's career. These opportunities are offered through in-person, virtual and on-demand programs. Most recently, CBIZ expanded and enhanced our diversity and inclusion training and education for all team members and continues to introduce additional resources as we advance our own efforts in this area.

At the foundation of our culture and approach to employee experience and engagement is our core values. We recognize that our uncompromising commitment to our values starting with 'we do the right thing' is important to our people. CBIZ views our commitment to advancing diversity and inclusion as an extension of our core values. At CBIZ, diversity and inclusion is a business imperative as we strive to become an employer of choice for attracting, retaining and developing diverse talent.

CBIZ has been honored with numerous workplace awards based on feedback gathered directly from our team members. In 2021, CBIZ was awarded 93 workplace awards including 17 national awards and 19 health and wellness awards. A sample of the awards won include:

- **2021 America's Best Midsize Employers by Forbes –** This is the fourth time we have received this award. 50,000 Americans working for businesses with at least 1,000 employees were surveyed to rate, on a scale of zero to 10, how likely they would be to recommend their employer to others. They were also asked to nominate organizations in industries outside their own.

- **Top Workplaces USA 2021** - This inaugural award celebrates nationally recognized companies that make the world a better place to work together by prioritizing a people-centered culture and giving employees a voice. This award is based entirely on feedback from our team members.

- **Top Workplaces in the Financial Services Industry 2021 –** CBIZ was named a winner among other Financial Services organizations that exceeded award criteria.

- **Vault Accounting 50 –** CBIZ ranked in the Top 10 based on survey results and feedback from those who are CPAs in Financial Services.

- **Best Places to Work in Insurance** - We were selected and honored for the seventh consecutive year 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.

- **2021 Best and Brightest Companies in the Nation Top 101** - For the sixth year in a row, we were honored as a "Best and Brightest Company" by National Association of Business Resources ("NABR") based on our commitment to human resource practices and employee enrichment.

- **2021 Best and Brightness in Wellness** – We were honored by NABR, for the fifth consecutive time, as an organization that promotes a culture of wellness.

- **Top Workplaces Culture Excellence Awards 2021 for Appreciation, Clue-in Leaders, Employee Value Proposition, Employee Wellbeing, Empowering Employees, Formal Training, Professional Development, Work-Life Flexibility** – These first-time awards recognize outstanding organizations across business-relevant culture categories.

- **2021 U.S. Insurance Awards Community Outreach Project of the Year** – CBIZ was named a finalist by Business Insurance based on engagement with Dress for Success. CBIZ is a key corporate partner for Dress for Success through the CBIZ Women's Advantage program.

ITEM 1A. RISK FACTORS.

The following factors may affect our actual operating and financial results and could cause results to differ materially from those in any forward-looking statements. You should carefully consider the following information.

Risk Factors Related to Our Business and Industry

Payments on accounts receivable may be slower than expected, or amounts due on receivables or notes may not be fully collectible. Professional services firms often experience higher average accounts receivable days outstanding compared to many other industries, which may be magnified if the general economy worsens. If our collections become slower, our liquidity may be adversely impacted. We monitor the aging of receivables regularly and make assessments of the ability of customers to pay amounts due. We provide for potential bad debts and recognize additional reserves against bad debts as we deem it appropriate. Notwithstanding these measures, our customers may face unexpected circumstances that adversely impact their ability to pay their trade receivables or note obligations to us and we may face unexpected losses as a result.

We are dependent on the services of our executive officers, other key employees, and our staff, the loss of any of whom may have a material adverse effect on our business, financial condition and results of operations. Our success depends in large part upon the abilities and continued services of our executive officers, our business unit presidents, other key employees, and our staff members. In the course of business operations, employees may retire, resign and seek employment elsewhere, particularly in the current employment environment, given wage pressures and worker shortages. While most employees are bound in writing to agreements containing non-compete, non-solicit, confidentiality, and other restrictive covenants barring competitive employment, client acceptance, and solicitation of employees for a period of between one and ten years following their resignation, not all employees are subject to such restrictions, especially in jurisdictions that disfavor restrictive employment covenants. Moreover, courts outside of such jurisdictions are at times reluctant to enforce such covenants. In light of the competitive employment environment and risks related to the enforcement of restrictive covenants, we cannot assure you that we will be able to retain the services of such personnel. If we cannot retain the services of these personnel, there could be a material adverse effect on our business, financial condition and results of operations. In order to support our growth, we intend to continue to effectively recruit, hire, train and retain additional qualified personnel. Our inability to attract and retain necessary personnel to support our growth could have a material adverse effect on our business, financial condition and results of operations.

Restrictions imposed by independence requirements and conflict of interest rules, as well as the nature and terms of the ASAs, may limit our ability to provide services to clients of the attest firms with which we have contractual relationships and the ability of such attest firms to provide attestation services to our clients. Restrictions imposed by independence requirements and state accountancy laws and regulations preclude us from rendering audit and other attest services (other than internal audit services). As such, we and our subsidiaries maintain joint-referral relationships and ASAs with independent licensed CPA firms under which audit and other attest services may be provided to our clients by such CPA firms. The CPA firms are owned by licensed CPAs, a vast majority of whom are employed by us.

Under these ASAs, we provide a range of services to the CPA firms, including: administrative functions such as professional staff, office management, bookkeeping, and accounting; preparing marketing and promotion materials; and providing office space, computer equipment, systems support and administrative support. Services are performed in exchange for a fee. Fees earned by us under the ASAs are recorded as revenue in the accompanying Consolidated Statements of Comprehensive Income. In the event that accounts receivable and unbilled work in process become uncollectible by the CPA firms, the service fee due to us is typically reduced on a proportional basis.

The ASAs do not provide us with control over the associated CPA firms, which are independent parties. As such, the continuation of the associations with these is subject to the terms and lengths of the various ASAs, and the ability of the parties to work cooperatively together. Our ability to provide non-attest services to clients that receive attest services from the associated CPA firms may be contingent on our ability to extend the ASAs as they expire, and the ability and willingness of the firms to retain their attest clients.

With respect to CPA firm clients that are required to file audited financial statements with the SEC, the SEC staff views us and the CPA firms with which we have contractual relationships as a single entity in applying independence rules established by the accountancy regulators and the SEC. Accordingly, we do not hold any financial interest in, nor do we enter into any business relationship with, an SEC-reporting attest client that the CPA firm performing an audit could not maintain; further, we do not provide any non-audit services to an SEC-reporting attest client that the CPA firm performing an audit could not sell under the auditor independence limitations set out in the Sarbanes-Oxley Act of 2002 and other professional accountancy independence standards. SEC staff informed us that independence rules that apply to clients that receive attest services under SEC and Public Company Accounting Oversight Board (“PCAOB”) standards from such CPA firms would prohibit such clients from holding any common stock of CBIZ. However, applicable professional standards generally permit us to provide additional services to privately-held companies, in addition to those services which may be provided to SEC-reporting attest clients of a CPA firm. We and the CPA firms have implemented policies and procedures designed to enable us to maintain independence and freedom from conflicts of interest in accordance with applicable standards. Given the pre-existing limits set by us on our relationships with SEC-reporting attest clients of associated CPA firms, and the limited number and size of such clients, the imposition of independence limitations under the Sarbanes-Oxley Act of 2002, SEC rule or interpretation, or PCAOB standards do not and are not expected to materially affect our revenues.

There can be no assurance that following the policies and procedures implemented by us and the CPA firms will enable us and the CPA firms to avoid circumstances that would cause us and them to lack independence from an SEC-reporting attest client; nor can there be any assurance that state, United States Government Accountability Office or United States Department of Labor accountancy authorities will not impose additional restrictions on the profession. To the extent that the CPA firms for whom we provide staffing, administrative and other services are affected, we may experience a decline in fee revenue from these businesses as well as expenses related to addressing independence concerns. To date, revenues derived from providing services in connection with attestation engagements of the attest firms performed for SEC-reporting clients have not been material.

Our goodwill and other intangible assets could become impaired, which could lead to material non-cash charges against earnings and a material impact on our results of operations and statement of financial position. At December 31, 2021, the net carrying value of our goodwill and other intangible assets totaled $740.7 million and $100.0 million, respectively. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, Intangibles - Goodwill and Other, we assess these assets, including client lists, to determine if there is any indication of impairment. Significant negative industry or economic trends, disruptions to our business, adverse changes resulting from new governmental regulations, divestitures and sustained market capitalization declines may result in recognition of impairments. Any impairment of goodwill or intangible assets would result in a non-cash charge against current earnings, which could lead to a material impact on our results of operations and statements of financial position.

Certain liabilities resulting from acquisitions are estimated and could lead to a material impact on our results of operations. Through our acquisition activities, we record liabilities for future contingent earnout payments that are settled in cash or through the issuance of common stock. The fair value of these liabilities is assessed on a quarterly basis and changes in assumptions used to determine the amount of the liability or a change in the fair value of our common stock could lead to an adjustment that may have a material impact, favorable or unfavorable, on our results of operations.

We may fail to realize the anticipated benefits of acquisitions, or they may prove disruptive and could result in the combined business failing to meet our expectations. The success of our acquisitions will depend, in part, on our ability to successfully integrate acquired businesses with current operations. If we are not able to successfully achieve this objective, the anticipated benefits of any acquisition may not be realized fully or at all or may take longer or cost more to realize than expected. The process of integrating operations may require a disproportionate amount of resources and management attention. Our management team may encounter unforeseen difficulties in managing integrations.

It is possible that the integration process could result in the loss of valuable employees, the disruption of each company's ongoing business or inconsistencies in standards, controls, procedures, practices, and policies that could adversely impact our operations. Any substantial diversion of management attention or difficulties in operating the combined business could affect our revenues and ability to achieve operational, financial and strategic objectives.

We will incur transaction, integration, and restructuring costs in connection with our acquisition program. We have incurred and will continue to incur significant costs in connection with our acquisition program, including fees of our attorneys, accountants, and financial advisors. If acquisitions are consummated, we expect to incur additional costs associated with transaction fees and other costs related to the acquisitions. If acquisitions are not consummated, such costs may adversely affect our revenues and ability to achieve operational, financial and strategic objectives.

Governmental regulations and interpretations are subject to changes, which could have a material adverse effect on our financial condition. Changes in laws and regulations, or the interpretation and application thereof, could result in changes in the amount or the type of business services required by businesses and individuals, as well as our operational obligations under such legal or regulatory changes, which could have a material adverse effect on our financial condition and our operational, financial and strategic objectives. We cannot be sure that future laws and regulations will provide the same or similar opportunities for us to provide business consulting and management services to businesses and individuals, or to meet our operational, financial and strategic objectives.

Changes in the United States healthcare environment, including new healthcare legislation, may adversely affect the revenue and margins in our healthcare benefit businesses. Our employee benefits business, specifically our group health consulting and brokerage businesses, receives commissions for brokering employer-sponsored healthcare policies with insurance carriers on behalf of the client. In many cases, these commissions consist of a ratable portion of the insurance premiums on those policies, based upon a sliding scale pertaining to the dollar volume of premiums and/or the number of participants in the plan.

Changes in the healthcare environment, including, but not limited to, any legislated changes in the United States' national healthcare system, that affect the methods by which insurance carriers remunerate brokers, could adversely impact our revenues and margins in this business. Specifically, legislation or other changes could afford our clients and their employees the ability to seek insurance coverage through other means, including, but not limited to, direct access with insurance carriers or other similar avenues, which could eliminate or adversely alter the remuneration brokers receive from insurance carriers for their services. Furthermore, statutory or regulatory changes may result in establishing alternatives to employer-sponsored healthcare insurance or replace it with government-sponsored health insurance programs. These changes could materially alter the healthcare in the United States and our ability to provide effective services in these areas may be substantially limited and adversely affect revenue and margins in our healthcare benefit business.

Higher rates of unemployment in the United States could result in a general reduction in the number of individuals with employer-sponsored healthcare coverage. This decline in employee participation in healthcare insurance plans at our clients could result in a reduction in the commissions we receive from insurance carriers for our brokerage services, which could have an adverse impact on revenues and margins in this business.

We are subject to risks relating to processing customer transactions for our payroll and other transaction processing businesses. The high volume of client funds and data processed by us, or by our out-sourced resources abroad, in our transaction related businesses entails risks for which we may be held liable if the accuracy or timeliness of the transactions processed is not correct. In addition, related to our payroll and employee benefits businesses, we store personal information about some of our clients and their employees for which we may be liable under the Health Insurance Portability and Accountability Act or other governmental regulations if the security of this information is breached. We could incur significant legal expense to defend any claims against us, even those claims without merit. While we carry insurance against these potential liabilities, we cannot be certain that circumstances surrounding such an error or breach of security would be entirely reimbursed through insurance coverage. We believe we have controls and procedures in place to address our fiduciary responsibility and mitigate these risks. However, if we are not successful in managing these risks, our business, financial condition and results of operations may be harmed.

Cyber-attacks or other security breaches involving our computer systems or the systems of one or more of our vendors could materially and adversely affect our business. Our systems, like others in the industries we serve, are vulnerable to cyber security risks, and we are subject to potential disruption caused by such activities. Corporations such as ours are subject to frequent attacks on their systems. Such attacks may have various goals, from seeking confidential information to causing operational disruption. Although to date such activities have not resulted in material disruptions to our operations or, to our knowledge, a material breach of any security or confidential information, no assurance can be provided that such material disruptions or a material breach will not occur in the future. Any significant violations of data privacy could result in the loss of business, litigation, regulatory investigations, penalties, ongoing expenses related to client credit monitoring and support, and other expenses, any of which could damage our reputation and adversely affect the growth of our business. While we have deployed resources that are responsible for maintaining appropriate levels of cyber security, and while we utilize third-party technology products and services to help identify, protect, and remediate our information technology systems and infrastructure against security breaches and cyber-incidents, our responsive and precautionary measures may not be adequate or effective to prevent, identify, or mitigate attacks by hackers, foreign governments, or other actors or breaches caused by employee error, malfeasance, or other disruptions. We are also dependent on security measures that some of our third-party vendors and customers are taking to protect their own systems and infrastructures. If our third-party vendors do not maintain adequate security measures, do not require their sub-contractors to maintain adequate security measures, do not perform as anticipated and in accordance with contractual requirements, or become targets of cyber-attacks, we may experience operational difficulties and increased costs, which could materially and adversely affect our business.

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

We could be held liable for errors and omissions. All of our business services entail an inherent risk of malpractice and other similar claims resulting from errors and omissions. Therefore, we maintain errors and omissions insurance coverage. Although we believe that our insurance coverage is adequate, we cannot be certain that actual future claims, judgments, settlements, or related legal expenses would not exceed the coverage amounts. If such judgments, settlements, or related legal expenses exceed insurance coverage by a material amount, they could have a material adverse effect on our business, financial condition and operating results. In addition, we cannot be certain that the different insurance carriers which provide errors and omissions coverage for different lines of our business will not dispute their obligation to cover a particular claim. If we have a large claim, or a large number of claims, on our insurance, the rates for such insurance may increase, and amounts expended in defense or settlement of these claims prior to exhaustion of deductible or self-retention levels may become significant, but contractual arrangements with clients may constrain our ability to incorporate such increases into service fees. Insurance rate increases, disputes by carriers over coverage questions, payments by us within deductible or self-retention limits, as well as any underlying claims or settlement of such claims, could have a material adverse effect on our business, financial condition and results of operations.

We are not a CPA firm and we do not perform any attest services for clients. We do not maintain any ownership interest in or control over any CPA firm with which one of our subsidiaries may maintain an ASA. All of our administrative and professional staff who are provided to such CPA firms work under the sole direction, supervision and control of the particular CPA firm, and we do not control how attest work is conducted. For these reasons we do not believe we have liability to any party related to their receipt of attest services from such CPA firms. Nevertheless, from time to time we have been sued for attest work that we do not perform but which is performed by such CPA firms. While we have been successful to date in defending against such suits, it is possible that similar claims may be brought in the future. We will be required to defend against such claims, and may incur expenses related to such lawsuits and may not be successful in defending against such lawsuits. In the event that the CPA firms with which we maintain ASAs incur judgments and costs related to such suits that threaten the solvency of the CPA firms, we may incur expenditures related to such proceedings.

The business services industry is competitive and fragmented. If we are unable to compete effectively, our business, financial condition and results of operations may be negatively impacted. We face competition from a number of sources in the business services industry. Many of our competitors are large companies that may have greater financial, technical, marketing and other resources. Our principal competitors include financial and management consulting firms, the consulting practices of major accounting firms, local and regional business services companies, independent contractors, the in-house or former in-house resources of our clients, as well as new entrants into our markets. We cannot assure you that, as our industry continues to evolve, additional competitors will not enter the industry or that our clients will not choose to conduct more of their business services internally or through alternative business services providers. Although we monitor industry trends and respond accordingly, we cannot assure you that we will be able to anticipate and successfully respond to such trends in a timely manner. We cannot be certain that we will be able to effectively compete against current and future competitors, or that competitive pressure will not have a material adverse effect on our business, financial condition and results of operations.

Given our levels of share-based compensation, our tax rate may vary significantly depending on our stock price. We apply FASB Accounting Standards Codification 718, Compensation - Stock Compensation under which the tax effects of the accounting for share-based compensation may significantly impact our effective tax rate from period to period. In periods in which our stock price is higher than the grant date fair value of the share-based compensation vesting or exercises in that period, we will recognize excess tax benefits that will decrease our effective tax rate. In future periods in which our stock price is lower than the grant price of the share-based compensation vesting in that period, our effective tax rate may increase. The amount and value of share-based compensation issued relative to our earnings in a particular period will also affect the magnitude of the impact of share-based compensation on our effective tax rate. These tax effects are dependent on our stock price and exercise activity, which we do not control, and a decline in our stock price could significantly increase our effective tax rate and adversely affect our financial results.

We may be subject to the actions of activist shareholders. Our Board of Directors and management team are committed to acting in the best interest of all of our shareholders. We value constructive input from investors and regularly engage in dialogue with our shareholders regarding strategy and performance. Activist shareholders who disagree with the composition of the Board of Directors, our strategy or management approach may seek to effect change through various strategies and channels. Responding to shareholder activism can be costly and time-consuming, disrupt our operations, and divert the attention of management and our employees from our strategic initiatives. Activist campaigns can create perceived uncertainties as to our future direction, strategy, or leadership and may result in the loss of potential business opportunities, harm our ability to attract new employees, investors, and customers, and cause our stock price to experience periods of volatility or stagnation.

Changes in accounting policies, standards, and interpretations could materially affect how we report our financial condition, results of operations, and cash flows. The FASB, regulatory agencies, and other bodies that establish accounting standards periodically change the financial accounting and reporting standards governing the preparation of our consolidated financial statements. Additionally, those bodies that establish and interpret the accounting standards (such as the FASB and the SEC) may change prior interpretations or positions on how these standards should be applied. These changes can be difficult to predict and can materially affect how we record and report our financial condition, results of operations, and cash flows. In unusual circumstances, we could be required to retroactively apply a new or revised standard, resulting in changes to previously reported financial results.

Rapid technological changes could significantly impact our competitive position, client relationships and operating results. The professional business services industry has been and continues to be impacted by significant technological changes and innovation, enabling companies to offer services competitive with ours. Those technological changes may (i) reduce demand for our services, (ii) enable the development of competitive products or services, or (iii) enable our current customers to reduce or bypass the use of our services. Additionally, rapid changes in artificial intelligence, block chain-based technology, automation and related innovations are increasing the competitiveness landscape. We may not be successful in anticipating or responding to these changes and demand for our services could be further reduced by advanced technologies being deployed by our competitors. The effort to gain technological expertise and develop new technologies in our business may require us to incur significant expenses. In some cases, we depend on key vendors and partners to provide technology and other support. If these third parties fail to perform their obligations or cease to work with us, our ability to execute on our strategic initiatives could be adversely affected.

Climate change legislation or regulations restricting emissions of Greenhouse Gases could result in increased operating costs. In 2009, the EPA published its findings that emissions of carbon dioxide, methane, and other greenhouse gases (“GHGs”), present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to the warming of the earth's atmosphere and other climate changes. These findings allow the EPA to adopt and implement regulations that would restrict emissions of GHGs under existing provisions of the federal Clean Air Act. The EPA has adopted two sets of regulations under the existing Clean Air Act that would require a reduction in emissions of GHGs from motor vehicles and could trigger permit review for GHG emissions from certain stationary sources. In addition, both houses of Congress have actively considered legislation to reduce emissions of GHGs, and almost one-half of the states have taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Most of these cap and trade programs work by requiring either major sources of emissions or major producers of fuels to acquire and surrender emission allowances, with the number of allowances available for purchase reduced each year until the overall GHG emission reduction goal is achieved. The adoption and implementation of any regulations imposing GHG reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to monitor and to reduce emissions of GHGs associated with our operations.

The widespread outbreak of a communicable illness or any other public health crisis could adversely affect our business, results of operations and financial condition. We may face risks related to public health threats or widespread outbreak of a communicable illness. A widespread outbreak of a communicable disease or a public health crisis could adversely affect the global and domestic economy and our business partners’ ability to conduct business in the United States for an indefinite period of time. For example, in March 2020, the World Health Organization declared a new strain of coronavirus (“COVID-19”) a pandemic. The global spread of COVID-19 has negatively impacted the global economy and disrupted both financial markets and international trade. The COVID-19 pandemic resulted in increased unemployment levels and significantly impacted global supply chain. In addition, federal, state, and local governments have implemented various mitigation measures, including travel restrictions, restrictions on public gatherings, shelter-in-place restrictions, and limitations on business activities. Although we are considered an essential business, some of these actions have adversely impacted the ability of our employees, contractors, suppliers, customers, and other business partners to conduct business activities, and could ultimately do so for an indefinite period of time. This could have a material adverse effect on our results of operations, financial condition, and liquidity, and will depend on numerous factors that we may not be able to predict, including, but not limited to, the duration and severity of the pandemic, governmental actions in response to the pandemic, the impact of business and economic disruptions on our clients and their demand for our services, and our clients’ ability to pay for our services.

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

We may not be able to acquire and finance additional businesses which may limit our ability to pursue our business strategy. We acquired six businesses and one client list during 2021, and maintain a healthy pipeline of potential businesses for acquisition. Strategic acquisitions are part of our growth strategy, and it is our intention to selectively acquire businesses or client lists that are complementary to existing service offerings in our target markets. However, we cannot be certain that we will be able to continue identifying appropriate acquisition candidates and acquire them on satisfactory terms, and we cannot be assured that such acquisitions, even if completed, will perform as expected or will contribute significant synergies, revenues or profits. In addition, we may also face increased competition for acquisition opportunities, which may inhibit our ability to complete transactions on terms that are favorable to us. As discussed above, there are certain provisions under our credit facility that may limit our ability to acquire additional businesses. In the event that we are not in compliance with certain covenants as specified in our credit facility, we could be restricted from making acquisitions, restricted from borrowing funds from our credit facility for other uses, or required to pay down the outstanding balance on the line of credit. However, management believes that funds available under the credit facility, along with cash generated from operations, will be sufficient to meet our liquidity needs, including planned acquisition activity in the foreseeable future. To the extent we are unable to find suitable acquisition candidates, an important component of our growth strategy may not be realized.

We require a significant amount of cash for interest payments on our debt and to expand our business as planned. At December 31, 2021, our debt consisted primarily of $155.3 million in principal amount outstanding under our $400 million unsecured credit facility (the “2018 credit facility” or the “credit facility”). Our debt requires us to dedicate a portion of our cash flow from operations to pay interest on our indebtedness, thereby reducing the funds available to use for acquisitions, capital expenditures and general corporate purposes. Our ability to make interest payments on our debt, and to fund acquisitions, will depend upon our ability to generate cash in the future. Insufficient cash flow could place us at risk of default under our debt agreements or could prevent us from expanding our business as planned. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Our business may not generate sufficient cash flow from operations and future borrowings may not be available to us under our credit facility in an amount sufficient to enable us to fund our other liquidity needs. Volatility in interest rates from monetary policy or economic conditions could increase expenses, cause uncertainty and impact our ability to pay interest on our indebtedness. Refer to Item 7A, Quantitative and Qualitative Disclosures about Market Risk, for further information regarding interest rate risk.

The interest rates under our 2018 credit facility and related interest rate swaps may be impacted by the phase-out of LIBOR. The London Interbank Offered Rate (“LIBOR”) was historically the basic rate of interest used in lending between banks on the London interbank market and was widely used as a reference for setting the interest rates on loans globally. We currently use LIBOR as a reference rate to calculate interest rates under our credit facility. In 2017, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR, announced its intention to phase out LIBOR by the end of 2021. In 2021, the ICE Benchmark Administration announced that publication of 1-week and 2-month LIBOR would cease on December 31, 2021, with all other tenors to cease by June 30, 2023. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has recommended the use of the Secured Overnight Financing Rate (“SOFR”) as an alternative reference rate to replace LIBOR. SOFR is calculated using short-term repurchase agreements backed by Treasury securities. SOFR is observed and backward looking, unlike LIBOR under the current methodology, which is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. Given that SOFR is a secured rate backed by government securities, it will be a rate that does not take into account bank credit risk (as is the case with LIBOR). SOFR also may be more volatile than LIBOR. Other alternative rates, such as Bloomberg Short-Term Bank Yield Index ("BSBY"), are gaining market traction. When LIBOR ceases to exist, we may need to amend our 2018 credit facility and related interest rate swaps to replace LIBOR with an agreed upon replacement index, and certain of the interest rates under our 2018 credit facility may change. The new rates may not be as favorable to us as those in effect prior to any LIBOR phase-out. We may also find it desirable to engage in more frequent interest rate hedging transactions.

Terms of our credit facility may adversely affect our ability to run our business and/or reduce stockholder returns. The terms of our credit facility, as well as the guarantees of our subsidiaries, could impair our ability to operate our business effectively and may limit our ability to take advantage of business opportunities. For example, our credit facility may (i) restrict our ability to repurchase or redeem our capital stock or debt, or merge or consolidate with another entity; (ii) limit our ability to borrow additional funds or to obtain other financing in the future for working capital, capital expenditures, acquisitions, investments and general corporate purposes; (iii) limit our ability to dispose of our assets, to create liens on our assets, to extend credit or to issue dividends to our stockholders; and (iv) make us more vulnerable to economic downturns and reduce our flexibility in responding to changing business and economic conditions.

Our failure to satisfy covenants in our debt instruments could cause a default under those instruments. Our debt instruments include a number of covenants relating to financial ratios and tests. Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. The breach of any of these covenants could result in a default under these instruments. An event of default would permit our lenders and other debt holders to declare all amounts borrowed from them to be due and payable, together with accrued and unpaid interest. If the lenders accelerate the repayment of borrowings, we may not have sufficient assets to repay our debt.

Risk Factors Related to Ownership of Our Common Stock

We may be more sensitive to revenue fluctuations than other companies, which could result in fluctuations in the market price of our common stock. A substantial majority of our operating expenses, such as personnel and related costs and occupancy costs, are relatively fixed in the short term. As a result, we may not be able to quickly reduce costs in response to any decrease in revenue. This factor could cause our quarterly results to be lower than expectations of securities analysts and stockholders, which could result in a decline in the price of our common stock.

The future issuance of additional shares could adversely affect the price of our common stock. Future sales or issuances of common stock, including those related to the uses described below, or the perception that sales could occur, could adversely affect the market price of our common stock and dilute the percentage ownership held by our stockholders. We have authorized 250.0 million shares of common stock, and have approximately 52.0 million shares of common stock outstanding at January 31, 2022. A substantial number of these shares have been issued in connection with acquisitions. As part of many acquisition transactions, shares are contractually restricted from sale for a one-year period, and as of January 31, 2022, approximately 0.1 million shares of our common stock were under lock-up contractual restrictions that expire by December 31, 2022. We cannot be sure when sales by holders of our stock will occur, how many shares will be sold or the effect that sales may have on the market price of our common stock.

Our principal stockholders may have substantial control over our operations. Our stockholders that beneficially own (within the meaning of Rule 13d-3 of the Exchange Act) significant percentages of our common stock relative to other individual stockholders may exert substantial influence over actions that require the consent of a majority of our outstanding shares, including the election of directors. Our share repurchase activities may result in increased ownership percentages of these individuals and therefore increase the influence they may exert, if they do not participate in these share repurchase transactions or otherwise dispose of their common stock.

There is volatility in our stock price. The market for our common stock has, from time to time, experienced price and volume fluctuations. Factors such as announcements of variations in our quarterly financial results and fluctuations in revenue, as well as the expectations of stockholders and securities analysts regarding the ability of our business to grow and achieve certain revenue or profitability targets, could cause the market price of our common stock to fluctuate significantly. In addition, the stock market in general has experienced volatility that often has been unrelated to the operating performance of companies such as ours. These broad market and industry fluctuations may adversely affect the price of our stock, regardless of our operating performance.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our corporate headquarters are located at 6801 Brecksville Road, Door N, Independence, Ohio 44131, in leased premises. We lease more than 100 offices in 32 states and the District of Columbia and believe that our current facilities are sufficient for our current needs.

ITEM 3. LEGAL PROCEEDINGS.

Refer to Note 11, Commitments and Contingencies, to the accompanying consolidated financial statements for information on legal proceedings, which is incorporated by reference herein.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information for Common Stock - Our common stock is traded on the NYSE under the trading symbol "CBZ."

Holders of Record - The number of holders of our common stock based on record ownership as of December 31, 2021 was approximately 2,264.

Dividends - Historically, we have not paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. Refer to Note 9, Debt and Financing Arrangements, to the accompanying consolidated financial statements for information relating to restrictions on declaring or making dividend payments under our 2018 credit facility.

Recent Sales of Unregistered Securities - During the year ended December 31, 2021, we issued approximately 316 thousand shares of our common stock as payment for contingent consideration for current year and 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 the Company and represented that they acquired the shares for their own account and not for the purpose of distribution. The certificates for the shares contain a restrictive legend advising that the shares may not be offered for sale, sold, or otherwise transferred without having first been registered under the Securities Act or pursuant to an exemption from the Securities Act.

Issuer Purchases of Equity Securities - Shares repurchased during the three months ended December 31, 2021 (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.

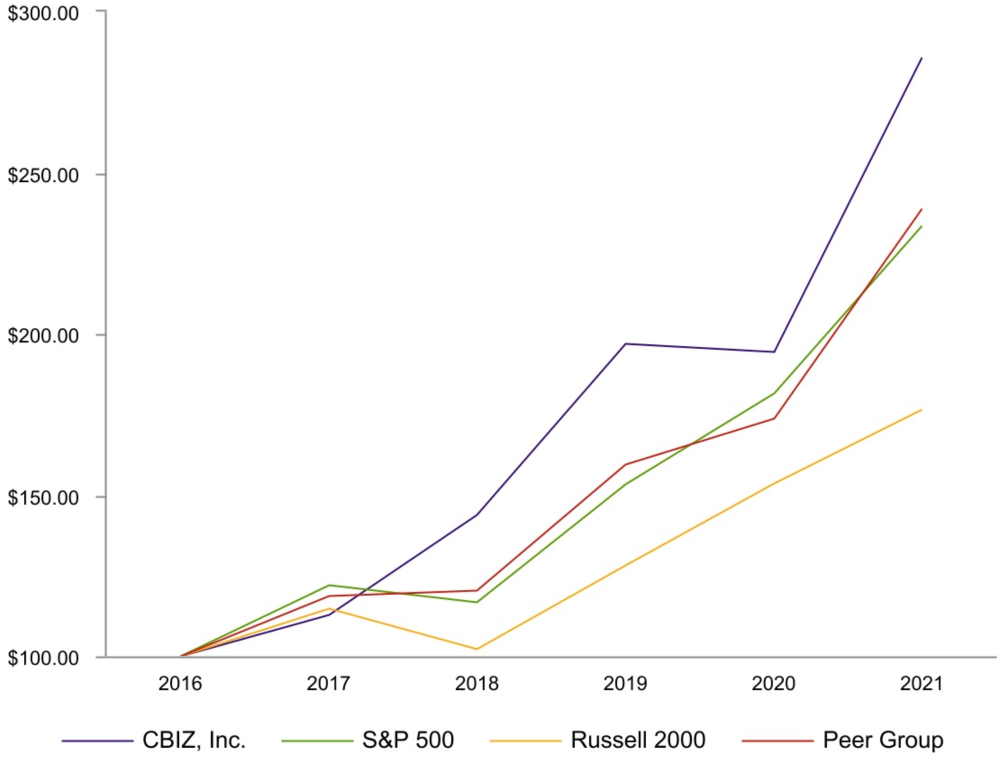
	Issuer Purchases of Equity Securities			
Fourth Quarter Purchases	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares That May Yet Be Purchased Under the Plan
October 1 – October 31, 2021	299	$ 35.04	299	3,087
November 1 – November 30, 2021	27	$ 37.38	27	3,060
December 1 – December 31, 2021	—	$ —	—	3,060
	326	$ 35.24	326	

Refer to Note 13, Common Stock, to the accompanying consolidated financial statements for future discussion on the Share Repurchase Program.

Performance Graph - The graph below matches the cumulative five-year total return of holders of CBIZ, Inc.'s common stock with the cumulative total returns of the S&P 500 index, the Russell 2000 index and a customized peer group of five companies that includes: Brown & Brown, Inc., H & R Block, Inc., Paychex, Inc., Resources Connection, Inc. and Willis Towers Watson Plc. The graph assumes that the value of the investment in our common stock, in each index, and in the peer group (including reinvestment of dividends) was $100 on December 31, 2016 and tracks it through December 31, 2021.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among CBIZ, Inc., the S&P 500 Index, the Russell 2000 Index, and a Peer Group



*$100 invested on December 31, 2016 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

	2016	2017	2018	2019	2020	2021
CBIZ, Inc.	$ 100.00	$ 112.77	$ 143.80	$ 196.79	$ 194.23	$ 285.55
S&P 500	100.00	121.83	116.49	153.17	181.35	233.41
Russell 2000	100.00	114.65	102.02	128.06	153.62	176.39
Peer Group	100.00	118.61	120.29	159.22	173.48	238.69

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ITEM 6. [RESERVED]

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations relates to, and should be read in conjunction with, our consolidated financial statements included elsewhere in this report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions, which could cause actual results to differ materially from management’s expectations. Please see the sections of this report entitled “Forward-Looking Statements” and “Risk Factors.” This section generally discusses the results of operations for fiscal year 2021 compared to fiscal year 2020. For discussion related to the results of operations and changes in financial conditions for fiscal year 2020 compared to fiscal year 2019 refer to Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the year ended December 31, 2020 as filed SEC on February 26, 2021.

EXECUTIVE SUMMARY

Financial Year in Review - Revenue of $1,104.9 million in 2021 grew $141.0 million, or 14.6%, from revenue of $963.9 million in 2020. Same-unit revenue increased by $74.3 million, or 7.7%, while acquisitions, net of divestitures, contributed $66.7 million to revenue, or 6.9%. A detailed discussion of revenue by practice group is included under “Operating Practice Groups.” Income from continuing operations in 2021 decreased $7.4 million, or 9.5%, to $70.9 million from $78.3 million in 2020. Refer to “Results of Operations - Continuing Operations” for a detailed discussion of the components of income from continuing operations. Earnings per diluted share from continuing operations were $1.32 in 2021, compared to $1.42 in 2020, with a fully diluted weighted average share count of 53.7 million shares in 2021, compared to 55.4 million shares in 2020.

Strategic Use of Capital - Our first priority for the use of capital is to make strategic acquisitions. We completed the following six acquisitions in 2021:

- Effective January 1, 2021, we acquired substantially all the assets of Middle Market Advisory Group (“MMA”). MMA, based in Englewood, Colorado, is a provider of tax compliance and consulting services to middle market companies and family groups in the real estate, automotive, technology and SAAS, construction, and manufacturing industries.

- Effective April 1, 2021, we acquired substantially all the assets of Wright Retirement Services, LLC ("Wright"). Wright, located in Valdosta, Georgia, specializes in third party administration services for retirement plan sponsors.

- Effective May 1, 2021, we acquired substantially all of the non-attest assets of Bernston Porter & Company, PLLC ("BP"). BP, based in Bellevue, Washington, is a provider of comprehensive accounting and financial consulting services including tax, forensic, economic and valuation services and transaction services to a wide range of industries with specialties including construction, real estate, hospitality, manufacturing and technology.

- Effective June 1, 2021, we acquired all of the issued and outstanding membership interests of Schramm Health Partners, LLC dba Optumas ("Optumas"). Optumas, based in Scottsdale, Arizona, is a provider of actuarial services to state government health care agencies to assist in the administration of Medicaid programs.

- Effective September 1, 2021, we acquired all of the non-attest assets of Shea Labagh Dobberstein ("SLD"). SLD, based in San Francisco, California, is a provider of professional accounting, tax and advisory services to privately held businesses, individuals and nonprofit organizations.

- Effective December 1, 2021, we acquired substantially all the assets of Kenneth Weiss & Company, P.C. dba Weiss & Company (“Weiss”). Weiss, based in San Diego, California, is a provider of tax compliance and consulting services to family groups and individuals.

Refer to Note 18, Business Combinations, to the accompanying consolidated financial statements for further discussion on acquisitions.

We also have the financing flexibility and the capacity to actively repurchase shares of our common stock. We believe that repurchasing shares of our common stock is a prudent use of our financial resources, and that investing in our stock is an attractive use of capital and an efficient means to provide value to our shareholders. On February 10, 2022, the CBIZ Board of Directors authorized the purchase of up to 5.0 million shares of our common stock under our Share Repurchase Program (the “Share Repurchase Program”), which may be suspended or discontinued at any time and expires on March 31, 2023. The shares may be purchased (i) in the open market, (ii) in privately negotiated transactions, or (iii) under Rule 10b5-1 trading plans, which may include purchases from our employees, officers and directors, in accordance with SEC rules. CBIZ management will determine the timing and amount of the transaction based on its evaluation of market conditions and other factors.

Pursuant to previously authorized share repurchase programs, we repurchased 3.0 million shares of our common stock in the open market at a total cost of approximately $96.4 million in 2021 and 2.3 million shares at a total cost of approximately $57.6 million in 2020. Refer to Note 13, Common Stock, to the accompanying consolidated financial statements for further discussion on the Share Repurchase Program.

Recent Accomplishments and Other Events

Workplace Awards - In 2021, we were honored and recognized for 93 various national and local market awards. A sample of the awards won include:

- **2021 America's Best Midsize Employers by Forbes –** This was the fourth time we have received this award. 50,000 Americans working for businesses with at least 1,000 employees were surveyed to rate, on a scale of zero to 10, how likely they would be to recommend their employer to others. They were also asked to nominate organizations in industries outside their own.

- **Top Workplaces USA 2021** - This inaugural award celebrates nationally recognized companies that make the world a better place to work together by prioritizing a people-centered culture and giving employees a voice. This award is based entirely on feedback from our team members.

- **Top Workplaces in the Financial Services Industry 2021 –** CBIZ was named a winner among other Financial Services organizations that exceeded award criteria.

- **Vault Accounting 50 –** CBIZ ranked in the Top 10 based on survey results and feedback from those who are CPAs in Financial Services.

- **Best Places to Work in Insurance** - We were selected and honored for the seventh consecutive year 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.

- **2021 Best and Brightest Companies in the Nation Top 101** - For the sixth year in a row, we were honored as a "Best and Brightest Company" by National Association of Business Resources ("NABR") based on our commitment to human resource practices and employee enrichment.

- **2021 Best and Brightness in Wellness** – We were honored by NABR, for the fifth consecutive time, as an organization that promotes a culture of wellness.

- **Top Workplaces Culture Excellence Awards 2021 for Appreciation, Clue-in Leaders, Employee Value Proposition, Employee Wellbeing, Empowering Employees, Formal Training, Professional Development, Work-Life Flexibility** – These first-time awards recognize outstanding organizations across business-relevant culture categories.

- **2021 U.S. Insurance Awards Community Outreach Project of the Year** – CBIZ was named a finalist by Business Insurance based on engagement with Dress for Success. CBIZ is a key corporate partner for Dress for Success through the CBIZ Women's Advantage program.

RESULTS OF OPERATIONS - CONTINUING OPERATIONS

We provide professional business services that help clients manage their finances and employees. We deliver our integrated services through the following 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. For example, for a business acquired on July 1, 2020, revenue for the period January 1, 2021 through

June 30, 2021 would be reported as revenue from acquired businesses whereas revenue for the periods from July 1 through December 31 of both years would be reported as same-unit revenue. Divested operations represent operations that did not meet the criteria for treatment as discontinued operations. Those businesses that have met the requirements to be treated as a discontinued operation are eliminated from continuing operations for all periods presented below.

Revenue

The following table summarizes total revenue for the years ended December 31, 2021 and 2020:

	Year Ended December 31,			
	2021	Percent	2020	Percent
	(Amounts in thousands, except percentages)			
Financial Services	$ 734,026	66.4 %	$ 629,778	65.3 %
Benefits and Insurance Services	332,323	30.1 %	297,758	30.9 %
National Practices	38,576	3.5 %	36,361	3.8 %
Total CBIZ revenue	$ 1,104,925	100.0 %	$ 963,897	100.0 %

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

Non-qualified Deferred Compensation Plan - We sponsor a non-qualified deferred compensation plan ("NQDCP"), 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 deferred compensation plan are included in “Operating expenses,” “Gross margin” and “Corporate General & 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 deferred compensation plan has no impact on “Income from continuing operations before income tax expense” or diluted earnings per share from continuing operations.

Income and expenses related to the deferred compensation plan for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
	(Amounts in thousands)	
Operating expenses	$ 17,317	$ 13,806
Corporate general and administrative expenses	$ 2,168	$ 1,587
Other income, net	$ 19,485	$ 15,393

Excluding the impact of the above-mentioned income and expenses related to the deferred compensation plan, the operating results for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021				Year Ended December 31, 2020			
	(Amounts in thousands, except percentages)							
	As Reported	NQDCP	Adjusted	% of Revenue	As Reported	NQDCP	Adjusted	% of Revenue
Gross margin	$ 159,290	$ 17,317	$ 176,607	16.0 %	$ 138,546	$ 13,806	$ 152,352	15.8 %
Operating income	72,672	19,485	92,157	8.3 %	92,480	15,393	107,873	11.2 %
Other income (expense), net	18,241	(19,485)	(1,244)	(0.1)%	16,500	(15,393)	1,107	0.1 %
Income from continuing operations before income tax expense	93,040	—	93,040	8.4 %	103,488	—	103,488	10.7 %

Operating Expenses

The following table presents our operating expenses for the years ended December 31, 2021 and 2020:

	Year Ended December 31,			
	2021		2020	
	(Amounts in thousands, except percentages)			
Operating expenses	$	945,635	$	825,351
Operating expenses % of revenue		85.6 %		85.6 %
Operating expenses excluding deferred compensation	$	928,318	$	811,545
Operating expenses excluding deferred compensation % of revenue		84.0 %		84.2 %

Our operating expenses increased by $120.3 million. Operating expense as a percentage of revenue remained unchanged at 85.6% of revenue in 2021 as compared to 85.6% of revenue for the prior year. The non-qualified deferred compensation plan increased operating expenses by $17.3 million and $13.8 million in 2021 and 2020, respectively. Excluding the impact of the non-qualified deferred compensation plan, which was recorded in "Corporate and Other" for segment reporting purposes, operating expenses would have been $928.3 million, or 84.0% of revenue, in 2021 compared to $811.5 million, or 84.2% of revenue, in 2020.

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. Excluding the impact of non-qualified deferred compensation plan, which was recorded in "Corporate and Other" for segment reporting purposes, operating expense increased by approximately $116.8 million in 2021 as compared to 2020, primarily driven by $100.2 million higher personnel cost, of which acquisitions contributed approximately $48.0 million to personnel costs increases, $4.0 million higher computer and facility related costs, $3.9 million higher depreciation and amortization expense, $2.0 million higher marketing expense, as well as $1.0 million higher professional fees, offset by $1.4 million lower bad debt expense. Other discretionary spending increased by approximately $7.1 million to support the growth in business activities. Personnel costs and other operating expenses are discussed in further detail under “Operating Practice Groups.”

Corporate General & Administrative Expenses

The following table presents our Corporate General & Administrative (“G&A”) expenses for the years ended December 31, 2021 and 2020:

	Year Ended December 31,			
	2021		2020	
	(Amounts in thousands, except percentages)			
G&A expenses	$	56,150	$	46,066
G&A expenses % of revenue		5.1 %		4.8 %
G&A expenses excluding deferred compensation	$	53,982	$	44,479
G&A expenses excluding deferred compensation % of revenue		4.9 %		4.6 %

Our G&A expenses increased by approximately $10.1 million, or 21.9%, in 2021 compared to 2020, and increased to 5.1% of revenue from 4.8% of revenue for the prior year. The non-qualified deferred compensation plan increased G&A expenses by $2.2 million in 2021, and by $1.6 million in 2020. Excluding the impact of the deferred compensation plan, which was recorded in "Corporate and Other" for segment reporting purposes, G&A expenses would have been $54.0 million, or 4.9% of revenue, in 2021 compared to $44.5 million, or 4.6% of revenue, in 2020. Excluding the impact of the non-qualified deferred compensation plan, which was recorded in "Corporate and Other" for segment purposes, G&A expense increased by $9.5 million in 2021 as compared to prior year, primarily attributable to $4.6 million higher personnel costs and $3.8 million higher professional fees in 2021 as compared to 2020.

Legal Settlement, net

On June 24, 2021, we reached a settlement agreement with University of Pittsburgh Medical Center pertaining a lawsuit filed in the U.S. District Court for the Western District of Pennsylvania. Under the terms of the settlement agreement, we paid a total settlement amount of $41.5 million and recorded a settlement loss of $30.5 million for the twelve months ended December 31, 2021.

Other Income, net

The following table presents our Other income, net for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
	(Amounts in thousands)	
Interest expense	$ (3,868)	$ (4,983)
Gain (loss) on sale of operations, net	5,995	(509)
Other income, net [1]	18,241	16,500
Total other income, net	$ 20,368	$ 11,008

(1) Other income, net includes a net gain of $19.5 million in 2021 and a net gain of $15.4 million in 2020, associated with the value of investments held in a rabbi trust related to the deferred compensation plan, which was recorded in "Corporate and Other" for segment reporting purposes. The adjustments to the investments held in a rabbi trust related to the deferred compensation plan are offset by a corresponding increase or decrease to compensation expense, which is recorded as “Operating expenses” and “G&A expenses” in the accompanying Consolidated Statements of Comprehensive Income. The deferred compensation plan has no impact on “Income from continuing operations before income tax expense” or diluted earnings per share from continuing operations.

Interest Expense - Our primary financing arrangement is the 2018 credit facility. Interest expense was $3.9 million in 2021, compared to $5.0 million in 2020. Our average debt balance and weighted average interest rate was $161.0 million and 1.88%, respectively, in 2021, compared to $152.3 million and 2.45%, respectively, in 2020. Our debt is further discussed in Note 9, Debt and Financing Arrangements, to the accompanying consolidated financial statements.

Gain (loss) on Sale of Operations, net – We sold a small book of business and a business unit in the Benefit and Insurance practice group during the twelve months ended December 31, 2021. Total proceeds from the sales were $9.7 million. Net gain from the sales were approximately $6.0 million. We sold a small book of business in the Benefit and Insurance practice group and two small accounting firms in the Financial Services practice group during 2020. The proceeds and net gain from such sales were immaterial.

Other Income, net - The majority of “Other income, net” consists of net gains and losses associated with the value of the non-qualified deferred compensation plan as discussed above, as well as net adjustments to the fair value of our contingent purchase price liability related to prior acquisitions. Other income of $18.2 million in 2021 included a $19.5 million net gain related to the deferred compensation plan, partially offset by $2.4 million net increase to the fair value of the contingent purchase price liability due to $1.8 million net present value adjustment and $0.5 million stock price adjustment. Other income of $16.5 million in 2020 consisted of a net gain of $15.4 million related to the deferred compensation plan as well as a $0.6 million net decrease to the fair value of the contingent purchase price liability.

Income Tax Expense

The following table presents our income tax expense for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
	(Amounts in thousands, except percentages)	
Income tax expense	$ 22,129	$ 25,141
Effective tax rate	23.8 %	24.3 %

The decrease in income tax expense from 2020 to 2021 was primarily driven by lower pre-tax income. The decrease in the effective tax rate from 2020 to 2021 was primarily attributable to an increase in the tax benefit recognized in 2021 compared to 2020 related to stock-based compensation.

GAAP RECONCILIATION
Income from Continuing Operations to Non-GAAP Financial Measure [1]

	Year Ended December 31,	
	2021	2020
	(Amounts in thousands)	
Income from continuing operations	$ 70,911	$ 78,347
Interest expense	3,868	4,983
Income tax expense	22,129	25,141
(Gain) loss on sale of operations, net	(5,995)	509
Legal settlement, net	30,468	—
Depreciation	10,781	9,568
Amortization	16,297	13,571
Adjusted EBITDA	$ 148,459	$ 132,119

(1) We report our financial results in accordance with GAAP. This table reconciles Adjusted EBITDA, a Non-GAAP financial measure to the nearest GAAP financial measure, "Income from continuing operations." Adjusted EBITDA is not defined by GAAP, is not based on any comprehensive set of accounting rules or principles, and should not be considered in isolation from, or regarded as an alternative or replacement to, any measurement of performance or cash flow under GAAP. Adjusted EBITDA is commonly used by us, our shareholders, and debt holders to evaluate, assess, and benchmark our operating results and to provide an additional measure with respect to our ability to meet future debt obligations. Because of these limitations, Adjusted EBITDA should be considered alongside our financial results presented in accordance with GAAP.

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.

Financial Services

	Year Ended December 31,			
	2021	2020	$ Change	% Change
	(Amounts in thousands, except percentages)			
Revenue				
Same-unit	$ 685,920	$ 627,500	$ 58,420	9.3 %
Acquired businesses	48,106	—	48,106	
Divested operation	—	2,278	(2,278)	
Total revenue	734,026	629,778	104,248	16.6 %
Operating expenses	608,238	525,209	83,029	15.8 %
Gross margin / Operating income	$ 125,788	$ 104,569	$ 21,219	20.3 %
Total other expense, net	(26)	(350)	$ 324	(92.6)%
Income from continuing operations before income tax expense	$ 125,762	$ 104,219	$ 21,543	20.7 %
Gross margin percentage	17.1 %	16.6 %		

The Financial Services practice group revenue in 2021 grew by 16.6% to $734.0 million from $629.8 million in 2020. Same-unit revenue grew by $58.4 million, or 9.3%, across all service lines, primarily driven by a $34.3 million increase from those units that provide traditional accounting and tax-related services, and $20.0 million increase from those units that provide project-oriented advisory services, as well as $3.7 million increase in government healthcare compliance business. The impact of the acquired businesses, net of divestitures, contributed $45.8 million or 6.2%, of 2021 revenue. We provide a range of services to affiliated CPA firms under ASAs. Fees earned under the ASAs are recorded as revenue in the accompanying Consolidated Statements of Comprehensive Income and were $174.8 million and $159.4 million in 2021 and 2020, respectively.

Operating expenses increased by $83.0 million in 2021 as compared to 2020, primarily as a result of $75.5 million, or 17.1%, higher personnel costs, of which acquisitions contributed approximately $35.4 million to the increase. In addition, other operating expenses, including marketing, recruiting, professional services, technology, facilities, travel and entertainment, depreciation and amortization expenses increased by $7.9 million to support the business growth. The increase in personnel costs and other operating expenses was partially offset by approximately $3.4 million lower bad debt expense. In the first half of 2020, due to the COVID-19 pandemic, we recorded bad debt expense of $2.2 million, which did not recur in 2021. Operating expense as a percentage of revenue remained relatively flat at 82.9% in 2021 and 83.4% in 2020.

Benefits and Insurance Services

	Year Ended December 31,			
	2021	2020	$ Change	% Change
	(Amounts in thousands, except percentages)			
Revenue				
Same-unit	$ 309,637	$ 295,965	$ 13,672	4.6 %
Acquired businesses	22,686	—	22,686	
Divested operation	—	1,793	(1,793)	
Total revenue	332,323	297,758	34,565	11.6 %
Operating expenses	271,650	248,357	23,293	9.4 %
Gross margin / Operating income	$ 60,673	$ 49,401	$ 11,272	22.8 %
Total other income, net	$ 7,111	$ 265	$ 6,846	N/M
Income from continuing operations before income tax expenses	$ 67,784	$ 49,666	$ 18,118	36.5 %
Gross margin percentage	18.3 %	16.6 %		

The Benefits and Insurance Services practice group revenue in 2021 grew by 11.6% to $332.3 million from $297.8 million in 2020, primarily driven by $20.9 million of incremental revenue from the acquisition of businesses, net of divestitures. Same-unit revenue increased by $13.7 million, or 4.6% in 2021 across almost all service lines, particularly in property and casualty services, employee benefit services, retirement services, and other project based services. Operating expenses increased by $23.3 million in 2021 primarily due to $16.5 million, or 8.5%, in higher personnel costs as result of acquisitions, which contributed approximately $12.6 million to the increase in 2021 as well as investment in new sales producers. Bad debt expense increased by $2.1 million as a result of direct write-off of certain commission receivables deemed uncollectible. In addition to the increases in personnel cost and bad debt expense, other operating expenses, including marketing, commission, technology, depreciation and amortization increased by approximately $4.5 million to support the increased business activities. Operating expense as a percentage of revenue decreased to 81.7% in 2021 from 83.4% in 2020.

National Practices

	Year Ended December 31,	
	2021	2020
	(Amounts in thousands, except percentages)	
Revenue		
Same-unit	$ 38,576	$ 36,361
Operating expenses	34,494	32,637
Gross margin / Operating income	$ 4,082	$ 3,724
Total other income, net	$ 3	$ 1
Income from continuing operations before income tax expenses	$ 4,085	$ 3,725
Gross margin percentage	10.6 %	10.2 %

Revenue growth in this practice group was primarily driven by our cost-plus contract with a single client, which has existed since 1999. The cost-plus contract is a five year contract with the most recent renewal through

December 31, 2023. Revenues from this single client accounted for approximately 75% of the National Practice group’s revenue. Operating expenses have increased mainly due to an increase in salaries and benefits.

Corporate and Other

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

	Year Ended December 31,			
	2021	2020	$ Change	% Change
	(Amounts in thousands, except percentages)			
Operating expenses	$ 31,253	$ 19,148	$ 12,105	63.2 %
Corporate general and administrative expenses	56,150	46,066	$ 10,084	21.9 %
Legal settlement, net	30,468	—	$ 30,468	N/M
Operating loss	$ (117,871)	$ (65,214)	$ (52,657)	80.7 %
Total other income, net	13,280	11,092	$ 2,188	19.7 %
Loss from continuing operations before income tax expenses	$ (104,591)	$ (54,122)	$ (50,469)	93.3 %

Total operating expenses increased by $12.1 million, or 63.2% in 2021 as compared to 2020. The non-qualified deferred compensation plan increased operating expenses by $17.3 million in 2021, and by $13.8 million in 2020. Excluding the non-qualified deferred compensation expenses, operating expense increased by approximately $8.6 million, primarily driven by $7.7 million higher personnel costs and $1.2 million higher marketing costs to support business growth.

Total corporate general and administrative expenses increased by $10.1 million, or 21.9% in 2021, as compared to 2020. The non-qualified deferred compensation plan increased corporate general and administrative expenses by $2.2 million in 2021, and by $1.6 million in 2020. Excluding the non-qualified deferred compensation expenses, corporate general and administrative expense increased by approximately $9.5 million, primarily driven by higher personnel costs of $4.6 million and $3.3 million higher expenses for professional services incurred to support merger and acquisition activities. In addition, technology and other corporate general and administrative expenses increased by approximately $1.4 million compared to 2020 to support the business growth.

On June 24, 2021, we reached a settlement agreement with University of Pittsburgh Medical Center pertaining a lawsuit filed in the U.S. District Court for the Western District of Pennsylvania. Under the terms of the settlement agreement, we paid a total settlement amount of $41.5 million and recorded a settlement loss of $30.5 million in 2021.

Total other income, net increased by $2.2 million, or 19.7% in 2021, as compared to 2020. Total other income, net includes a net gain of $19.5 million and $15.4 million associated with the non-qualified deferred compensation plan in 2021 and 2020, respectively. Excluding the impact of the non-qualified deferred compensation plan, total other income, net would have been an expense of $6.2 million in 2021 and an expense of $4.3 million in 2020, an net increase in expense of approximately $1.9 million, primarily due to $3.0 million higher fair value adjustment related to the contingent purchase price considerations, offset by $1.1 million lower interest expense due to lower weighted average interest rates during 2021 as compared to 2020.

LIQUIDITY AND CAPITAL RESOURCES

The following table is derived from our Consolidated Statements of Cash Flows (in thousands):

	Year Ended December 31,	
	2021	2020
Net cash provided by operating activities	$ 131,154	$ 146,845
Net cash used in investing activities	(82,010)	(46,406)
Net cash used in financing activities	(69,005)	(76,609)

We generate strong cash flows from operations and have access to a $400.0 million credit facility, which enables us to fund investments and operating projects that are designed to optimize shareholder return. Cash flows from operations and available capital resources allow us to make strategic acquisitions, repurchase shares of our common stock when accretive to shareholders, meet working capital needs, and service our debt. Generally, we maintain low levels of cash and apply any available cash to pay down our outstanding debt balance. Due to the seasonal nature of the Financial Services practice group's accounting and tax services in the first four months of the fiscal year, we historically generate much of our cash flows during the last three quarters of the fiscal year.

Our working capital management primarily relates to trade accounts receivable, accounts payable, incentive-based compensation and other assets, which consists of other receivables and prepaid assets typically related to activities in the normal course of our business operations. At any specific point in time, working capital is subject to many variables, including seasonality and the timing of cash receipts and payments, most notably in the timing of insurance premiums to the carriers within our Benefits and Insurance practice group. We have restricted cash 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.

Accounts receivable balances increase in response to the increase in revenue generated by the Financial Services practice group during the first four months of the year. 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. DSO was 71 days as of December 31, 2021 and 72 days as of December 31, 2020. 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.

Cash Provided by Operating Activities

2021 compared to 2020 - Cash provided by operating activities was $131.2 million during 2021, primarily contributed to net income of $70.9 million and certain non-cash items, such as depreciation and amortization expense of $27.1 million, share-based compensation expense of $11.4 million, deferred income tax of $9.2 million, bad debt expense of $3.1 million, adjustment to the fair value of contingent purchase consideration of $2.4 million, as well as $13.3 million of cash generated from working capital management. The $15.7 million decrease in cash provided by operating activities in 2021 as compared to 2020 was primarily due to a net decrease of $19.3 million in cash generated from working capital of which approximately $23.8 million was attributable to the increase in accounts receivable as a result of higher revenue, $10.6 million was attributable decrease in other liabilities as a result of payment of deferred FICA taxes, offset by approximately $16.8 million increase in accounts payable and accrued personnel costs. In addition, the decrease in cash provided by operating activities in 2021 as compared to 2020 was partially attributable to $7.4 million lower net income as a result, among other items, $30.5 million legal settlement loss.

Investing Activities

The majority of our investing activities relate to acquisitions, capital expenditures and net activity related to funds held for clients. Refer to Note 1, Basis of Presentation and Significant Accounting Policies, and Note 18, Business Combinations, to the accompanying consolidated financial statements for further discussion on our acquisitions and a further description of funds held for clients and client fund obligations.

2021 - Net cash used in investing activities in 2021 consisted primarily of $66.7 million related to business acquisitions and $9.0 million in capital expenditures, offset by $12.1 million net proceeds from sales and maturities of client funds.

2020 - Net cash used in investing activities in 2020 consisted primarily of $71.4 million related to business acquisitions and $11.6 million in capital expenditures, offset by $34.0 million net proceeds from sales and maturities of client funds.

Financing Activities

The majority of our financing activities relate to our 2018 credit facility, share repurchases, net client fund obligation activity, as well as contingent consideration payments for prior acquisitions. Refer to Note 9, Debt and Financing Arrangements, and Note 13, Common Stock, to the accompanying consolidated financial statements for further discussion on our 2018 credit facility and Share Repurchase Program.

2021 - Net cash used in financing activities in 2021 consisted primarily of $100.5 million of share repurchases, a net decrease of $8.9 million in client fund obligations, and $14.1 million of contingent consideration payments for prior acquisitions, partially offset by $7.3 million in proceeds from the exercise of stock options and $47.3 million net proceeds from borrowings under our 2018 credit facility.

2020 - Net cash used in financing activities in 2020 consisted primarily of $58.5 million of share repurchases, a net decrease of $13.7 million in client fund obligations, and $12.9 million of contingent consideration payments for prior acquisitions, partially offset by $6.5 million in proceeds from the exercise of stock options and $2.5 million net proceeds from borrowings under our 2018 credit facility.

CAPITAL RESOURCES

The following table presents our capital structure (in thousands):

	December 31,	
	2021	2020
Bank debt	$ 155,300	$ 108,000
Stockholders' equity	704,548	702,620
Total capital	$ 859,848	$ 810,620

Credit Facility - Our primary financing arrangement is the $400.0 million unsecured 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, which 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 and matures in 2023. At December 31, 2021, we had $155.3 million outstanding under the credit facility, as well as letters of credit and performance guarantees totaling $5.6 million. Available funds under the credit facility, based on the terms of the commitment, were approximately $234.5 million at December 31, 2021. The weighted average interest rate under the credit facility was 1.88% in 2021 and 2.45% in 2020. The credit facility allows for the allocation of funds for future strategic initiatives, including acquisitions and the repurchase of our common stock, subject to the terms and conditions of the credit facility.

Debt Covenant Compliance - We are required to meet certain financial covenants with respect to (i) total leverage ratio and (ii) a minimum fixed charge coverage ratio. We were in compliance with our covenants as of December 31, 2021. Our ability to service our debt and to fund future strategic initiatives will depend upon our ability to generate cash in the future. For further discussion regarding our credit facility, refer to Note 9, Debt and Financing Arrangements, to the accompanying consolidated financial statements.

Use of Capital - Our first priority for the use of capital is to make strategic acquisitions. We completed six business acquisitions and one client list acquisition in 2021. Refer to Note 18, Business Combinations, to the accompanying consolidated financial statements for further discussion on acquisitions. We also have the financing flexibility and the capacity to actively repurchase shares of our common stock in the open market. We believe that repurchasing shares of our common stock is a prudent use of our financial resources, and that investing in our stock is an attractive use of capital and an efficient means to provide value to our shareholders. We repurchased 3.0 million shares of our common stock in the open market at a total cost of approximately $96.4 million in 2021 and 2.3 million shares at a total cost of approximately $57.6 million in 2020. Refer to Note 13, Common Stock, to the accompanying consolidated financial statements for further discussion on the Share Repurchase Program.

Cash Requirements for 2022 - Cash requirements for 2022 will include acquisitions, interest payments on debt, seasonal working capital requirements, contingent earnout payments for previous acquisitions, share repurchases and capital expenditures. We believe that cash provided by operations, as well as available funds under our credit facility will be sufficient to meet cash requirements for the next 12 months.

OBLIGATIONS AND COMMITMENTS

Off-Balance Sheet Arrangements - We maintain ASAs 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 accompanying consolidated financial statements), 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 consolidated financial condition, results of operations, or cash flows of CBIZ.

We provide letters of credit for insurance needs as well as to landlords (lessors) of our leased premises in lieu of cash security deposits. Letters of credit totaled $3.4 million and $1.7 million at December 31, 2021 and 2020. In addition, we provide license bonds to various state agencies to meet certain licensing requirements. The amount of license bonds outstanding was $2.3 million and $2.2 million at December 31, 2021 and 2020, 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 are 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 December 31, 2021, we were not aware of any obligations arising under indemnification agreements that would require material payments.

Interest Rate Risk Management - 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. To mitigate counterparty credit risk, we only enter into contracts with selected major financial institutions with investment grade ratings and continually assess their creditworthiness. There are no credit risk-related contingent features in our interest rate swaps nor do the swaps contain provisions under which we would be required to post collateral.

As of December 31, 2021, the notional value of all of our interest rate swaps was $115.0 million, with maturity dates ranging from May, 2022 to December, 2026. For further details on our interest rate swaps, refer to Note 6, Financial Instruments, to the accompanying consolidated financial statements.

In connection with payroll services provided to clients, we collect funds from our clients’ accounts in advance of paying these client obligations. These funds held for clients are segregated and invested in accordance with our investment policy, which requires that all investments carry an investment grade rating at the time of initial investment. The interest income on these investments mitigates the interest rate risk for the borrowing costs of our credit facility, as the rates on both the investments and the outstanding borrowings against the credit facility are based on market conditions. Refer to Note 6, Financial Instruments, and Note 9, Debt and Financing Arrangements, to the accompanying consolidated financial statements for further discussion regarding investments and our debt and financing arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements in accordance with GAAP is based on the selection and application of accounting policies that require us to make significant estimates and assumptions that in certain circumstances affect amounts reported in the accompanying consolidated financial statements. In preparing these financial statements, we have made our best estimates and judgments of certain amounts included in the consolidated financial statements, giving due consideration to materiality. We consider the accounting policies discussed below to be critical to the understanding of our consolidated financial statements. Actual results could differ from our estimates and assumptions, and any such difference could be material to our consolidated financial statements. Significant accounting policies, including Revenue Recognition, are described more fully in Note 1, Basis of Presentation and Significant Accounting Policies, to the accompanying consolidated financial statements.

Accounts Receivable and Notes Receivable - We determine the net amount expected to be collected on our accounts receivable, both billed and unbilled, and notes receivable, based on a combination of factors, including but not limited to our historical incurred loss experience, credit-worthiness of our clients, the age of accounts receivable balance, current economic conditions that may affect a client's ability to pay, and reasonable and supportable forecasts. Significant management judgments and estimates must be made and used in connection with establishing the allowance for doubtful accounts for each accounting period. Material differences may result if facts and circumstances change in relation to the original estimation.

Business Combinations - We recognize and measure identifiable assets acquired and liabilities assumed as of the acquisition date at fair value. Fair value measurements require extensive use of estimates and assumptions, including estimates of future cash flows to be generated by the acquired assets. In addition, we recognize and measure contingent consideration at fair value as of the acquisition date using a probability-weighted discounted cash flow model. The fair value of contingent consideration obligations that are classified as liabilities are reassessed each reporting period. Any change in the fair value estimate is recorded in the earnings of that period.

Goodwill and Other Intangible Assets - Goodwill represents the difference between the purchase price of the acquired business and the related fair value of the net assets acquired. A significant portion of our assets in the accompanying Consolidated Balance Sheets is goodwill. At December 31, 2021, the carrying value of goodwill totaled $740.7 million, compared to total assets of $1.6 billion and total shareholders' equity of $704.5 million. Intangible assets consist of identifiable intangibles other than goodwill. Identifiable intangible assets other than goodwill include client lists and non-compete agreements, which require significant judgments in determining the fair value. We carry client lists and non-compete agreements at cost, less accumulated amortization, in the accompanying Consolidated Balance Sheets.

Goodwill is not amortized, but rather is tested for impairment annually during the fourth quarter. In addition to our annual goodwill test, on a periodic basis, we are required to consider whether it is more likely than not (defined as a likelihood of more than 50%) that the fair value has fallen below its carrying value, thus requiring us to perform an interim goodwill impairment test. Intangible assets with definite lives, such as client lists and non-compete agreements, are amortized using the straight-line method over their estimated useful lives (generally ranging from two to fifteen years). We review these assets for impairment whenever events or changes in circumstances indicate an asset's carrying value may not be recoverable. Recoverability is assessed based on a comparison of the undiscounted cash flows to the recorded value of the asset. If impairment is indicated, the asset is written down to its estimated fair value based on a discounted cash flow analysis or market comparable method.

The goodwill impairment test is performed at a reporting unit level. A reporting unit is an operating segment of a business or one level below an operating segment. At December 31, 2021, we had five reporting units. We may use either a qualitative or quantitative approach when testing a reporting unit's goodwill for impairment. Under the qualitative assessment, we are not required to calculate the fair value of a reporting unit unless we determine that it is more likely than not that its fair value is less than its carrying amount. If under the quantitative assessment the fair value of a reporting unit is less than its carrying amount, then the amount of the impairment loss, if any, must be measured. Any such impairment charge would reduce earnings and could be material.

After considering changes to assumptions used in our most recent quantitative testing for each reporting unit, including the capital market environment, economic and market conditions, industry competition and trends, our weighted average cost of capital, changes in management and key personnel, the price of our common stock, changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit as determined in our most recent quantitative testing, and other factors, we concluded that it was more likely than not that the fair values of each of our reporting units were more than their respective carrying values and, therefore, did not perform a quantitative impairment analysis. For further information regarding our goodwill balances, refer to Note 5, Goodwill and Other Intangible Assets, net, to the accompanying consolidated financial statements.

Loss Contingencies - Loss contingencies, including litigation claims, are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis that often depends on judgment about potential actions by third parties. Refer to Note 11, Commitments and Contingencies, to the accompanying consolidated financial statements for further information.

Other Significant Policies - Other significant accounting policies, not involving the same level of management judgment and uncertainty as those discussed above, are also critical in understanding the consolidated financial statements. Those policies are described in Note 1, Basis of Presentation and Significant Accounting Policies, to the accompanying consolidated financial statements.

Recent Accounting Pronouncements - Refer to Note 1, Basis of Presentation and Significant Accounting Policies, to the accompanying consolidated financial statements for a description of recent accounting pronouncements, which is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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 LIBOR and pay the counterparties a fixed rate. To mitigate counterparty credit risk, we only enter into contracts with selected major financial institutions with investment grade ratings and continually assess their creditworthiness. There are no credit risk-related contingent features in our interest rate swaps nor do the swaps contain provisions under which we would be required to post collateral.

The notional value, fixed rate of interest and expiration date of each interest rate swap is (i) $20.0 million – 1.770% - May, 2022, (ii) $15.0 million – 2.640% - June, 2023, (iii) $50.0 million – 0.885% - April, 2025 and (iv) $30.0 million - 1.249% - December, 2026. Refer to Note 6, Financial Instruments, to the accompanying consolidated financial statements for further discussion regarding interest rate swaps.

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 our credit facility. Our balance outstanding under the credit facility at December 31, 2021 was $155.3 million, of which $40.3 million is subject to rate risk. If market rates were to increase or decrease 100 basis points from the levels at December 31, 2021, interest expense would increase or decrease approximately $0.4 million annually.

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 for the respective period. Refer to Notes 6, Financial Instruments, and Note 7, Fair Value Measurements, to the accompanying consolidated financial statements for further discussion regarding these investments and the related fair value assessments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Financial Statements, together with the notes thereto and the report of KPMG LLP dated February 25, 2022 thereon, and the Supplementary Data required hereunder, are included in this Annual Report as set forth in Item 15(a) hereof and are incorporated herein by reference.

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

None.

ITEM 9A. 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 our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). Disclosure Controls are controls and other procedures 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 the Company’s CEO and CFO, does not expect that its Disclosure Controls or its internal control over financial reporting (“Internal Controls”) will prevent all errors and all fraud. Although our Disclosure Controls are designed to provide reasonable assurance of achieving their objective, a control system, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that the objectives of a control system are met. Further, any control system reflects limitations on resources, and the benefits of a control system must be considered relative to its costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company 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 - Based upon the Controls Evaluation, our CEO and CFO have concluded that as of the end of the period covered by this report, our Disclosure Controls are effective at the reasonable assurance level described above. There were no changes in our Internal Controls that occurred during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our Internal Controls.

Management’s Report on Internal Control Over Financial Reporting - Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision of management, including our CEO and CFO, we conducted an evaluation of our internal control over financial reporting based on the framework provided in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2021.

Our independent auditor, KPMG LLP, an independent registered public accounting firm, has issued an audit report on the effectiveness of our internal control over financial reporting which appears in Item 8 of this Annual Report.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information with respect to this item not included below is incorporated by reference from our Definitive Proxy Statement for the 2022 Annual Stockholders’ Meeting to be filed with the SEC no later than 120 days after the end of CBIZ’s fiscal year.

We have adopted a Code of Professional Conduct and Ethics Guide that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our Code of Professional Conduct and Ethics Guide is available on the investor information page of our website, located at *https://www.cbiz.com*, and in print to any shareholder who requests them. Any waiver or amendment to the code will be posted on our website.

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

Name	Age	Position(s)
Executive Officers and Directors:		
Steven L. Gerard (1)	76	Chairman
Jerome P. Grisko, Jr. (1)	60	President & Chief Executive Officer, Director
Rick L. Burdick (1)(3)(4)	70	Lead Director and Vice Chairman
Michael H. DeGroote (3)	61	Director
Joseph S. DiMartino (3)(4)	78	Director
Gina D. France (2)(3)	63	Director
Sherrill W. Hudson (2)(4)	78	Director
Todd J. Slotkin (2)(4)	68	Director
A. Haag Sherman (2)	56	Director
Richard T. Marabito (2)	58	Director
Benaree Pratt Wiley (3)(4)	75	Director
Ware H. Grove	71	Senior Vice President and Chief Financial Officer
Chris Spurio	56	President, Financial Services
Michael P. Kouzelos	53	President, Benefits and Insurance Services
Other Key Employees:		
Michael W. Gleespen	63	Secretary and General Counsel
John A. Fleischer	60	Senior Vice President and Chief Information Officer
Mark M. Waxman	63	Senior Vice President and Chief Marketing Officer
Gretchen A. Farrell	59	Chief Human Resources Officer

(1) Member of Executive Management Committee
(2) Member of Audit Committee
(3) Member of Nominating & Governance Committee
(4) Member of Compensation & Human Capital Committee

Steven L. Gerard was elected by the Board to serve as its Chairman in October 2002. He was appointed Chief Executive Officer and Director in October 2000, and served as CEO until March 2016. Mr. Gerard continues to serve as non-executive Chairman. Mr. Gerard was Chairman and Chief Executive Officer of Great Point Capital, Inc., a provider of operational and advisory services from 1997 to October 2000. From 1991 to 1997, he was Chairman and Chief Executive Officer of Triangle Wire & Cable, Inc. and its successor Ocean View Capital, Inc. Mr. Gerard’s prior experience includes 16 years with Citibank, N.A. in various senior corporate finance and banking positions. Further, Mr. Gerard served seven years with the American Stock Exchange, where he last served as Vice President of the Securities Division. Mr. Gerard also serves on the Boards of Directors of Lennar Corporation and AutoNation, Inc. He previously served on the Board of the Las Vegas Sands Corporation and was a member of the Board of Directors of Joy Global, Inc. until its acquisition by Komatsu Limited in 2017.

Jerome P. Grisko, Jr. was appointed to the CBIZ Board in November, 2015. Mr. Grisko was appointed Chief Executive Officer in March 2016, and has served as President since February 2000. He was also Chief Operating Officer from February 2000 until his appointment as Chief Executive Officer. Mr. Grisko joined CBIZ as Vice

President, Mergers & Acquisitions in September 1998 and was promoted to Senior Vice President, Mergers & Acquisitions and Legal Affairs in December of 1998. Prior to joining CBIZ, Mr. Grisko was associated with the law firm of Baker & Hostetler LLP, where he practiced from September 1987 until September 1998, serving as a partner of such firm from January 1995 to September 1998. While at Baker & Hostetler, Mr. Grisko concentrated his practice in the area of mergers and acquisitions and general corporate law.

Rick L. Burdick has served as a Director of CBIZ since October 1997, when he was elected as an independent director. On May 17, 2007, Mr. Burdick was elected by the Board to be its Lead Director, a non-officer position. Previously, in October 2002, he was elected by the Board as Vice Chairman, a non-officer position. Mr. Burdick was a Partner at the law firm of Akin Gump Strauss Hauer & Feld LLP, and was a Partner in the firm from 1988 until his retirement in 2019. Mr. Burdick serves a non-executive Chairman on the Board of Directors of AutoNation, Inc.

Michael H. DeGroote, son of CBIZ founder Michael G. DeGroote, was appointed a Director of CBIZ in November 2006. Mr. DeGroote currently serves as President of Westbury International, a full-service real estate development company, specializing in commercial/industrial land, residential development and property management. Prior to joining Westbury, Mr. DeGroote was Vice President of MGD Holdings and previously held a management position with Cooper Corporation, and previously served on the Board of Directors of Progressive Waste Solutions Ltd. He served on the Board of Governors of McMaster University in Hamilton, Ontario.

Joseph S. DiMartino has served as a Director of CBIZ since November 1997, when he was elected as an independent director. Mr. DiMartino has been Chairman of the Boards of the funds in the BNY Mellon Corporation (formerly The Dreyfus Corporation) since January 1995. Mr. DiMartino served as President, Chief Operating Officer and Director of The Dreyfus Corporation from October 1982 until December 1994 and also served as a director of Mellon Bank Corporation.

Gina D. France was appointed to the CBIZ Board in February, 2015. Ms. France founded France Strategic Partners, LLC, a strategy and transaction advisory firm, and has served as its President and Chief Executive Officer since 2003. Ms. France has over 40 years of experience in strategy, investment banking and corporate finance. Prior to founding France Strategic Partners, Ms. France was a Managing Director with Ernst & Young, LLP and directed the Firm's Center for Strategic Transactions. Prior to her work with Ernst & Young, Ms. France was a Senior Vice President with Lehman Brothers, Inc. Ms. France serves on the boards of Huntington Bancshares, Inc., Cedar Fair, L.P. and on the boards of the BNY Mellon Family of Funds. Ms. France has previously served on the boards of FirstMerit Corporation, Dawn Food Products, Inc. and Mack Industries.

Sherrill W. Hudson was appointed to the CBIZ Board in February, 2015. Until July 2016, upon the sale of the Company, Mr. Hudson was Chairman of the Board of TECO Energy, Inc. and was a member of its board since January 2003. He was executive chairman from August 2010 to December 2012, after having served as Chairman and Chief Executive Officer since July 2004. Mr. Hudson also serves on the boards of Lennar Corporation and United Insurance Holdings Corporation. He served on the Publix Super Markets, Inc. board from January 2003 until April 2015. Mr. Hudson is also Chairman Emeritus of the Florida Chapter of the National Association of Corporate Directors. Mr. Hudson retired from Deloitte & Touche, LLP in August 2002, after 37 years of service.

Todd J. Slotkin has served as a Director of CBIZ since September 2003, when he was elected as an independent director. Mr. Slotkin is President & COO of KMP Music LLC, a music publishing firm. He is also currently a Senior Advisor at Alvarez & Marsal, and between 2014 and 2020 he served as the Global Business Head of Alvarez & Marsal's Asset Management Services. Mr. Slotkin is also an independent director of the Apollo Closed End Fund Complex (Apollo Floating Rate Fund, Apollo Tactical Income Fund). In 2011, Mr. Slotkin was appointed the Managing Partner of Newton Pointe LLC, an advisory firm, a position he also held during the period 2007-2008. Mr. Slotkin served on the Board of Martha Stewart Living Omnimedia from 2008 to 2012, and was head of its Audit Committee and Special Committee. Between 2008 and 2010, Mr. Slotkin was a Senior Managing Director of Irving Place Capital. From 2006 to 2007 Mr. Slotkin served as a Managing Director of Natixis Capital Markets. From 1992 to 2006, Mr. Slotkin served as a SVP (1992-1998) and EVP and Chief Financial Officer (1998-2006) of MacAndrews & Forbes Holdings Inc. Additionally, he was the Executive Vice President and Chief Financial Officer of publicly owned M&F Worldwide (1998-2006). Prior to 1992, Mr. Slotkin spent 17 years with Citigroup, ultimately serving as Senior Managing Director and Senior Credit Officer. He was the Global Head of Citigroup's Leveraged Capital Group. Mr. Slotkin is a co-founder of the Food Allergy Research & Education, Inc., formerly known as the Food Allergy Initiative.

A. Haag Sherman has served as a Director of CBIZ since August 2020, when he was elected as an independent director. Mr. Sherman has served as the Chief Executive Officer and a director of Tectonic Financial, Inc. (and its predecessor), a banking and financial holding company with a preferred stock quoted on Nasdaq Global Markets, since February 2015. Prior thereto, Mr. Sherman co-founded Salient Partners, LP, a Houston-based investment firm, in 2002 and served in various executive positions, including Chief Executive Officer and Chief Investment Officer, through October 2011. In addition, he previously served as an executive officer and partner of The Redstone Companies from 1998 to 2002 where he, among other things, managed a private equity portfolio. Mr. Sherman has served as a director of Hilltop Holdings, Inc. since its acquisition of PlainsCapital Corporation in November 2012. He previously served as a director of PlainsCapital from September 2009 to November 2012. He previously served as a member of the board of directors of Salient MLP & Energy Infrastructure Fund, Blue Dolphin Energy Company, Miller Energy Resources, Inc. and ZaZa Energy Corp. Mr. Sherman has served as an adjunct professor of law at The University of Texas School of Law. Mr. Sherman previously practiced corporate law at Akin Gump Strauss Hauer & Feld LLP from 1992 to 1996 and was an auditor at Price Waterhouse, a public accounting firm, from 1988 to 1989. Mr. Sherman is an attorney and certified public accountant.

Richard T. Marabito has served as a Director of CBIZ since August 2021, when he was appointed as an independent director. Mr. Marabito is Chief Executive Officer of Olympic Steel, a national metals service center headquartered in Cleveland, Ohio that focuses on the direct sale of processed carbon, coated and stainless flat-rolled sheet, coil and plate steel, aluminum, tin plate, and metal-intensive branded products. Mr. Marabito became CEO in 2018 after serving as the Chief Financial Officer. He joined the company in 1994 as Corporate Controller. He is also the Chairman of the Metal Services Center Institute (MSCI) and served on the Board of Directors and as Audit Committee Chairman for Hawk Corporation from 2008 until the company's sale in November 2010. Mr. Marabito has served on numerous non-profit boards over the course of his career including as Chair of the Northeast Ohio Regional Board for the Make-A-Wish Foundation.

Benaree Pratt Wiley has served as a Director of CBIZ since May 2008, when she was elected as an independent director. Ms. Wiley is a Principal of The Wiley Group, a firm specializing in personnel strategy, talent management, and leadership development primarily for global insurance and consulting firms. Ms. Wiley served as the President and Chief Executive Officer of The Partnership, Inc., a talent management organization for multicultural professionals in the greater Boston region for fifteen years before retiring in 2005. Ms. Wiley is currently a director on the boards of the BNY Mellon Family of Funds and Blue Cross and Blue Shield of Massachusetts. Her civic activities include serving on the boards of the Efficacy Institute, Howard University Dress for Success Boston, Partners Continuing Care and Spaulding Hospital.

Ware H. Grove has served as Senior Vice President and Chief Financial Officer of CBIZ since December 2000. Before joining CBIZ, Mr. Grove served as Senior Vice President and Chief Financial Officer of Bridgestreet Accommodations, Inc., which he joined in early 2000 to restructure financing, develop strategic operating alternatives, and assist with merger negotiations. Prior to joining Bridgestreet, Mr. Grove served for three years as Vice President and Chief Financial Officer of LESCO, Inc. Since beginning his career in corporate finance in 1972, Mr. Grove has held various financial positions with large companies representing a variety of industries, including Revco D.S., Inc., Computerland/Vanstar, Manville Corporation, The Upjohn Company, and First of America Bank. Mr. Grove served on the Board of Directors for Applica, Inc. (NYSE: APN) from September 2004 through January 2007, at which time the company was sold to a private equity firm.

Chris Spurio was appointed Senior Vice President of CBIZ and President of CBIZ's Financial Services practice group, effective January 1, 2014. Mr. Spurio joined CBIZ in January 1998 and served as Corporate Controller until July 1999. He then served as Vice President of Finance from July 1999 until September 2008. Mr. Spurio served as Executive Managing Director of the Financial Services Group's Midwest Region from September 2008 through March 2010, and as the Group's Chief Operating Officer from March 2010 through December 2013. Mr. Spurio was associated with KPMG LLP, an international accounting firm, from July 1988 to January 1998. Mr. Spurio is a CPA, CGMA and a member of the American Institute of Certified Public Accountants and the Ohio Society of Certified Public Accountants.

Michael P. Kouzelos joined CBIZ in June 1998 and has held several positions in the Company. He was appointed President of the Benefits & Insurance practice group in May 2015, and was appointed Senior Vice President of Strategic Initiatives in September 2005. Mr. Kouzelos also served as the Chief Operating Officer of the Benefits & Insurance division between April 2007 and May 2015, as Vice President of Strategic Initiatives from April 2001 through August 2005, as Vice President of Shared Services from August 2000 to March 2001, and as Director of Business Integration from June 1998 to July 2000. Mr. Kouzelos was associated with KPMG LLP, an international accounting firm, from 1990 to September 1996 and received his Master of Business Administration degree from The Ohio State University in May of 1998.

Other Key Employees:

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

John A. Fleischer has served as Senior Vice President and Chief Information Officer of CBIZ since August 2014. Prior to joining CBIZ, Mr. Fleischer held CIO roles at TTT Holdings (a Talisman Capital Partners company), Ferro Corporation, The Goodyear Tire & Rubber Company, and T-Systems. Prior to these, he held senior IT roles at Volkswagen and Federal-Mogul Corporation. While at T-Systems, Mr. Fleischer also ran the U.S. consulting practice, which provided IT services to clients in a variety of industries. He began his career as a commissioned officer in the United States Army and served twelve years on active duty in numerous roles, which included directing large-scale systems development and integration projects in communications and computing. He is a Distinguished Military Graduate of Princeton University and received his Master of Business Administration degree from The Ohio State University. Mr. Fleischer serves on the Board of Trustees of the Lakeside Chautauqua Association.

Mark M. Waxman has served as Chief Marketing Officer since 2001. Mr. Waxman has over thirty years of experience in marketing and branding. Prior to joining CBIZ, he was Chief Executive Officer/Creative Director of one of Silicon Valley's most well-known advertising agencies, Carter Waxman. He was also a founding partner of SK Consulting (acquired by CBIZ in 1998) providing strategic marketing and branding services to a wide range of companies and industries. Mr. Waxman has been a featured marketing columnist and contributor to many business and trade publications, and currently serves on the Advisory Board of several Silicon Valley start-ups. He serves on the Board of Silicon Valley Creates, the Institute of Contemporary Art and the West Valley Mission Foundation. He has served as the Chairman of the Board for organizations including the Silicon Valley Chamber of Commerce, Artsopolis.com, the Silicon Valley Ad Club, and The San Jose Repertory Theatre.

Gretchen A. Farrell has served as the Chief Human Resources Officer since 2021. Prior to joining CBIZ, Ms. Farrell held human resources leadership roles at Alternate Health Solutions Network, Orvis and Lincoln Electric. An attorney by training, Ms. Farrell began her career at Jones Day before becoming a consultant focused on human capital. Ms. Farrell graduated from The Ohio State University and received her Juris Doctor from the Case Western Reserve School of Law. She remains civically active in the Northeast, Ohio community and served on the Board of numerous non-profit organizations.

ITEM 11. EXECUTIVE COMPENSATION.

Information with respect to this item is incorporated by reference from our Definitive Proxy Statement for the 2022 Annual Stockholders' Meeting to be filed with the SEC no later than 120 days after the end of our fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information with respect to this item is incorporated by reference from our Definitive Proxy Statement for the 2022 Annual Stockholders' Meeting to be filed with the SEC no later than 120 days after the end of our fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Information with respect to this item is incorporated by reference from our Definitive Proxy Statement for the 2022 Annual Stockholders' Meeting to be filed with the SEC no later than 120 days after the end of our fiscal year.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Our independent registered public accounting firm is KPMG LLP, Cleveland, OH, Auditor Firm ID:185.

Information with respect to this item is incorporated by reference from our Definitive Proxy Statement for the 2022 Annual Stockholders' Meeting to be filed with the SEC no later than 120 days after the end of our fiscal year.

PART IV

ITEM 15. EXHIBITS.

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

1. Financial Statements.

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

2. Exhibits.

The following documents are filed as exhibits to this Form 10-K pursuant to Item 601 of Regulation S-K. Since its incorporation, CBIZ has operated under various names including: Republic Environmental Systems, Inc.; International Alliance Services, Inc.; Century Business Services, Inc.; and CBIZ, Inc. Exhibits listed below refer to these names collectively as the "Company".

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-8, File No. 333-197284, and incorporated herein by reference).
3.2	Certificate of Amendment of the Certificate of Incorporation of the Company, effective August 1, 2005 (filed as Exhibit 3.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, File No. 000-25890, dated March 16, 2006, and incorporated herein by reference).
3.3	Amended and Restated Bylaws of the Company (filed as Exhibit 3.3 to the Company's Registration Statement on Form S-8, File No. 333-197284, and incorporated herein by reference).
3.4	Amendment to Amended and Restated Bylaws of the Company dated November 1, 2007 (filed as Exhibit 3.1 to the Company's Report on Form 8-K, File No. 001-32961, dated November 1, 2007, and incorporated herein by reference).
4.1	Form of Stock Certificate of Common Stock of the Company (filed as Exhibit 4.1 to the Company's Annual Report Form 10-K for the year ended December 31, 1998, File No. 000-25890, dated March 4, 1999, and incorporated herein by reference).
4.2	Employee Stock Investment Plan (filed as Exhibit 4.4 to the Company's Report on Form S-8, File No. 000-333-62148, dated June 1, 2001, and incorporated herein by reference).
4.3	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (filed as Exhibit 4.3 to the Company's Annual Report Form 10-K for the year ended December 31, 2019, File No. 001-32961, dated February 26, 2020, and incorporated herein by reference).
10.1 †	2002 Stock Incentive Plan (filed as Appendix A to the Company's Proxy Statement for the 2002 Annual Meeting of Stockholders, File No. 000-25890, dated April 1, 2002, and incorporated herein by reference).

10.2 †	Severance Protection Agreement by and between the Company and Jerome P. Grisko, Jr. (filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, File No. 000-25890, dated April 2, 2001, and incorporated herein by reference).
10.3 †	CBIZ, Inc. 2002 Amended and Restated Stock Incentive Plan (Amended and Restated as of May 12, 2011), (filed as Exhibit 10.1 to the Company's Report on Form 10-Q, File No. 001-32961, dated August 9, 2011, and incorporated herein by reference).
10.4 †	2014 Stock Incentive Plan and 2002 Amended and Restated Stock Incentive Plan (filed as Exhibit 4.2 to Form S-8, dated July 7, 2014, and incorporated herein by reference).
10.5 †	Consulting Agreement by and between the Company and Steven L. Gerard, dated March 9, 2016 (filed as Exhibit 10.1 to the Company's Report on Form 10-Q, File No. 001-32961, dated March 3, 2016, and incorporated herein by reference).
10.6 †	Employment Agreement by and between the Company and Jerome P. Grisko, Jr., dated September 1, 2016 (filed as Exhibit 10.1 to the Company's Report on Form 8-K, File No. 001-32961, dated September 8, 2016, and incorporated herein by reference).
10.7 †	Amended and Restated Employment Agreement by and between the Company and Ware H. Grove, dated March 30, 2017 (filed as Exhibit 10.1 to the Company's Report on Form 8-K, File No. 001-32961, dated April 4, 2017, and incorporated herein by reference).
10.8	Loan Agreement dated as of August 16, 2018 by and among CBIZ Benefits and Insurance, Inc. and The Huntington Bank (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, File No. 001-32961, on November 1, 2018, and incorporated herein by reference).
10.9	Amended and Restated Credit Agreement by and among CBIZ Operations, Inc., CBIZ, Inc., and Bank of America, N.A., as administrative agent, and the other financial institutions from time to time party thereto, dated April 3, 2018 (filed as Exhibit 10.1 to the Company's Report on Form 8-K, File No. 001-32961, on April 5, 2018, and incorporated herein by reference).
10.10 †	2019 CBIZ, Inc. Omnibus Incentive Plan (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8, File No. 333-197284, and incorporated herein by reference).
10.11	First Amendment to Loan Agreement by and among CBIZ Benefit and Insurance, Inc. and the Huntington National Bank (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, File No. 001-32961, on November 1, 2019, and incorporated herein by reference).
10.12	Second Amendment to Loan Agreement by and among CBIZ Benefit and Insurance, Inc. and the Huntington National Bank (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, File No. 001-32961, on November 1, 2020, and incorporated herein by reference).
10.13	Third Amendment to Loan Agreement by and among CBIZ Benefit and Insurance, Inc. and the Huntington National Bank (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, File No. 001-32961, on October 29, 2021, and incorporated herein by reference).
21.1*	List of Subsidiaries of CBIZ, Inc.
23*	Consent of KPMG LLP
24*	Powers of attorney (included on the signature page hereto).
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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

* Indicates documents filed herewith.

** Indicates documents furnished herewith.

† Management contract or compensatory plan contract or arrangement filed pursuant to Item 601 of Regulation S-K.

SIGNATURES

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

CBIZ, INC.
(REGISTRANT)

By /s/ WARE H. GROVE

Ware H. Grove
Chief Financial Officer
February 25, 2022

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

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

Signature	Title	Date
/s/ JEROME P. GRISKO, JR. Jerome P. Grisko, Jr.	President & Chief Executive Officer, Director (Principal Executive Officer)	February 25, 2022
/s/ WARE H. GROVE Ware H. Grove	Chief Financial Officer (Principal Financial and Accounting Officer)	February 25, 2022
/s/ STEVEN L. GERARD Steven L. Gerard	Chairman	February 25, 2022
/s/ RICK L. BURDICK Rick L. Burdick	Lead Director and Vice Chairman	February 25, 2022
/s/ MICHAEL H. DE GROOTE Michael H. DeGroote	Director	February 25, 2022
/s/ JOSEPH S. DI MARTINO Joseph S. DiMartino	Director	February 25, 2022
/s/ GINA D. FRANCE Gina D. France	Director	February 25, 2022
/s/ SHERRILL W. HUDSON Sherrill W. Hudson	Director	February 25, 2022
/s/ TODD J. SLOTKIN Todd J. Slotkin	Director	February 25, 2022
/s/ A. HAAG SHERMAN A.Haag Sherman	Director	February 25, 2022
/s/ RICHARD T. MARABITO Richard T. Marabito	Director	February 25, 2022
/s/ BENAREE PRATT WILEY Benaree Pratt Wiley	Director	February 25, 2022

CBIZ, INC. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
CBIZ, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of CBIZ, Inc. and subsidiaries (the Company) as of December 31, 2021 and December 31, 2020, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and December 31, 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Estimation of losses for certain billed and unbilled receivables

As discussed in Note 1 to the consolidated financial statements, the Company maintains an allowance for doubtful accounts for estimated losses. Unbilled receivables are recorded at estimated net realizable value. As of December 31, 2021, the allowance for doubtful accounts was $16.2 million, or 6.3% of total accounts receivable, and unbilled receivables were $67.6 million. The allowance for doubtful accounts and unbilled receivables are recorded based on the Company's historical experience, client credit-worthiness, age of receivables, and economic trends and conditions.

We have identified the evaluation of the Company's estimation of losses related to the Financial Services practice for billed and unbilled receivables as a critical audit matter. There is a high degree of subjectivity in assessing the assumptions, which are used in estimating losses related to billed and unbilled receivables. The assumptions include the probability of the Company's collection of receivables based on historical experience, the consideration of economic conditions that may affect the ability of clients to pay billed and unbilled fees, and the Company's ability to successfully execute the contracts in line with the current estimated level of effort.

The following are the primary procedures we performed to address the critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to develop the assumptions used to estimate losses related to billed and unbilled receivables. For specific clients, we evaluated the established allowance for doubtful accounts and unbilled receivables by inquiring of relevant Company personnel. For a selection of clients, we evaluated the Company's cash collections and billings subsequent to December 31, 2021. We assessed the Company's loss estimation by inspecting relevant underlying documentation, including contractual documents, historical trends, age of receivables, and contract realization analyses. We performed the following analyses over billed and unbilled receivables and related accounts:

- Compared actual incurred losses for certain billed and unbilled receivables to the corresponding previously established allowance for doubtful accounts, and
- Compared the age of the current billed and unbilled receivables as of December 31, 2021, which represents the days outstanding for the current billed and unbilled receivables to the age of the Company's billed and unbilled receivables in prior periods.

/s/ KPMG LLP
We have served as the Company's auditor since 1996.

Cleveland, Ohio
February 25, 2022

CBIZ, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In thousands, except per share data)

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 1,997**	$ 4,652
Restricted cash	**30,383**	23,951
Accounts receivable, net	**242,168**	216,175
Other current assets	**19,217**	24,213
Current assets before funds held for clients	**293,765**	268,991
Funds held for clients	**157,909**	167,440
Total current assets	**451,674**	436,431
Non-current assets:		
Property and equipment, net	**43,423**	41,346
Goodwill and other intangible assets, net	**840,783**	756,750
Assets of deferred compensation plan	**136,321**	127,332
Operating lease right-of-use asset, net	**151,145**	147,843
Other non-current assets	**4,588**	4,052
Total non-current assets	**1,176,260**	1,077,323
Total assets	**$ 1,627,934**	$ 1,513,754
LIABILITIES		
Current liabilities:		
Accounts payable	**$ 65,757**	$ 64,119
Income taxes payable	**1,671**	2,788
Accrued personnel costs	**114,032**	79,978
Contingent purchase price liability	**34,373**	20,288
Operating lease liability	**30,586**	30,483
Other current liabilities	**18,755**	13,629
Current liabilities before client fund obligations	**265,174**	211,285
Client fund obligations	**158,115**	166,989
Total current liabilities	**423,289**	378,274
Non-current liabilities:		
Bank debt	**155,300**	108,000
Debt issuance costs	**(449)**	(808)
Total long-term debt	**154,851**	107,192
Income taxes payable	**1,727**	1,775
Deferred income taxes, net	**15,440**	8,752
Deferred compensation plan obligations	**136,321**	127,332
Contingent purchase price liability	**44,766**	34,103
Operating lease liability	**145,808**	142,020
Other non-current liabilities	**1,184**	11,686
Total non-current liabilities	**500,097**	432,860
Total liabilities	**923,386**	811,134
STOCKHOLDERS' EQUITY		
Common stock, par value $0.01 per share; shares authorized 250,000; shares issued 135,187 and 134,144; shares outstanding 52,038 and 54,099	**1,352**	1,341
Additional paid-in capital	**770,117**	740,970
Retained earnings	**628,762**	557,875
Treasury stock, 83,149 and 80,045 shares	**(694,716)**	(595,297)
Accumulated other comprehensive loss	**(967)**	(2,269)
Total stockholders' equity	**704,548**	702,620
Total liabilities and stockholders' equity	**$ 1,627,934**	$ 1,513,754

See the accompanying notes to the consolidated financial statements

CBIZ, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(In thousands, except per share data)

	2021	2020	2019
Revenue	**$ 1,104,925**	$ 963,897	$ 948,424
Operating expenses	**945,635**	825,351	823,496
Gross margin	**159,290**	138,546	124,928
Corporate general and administrative expenses	**56,150**	46,066	44,406
Legal settlement, net	**30,468**	—	—
Operating income	**72,672**	92,480	80,522
Other income (expense):			
Interest expense	**(3,868)**	(4,983)	(5,765)
Gain (loss) on sale of operations, net	**5,995**	(509)	417
Other income, net	**18,241**	16,500	17,715
Total other income, net	**20,368**	11,008	12,367
Income from continuing operations before income tax expense	**93,040**	103,488	92,889
Income tax expense	**22,129**	25,141	21,840
Income from continuing operations	**70,911**	78,347	71,049
Loss from operations of discontinued operations, net of tax	**(24)**	(48)	(335)
Net income	**$ 70,887**	$ 78,299	$ 70,714
Earnings (loss) per share:			
Basic:			
Continuing operations	**$ 1.35**	$ 1.44	$ 1.31
Discontinued operations	**—**	—	(0.01)
Net income	**$ 1.35**	$ 1.44	$ 1.30
Diluted:			
Continuing operations	**$ 1.32**	$ 1.42	$ 1.27
Discontinued operations	**—**	(0.01)	(0.01)
Net income	**$ 1.32**	$ 1.41	$ 1.26
Basic weighted average common shares outstanding	**52,637**	54,288	54,299
Diluted weighted average common shares outstanding	**53,723**	55,359	55,895
Comprehensive income:			
Net income	**$ 70,887**	$ 78,299	$ 70,714
Other comprehensive income:			
Net unrealized (loss) gain on available-for-sale securities, net of income tax (benefit) expense of $(179), $(14) and $351	**(478)**	(42)	940
Net unrealized gain (loss) on interest rate swaps, net of income tax expense (benefit) of $577, $(494) and $(380)	**1,799**	(1,525)	(1,222)
Foreign currency translation	**(19)**	(22)	(17)
Total other comprehensive income (loss)	**1,302**	(1,589)	(299)
Total comprehensive income	**$ 72,189**	$ 76,710	$ 70,415

See the accompanying notes to the consolidated financial statements

CBIZ, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(In thousands)

	Issued Common Shares	Treasury Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Totals
December 31, 2018	131,404	76,332	$ 1,314	$ 692,398	$ 408,963	$ (508,530)	$ (482)	$ 593,663
Cumulative-effect adjustment	—	—	—	—	(101)	—	101	—
Net income	—	—	—	—	70,714	—	—	70,714
Other comprehensive loss	—	—	—	—	—	—	(299)	(299)
Share repurchases	—	1,210	—	—	—	(25,300)	—	(25,300)
Indirect repurchase of shares for minimum tax withholding	—	95	—	—	—	(1,863)	—	(1,863)
Restricted stock	228	—	2	(2)	—	—	—	—
Stock options exercised	1,210	—	12	10,596	—	—	—	10,608
Share-based compensation	—	—	—	7,254	—	—	—	7,254
Business acquisitions	214	—	3	4,458	—	—	—	4,461
December 31, 2019	133,056	77,637	1,331	714,704	479,576	(535,693)	(680)	659,238
Net income	—	—	—	—	78,299	—	—	78,299
Other comprehensive loss	—	—	—	—	—	—	(1,589)	(1,589)
Share repurchases	—	2,311	—	—	—	(57,564)	—	(57,564)
Indirect repurchase of shares for minimum tax withholding	—	97	—	—	—	(2,040)	—	(2,040)
Restricted stock	25	—	—	—	—	—	—	—
Stock options exercised	634	—	6	6,480	—	—	—	6,486
Share-based compensation	—	—	—	8,869	—	—	—	8,869
Business acquisitions	429	—	4	10,917	—	—	—	10,921
December 31, 2020	134,144	80,045	1,341	740,970	557,875	(595,297)	(2,269)	702,620
Net income	—	—	—	—	70,887	—	—	70,887
Other comprehensive income	—	—	—	—	—	—	1,302	1,302
Share repurchases	—	3,012	—	—	—	(96,382)	—	(96,382)
Indirect repurchase of shares for minimum tax withholding	—	92	—	—	—	(3,037)	—	(3,037)
Restricted stock	80	—	1	(1)	—	—	—	—
Stock options exercised	647	—	7	7,304	—	—	—	7,311
Share-based compensation	—	—	—	11,407	—	—	—	11,407
Business acquisitions	316	—	3	10,437	—	—	—	10,440
December 31, 2021	**135,187**	**83,149**	**$ 1,352**	**$ 770,117**	**$ 628,762**	**$ (694,716)**	**$ (967)**	**$ 704,548**

See the accompanying notes to the consolidated financial statements

CBIZ, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(In thousands)

	2021	2020	2019
Cash flows from operating activities:			
Net income	**$ 70,887**	$ 78,299	$ 70,714
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (gain) on sale of operations, net of tax	**(5,995)**	509	(417)
Depreciation and amortization expense	**27,078**	23,139	22,345
Bad debt expense, net of recoveries	**3,054**	4,409	2,415
Adjustment to contingent earnout liability, net	**2,367**	(629)	1,599
Deferred income taxes	**9,234**	(770)	9,695
Stock-based compensation expense	**11,407**	8,869	7,254
Other, net	**(126)**	485	1,077
Changes in assets and liabilities, net of acquisitions and divestitures:			
Accounts receivable, net	**(17,040)**	6,714	(15,529)
Other assets	**3,474**	1,472	907
Accounts payable	**3,312**	(8,800)	9,829
Income taxes payable	**(4,108)**	(236)	(5,460)
Accrued personnel costs	**24,525**	19,788	(4,093)
Other liabilities	**3,109**	13,667	(1,813)
Net cash provided by continuing operations	**131,178**	146,916	98,523
Operating cash flows used in discontinued operations	**(24)**	(71)	(338)
Net cash provided by operating activities	**131,154**	146,845	98,185
Cash flows from investing activities:			
Business acquisitions and purchases of client lists, net of cash acquired	**(66,734)**	(71,430)	(11,744)
Purchases of client fund investments	**(26,980)**	(3,447)	(27,216)
Proceeds from the sales and maturities of client fund investments	**14,877**	37,487	23,958
Proceeds from sales of divested operations	**9,710**	711	3
Additions to property and equipment	**(8,984)**	(11,576)	(13,873)
Other, net	**(3,899)**	1,849	1,187
Net cash used in investing activities	**(82,010)**	(46,406)	(27,685)
Cash flows from financing activities:			
Proceeds from bank debt	**852,100**	592,354	648,648
Payment of bank debt	**(804,800)**	(589,854)	(678,648)
Payment for acquisition of treasury stock	**(100,487)**	(58,536)	(27,163)
Changes in client funds obligations	**(8,874)**	(13,747)	10,069
Payment of contingent consideration of acquisitions	**(14,084)**	(12,859)	(17,457)
Proceeds from exercise of stock options	**7,311**	6,486	10,608
Other, net	**(171)**	(453)	(606)
Net cash used in financing activities	**(69,005)**	(76,609)	(54,549)
Net increase (decrease) in cash, cash equivalents and restricted cash	**(19,861)**	23,830	15,951
Cash, cash equivalents and restricted cash at beginning of year	**170,335**	146,505	130,554
Cash, cash equivalents and restricted cash at end of year	**$ 150,474**	$ 170,335	$ 146,505
Reconciliation of cash, cash equivalents and restricted cash to the Consolidated Balance Sheets			
Cash and cash equivalents	**$ 1,997**	$ 4,652	$ 567
Restricted cash	**30,383**	23,951	29,595
Cash equivalents included in funds held for clients	**118,094**	141,732	116,343
Cash, cash equivalents and restricted cash at end of year	**$ 150,474**	$ 170,335	$ 146,505
Supplemental disclosures of cash flow information:			
Cash paid for interest	**$ 3,350**	$ 4,739	$ 5,556
Cash paid for income taxes, net of income tax refunds	**$ 16,998**	$ 25,939	$ 17,497

See the accompanying notes to the consolidated financial statements

CBIZ, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Selected Terms Used in Notes to Consolidated Financial Statements

ASA - Administrative Service Agreement.

ASC - Accounting Standards Codification.

ASU - Accounting Standards Update.

CPA firm - Certified Public Accounting firm.

FASB - The Financial Accounting Standards Board.

GAAP - United States Generally Accepted Accounting Principles.

LIBOR - London Interbank Offered Rate.

ROU- Right of Use.

SEC - United States Securities & Exchange Commission.

Organization - CBIZ, Inc. is a leading provider of financial, insurance and advisory services to businesses throughout the United States and parts of Canada. Acting through its subsidiaries, it has been serving small and medium-sized businesses, as well as individuals, governmental entities, and not-for-profit enterprises. 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 19, Segment Disclosures, to the accompanying consolidated financial statements.

Basis of Presentation - The accompanying consolidated financial statements reflect the operations of CBIZ, Inc. and all of its wholly-owned subsidiaries ("CBIZ," the "Company," "we," "us" or "our"), after elimination of all intercompany accounts and transactions. We have prepared the accompanying consolidated financial statements in accordance with GAAP and pursuant to the rules and regulations of the SEC.

We have determined that our relationship with certain CPA firms with whom we maintain ASAs 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 our consolidated financial condition, results of operations or cash flows.

Fees earned by us under the ASAs are recorded at net realizable value as a component of "Revenue" in the accompanying Consolidated Statements of Comprehensive Income and were approximately $174.8 million, $159.4 million and $157.6 million for the years ended December 31, 2021, 2020 and 2019, respectively, the majority of which was related to services rendered to privately-held clients. In the event that accounts receivable and unbilled work in process become uncollectible by the CPA firms, the service fee due to us is typically reduced on a proportional basis. Although the ASAs do not constitute control, we are one of the beneficiaries of the agreements and may bear certain economic risks. Refer to Note 17, Related Parties, for further discussion regarding the ASAs.

Significant Accounting Policies - We consider the following policies to be beneficial in understanding the judgments that are involved in the preparation of our consolidated financial statements and the uncertainties that could impact our financial condition, results of operations and cash flows.

Use of Estimates - The preparation of consolidated financial statements in conformity with GAAP and pursuant to the rules and regulations of the SEC requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management's estimates and assumptions are derived from and are continually evaluated based upon available information, judgment and experience. Actual results may differ materially from these estimates.

Revenue Recognition - We account for revenue in accordance with Topic 606, Revenue from Contracts with Customers. We recognize revenue based on the five-step model; (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 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. For further information on our various streams of revenue, refer to Note 2, Revenue, to the accompanying consolidated financial statements.

Operating Expenses - Operating expenses represent costs of service and other costs incurred to operate our business units and are primarily comprised of personnel costs and occupancy related expenses. Personnel costs include (i) salaries and benefits; (ii) commissions paid to producers; (iii) incentive compensation; and (iv) share-based compensation. Incentive compensation costs and share-based compensation are estimated and accrued. The final determination of incentive compensation is made after year-end results are finalized. The largest components of occupancy costs are rent expense and utilities. Base rent expense is recognized over respective lease terms, while utilities and common area maintenance charges are recognized as incurred.

Share-Based Compensation - The measurement of all share-based compensation arrangements is based on their respective grant date fair value. The grant date fair value of stock options is based on the Black-Scholes-Merton pricing model, which incorporates assumptions regarding the expected volatility, the expected option life, the risk-free interest rate and the expected dividend yield. The grant date fair value of restricted stock awards and restricted stock units is based on the closing price of the underlying stock on the date of issuance. The grant date fair value of the performance share units is based on the closing price of the underlying stock on the date of issuance and recorded based on achievement of target performance metrics. The expense related to stock options, restricted stock awards, and restricted stock units is recognized over the requisite service period which is generally three to four years. The expense related to performance share units is recorded over the three-year performance period based on the fair value on the grant date and adjusted each reporting period for the achievement of the performance metrics, based on our best estimate using available information.

Share-based compensation expense is recorded in the accompanying Consolidated Statements of Comprehensive Income as "Operating expenses" or "Corporate general and administrative expenses," depending on where the respective individual's compensation is recorded. For additional discussion regarding share-based awards, refer to Note 14, Employee Share Plans, to the accompanying consolidated financial statements.

Operating Leases – We determine if a contract is a lease at inception. We have leases for office space and facilities, automobiles, and certain information technology equipment. Certain of these leases include options to extend the lease and some include options to terminate the lease early. Effective January 1, 2019, we adopted the New Lease Standard using the modified retrospective method of applying the new standard at the adoption date. Under the New Lease Standard, all of our leases are classified as operating leases and the majority of which are for office space and facilities. The ROU assets and lease liabilities are recognized as of the commencement date based on the present value of the lease payments over the lease term. The lease term may include the options to extend or terminate the lease when it is reasonably certain that we will exercise the applicable option. Related rent expense under such leases is recognized evenly throughout the term of the lease when the total lease commitment is a known amount, and recorded on an as incurred basis when future rent payment increases under the obligation are unknown due to rent escalations being tied to factors that are not currently measurable (such as increases in the consumer price index). Differences between rent expense recognized and the cash payments required under these leases are recorded as a component of "Operating lease liability" in the Non-current liabilities section of the accompanying Consolidated Balance Sheets. We may receive incentives to lease office facilities in certain areas. Such incentives are recorded as a change in lease payments and may require us to remeasure the lease liability to reflect the change in lease payments.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand and investments with an original maturity of three months or less when purchased.

Restricted Cash - 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.

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable, less allowances for doubtful accounts, reflects the net realizable value of receivables and approximates fair value. Unbilled revenues are recorded at estimated net realizable value. Assessing the collectability of receivables (billed and unbilled) requires management judgment based on a combination of factors. When evaluating the adequacy of the allowance for doubtful accounts and the overall probability of collecting on receivables, we analyze historical experience, client credit-worthiness, the age of the trade receivable balances, current economic conditions that may affect a client’s ability to pay and current and projected economic trends and conditions at the balance sheet date. At December 31, 2021 and 2020, the allowance for doubtful accounts was $16.2 million and $14.9 million, respectively, in the accompanying Consolidated Balance Sheets.

Funds Held for Clients and Client Fund Obligations - Services provided by our payroll operations include the preparation of payroll checks, federal, state, and local payroll tax returns, and flexible spending account administration. In relation to these services, as well as other similar service offerings, we collect funds from our clients’ accounts in advance of paying client obligations. These funds, collected before they are due, are segregated and invested in accordance with our investment policy, which requires all investments carry an investment grade rating at the time of initial investment. These investments, primarily consisting of corporate and municipal bonds and U.S. treasury bills, are classified as available-for-sale and are included in the “Funds held for clients” line item on the accompanying Consolidated Balance Sheets. The underlying obligation is recorded as “Client fund obligation” on the Consolidated Balance Sheets. The balances in these accounts fluctuate with the timing of cash receipts and the related cash payments and may vary significantly during the year based on the timing of client’s payroll periods. Other than certain federal and state regulations pertaining to flexible spending account administration, there are no regulatory or other contractual restrictions placed on these funds. Refer to Note 6, Financial Instruments, to the accompanying consolidated financial statements for further discussion of investments related to funds held for clients.

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

Buildings	25	to	40 years
Furniture and fixtures	5	to	10 years
Capitalized software	2	to	7 years
Equipment	3	to	7 years

Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the remaining respective lease term. The cost of software purchased or developed for internal use is capitalized and amortized using the straight-line method over an estimated useful life not to exceed seven years. We periodically review long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. Under those circumstances, if the fair value were less than the carrying amount of the asset, we would recognize a loss for the difference.

Goodwill and Other Intangible Assets - Goodwill represents the excess of the purchase price of the acquired businesses and the related fair value of the net assets acquired. At December 31, 2021, the carrying value of goodwill totaled $740.7 million, compared to total assets of $1.6 billion and total shareholders’ equity of $704.5 million. Intangible assets consist of identifiable intangibles other than goodwill. Identifiable intangible assets other than goodwill include client lists and non-compete agreements which require significant judgments in determining the fair value. We carry client lists and non-compete agreements at cost, less accumulated amortization, in the accompanying Consolidated Balance Sheets.

Goodwill is reviewed for impairment annually during the fourth quarter or more frequently in the event of an impairment indicator. We are required to consider whether it is more likely than not (defined as a likelihood of more than 50%) that the fair value of each reporting unit has fallen below its carrying value, thus requiring us to perform an interim goodwill impairment test. Intangible assets with definite lives, such as client lists and non-compete agreements, are amortized using the straight-line method over their estimated useful lives (generally ranging from three to fifteen years). We review these assets for impairment whenever events or changes in circumstances indicate an asset's carrying value may not be recoverable. Recoverability is assessed based on a comparison of the undiscounted cash flows to the recorded value of the asset. If impairment is indicated, the asset is written down to its estimated fair value determined by a discounted cash flow analysis or market comparable method.

The goodwill impairment test is performed at a reporting unit level. A reporting unit is an operating segment of a business or one level below an operating segment. At December 31, 2021, we had five reporting units. We may use either a qualitative or quantitative approach when testing a reporting unit's goodwill for impairment. Under the qualitative assessment, we are not required to calculate the fair value of a reporting unit unless we determine that it is more likely than not that its fair value is less than its carrying amount. If under the quantitative assessment the fair value of a reporting unit is less than its carrying amount, then the amount of the impairment loss, if any, must be measured. Any such impairment charge would reduce earnings and could be material.

After considering changes to assumptions used in our most recent quantitative testing for each reporting unit, including the capital market environment, economic and market conditions, industry competition and trends, our weighted average cost of capital, changes in management and key personnel, the price of our common stock, changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit as determined in our most recent quantitative testing, and other factors, we concluded that it was more likely than not that the fair values of each of our reporting units exceeded their respective carrying values and, therefore, did not perform a quantitative impairment analysis. For further information regarding our goodwill balances, refer to Note 5, Goodwill and Other Intangible Assets, net, to the accompanying consolidated financial statements.

Income Taxes - Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently payable and deferred taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and operating losses and tax credit carryforwards. State income tax credits are accounted for using the flow-through method.

A valuation allowance is provided when it is more-likely-than-not that all or some portion of a deferred tax asset will not be realized. We determine valuation allowances based on all available evidence. Such evidence includes historical results, the reversal of deferred tax liabilities, expectations of future consolidated and/or separate company profitability and the feasibility of tax-planning strategies. Determining valuation allowances includes significant judgment by management, and different judgments could yield different results.

Accounting for uncertain tax positions requires a more-likely-than-not threshold for recognition in the consolidated financial statements. We recognize a tax benefit based on whether it is more-likely-than-not that a tax position will be sustained. We record a liability to the extent that a tax position taken or expected to be taken on a tax return exceeds the amount recognized in the consolidated financial statements.

Business Combinations - We recognize and measure identifiable tangible and intangible assets acquired and liabilities assumed as of the acquisition date at fair value. Fair value measurements require extensive use of estimates and assumptions, including estimates of future cash flows to be generated by the acquired assets. The operating results of acquired businesses are included in our consolidated financial statements beginning on the date of acquisition. The purchase price is equivalent to the fair value of consideration transferred. Goodwill is recognized for the excess of purchase price over the net fair value of assets acquired and liabilities assumed.

Contingent Purchase Price Liabilities - Contingent purchase price liabilities consisting of cash payments and common stock issuances result from our business acquisitions and are recorded at fair value at the time of acquisition as "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. 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, which is considered a Level 3 unobservable input, is 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, including the revaluation of common stock, is recorded in the earnings of that period. For the years ended December 31, 2021, 2020 and 2019, we recorded other income (expense) of ($2.4) million, $0.6 million and $(1.6) million, respectively, related to net changes in the fair value of contingent consideration.

Refer to Note 7, Fair Value Measurements, and Note 18, Business Combinations, for further discussion of our contingent purchase price liabilities and acquisitions.

Interest Rate Derivative Instruments - We maintain interest rate swaps that are designated as cash flow hedges to manage the market risk from changes in interest rates on our floating-rate debt under our $400.0 million unsecured 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"). The designation of a derivative instrument as a hedge and its ability to meet the hedge accounting criteria determine how we reflect the change in fair value of the derivative instrument. A derivative qualifies for hedge accounting treatment if, at inception, it meets defined correlation and effectiveness criteria. These criteria require that the anticipated cash flows and/or changes in fair value of the hedging instrument substantially offset those of the position being hedged.

We utilize derivative instruments to manage interest rate risk associated with our floating-rate debt under the credit facility. Interest rate swap contracts mitigate the risk associated with the underlying hedged item. If the contract is designated as a cash flow hedge, the mark-to-market gains or losses on the swap are deferred and included as a component of accumulated other comprehensive loss, net of tax, to the extent effective, and reclassified to interest expense in the same period during which the hedged transaction affects earnings. For further discussion regarding derivative financial instruments, refer to Note 6, Financial Instruments, to the accompanying consolidated financial statements.

Recent Accounting Pronouncements - The FASB ASC is the sole source of authoritative GAAP other than the SEC issued rules and regulations that apply only to SEC registrants. The FASB issues an ASU to communicate changes to the FASB codification. We assess and review the impact of all ASUs. ASUs 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.

Accounting Standards Issued But Not Yet Adopted

Reference Rate Reform: In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU are effective for all entities through December 31, 2022. We are currently evaluating the effect of this new standard on our consolidated financial statements and have not adopted any of the transition relief available under the new guidance as of December 31, 2021.

Subsequently, in January 2021, the FASB issued ASU No. 2021-01, Reference Rate Reform (Topic 848): Scope, which provides optional temporary guidance for entities transitioning away from the LIBOR and other interbank offered rates to new reference rates so that derivatives affected by the discounting transition are explicitly eligible for certain optional expedients and exceptions within Topic 848. This ASU clarifies that the derivative instruments affected by the discounting transition are explicitly eligible for certain optional expedients and exceptions provided in Topic 848. ASU 2021-01 is effective immediately for all entities. Entities may elect to apply the amendments on a full retrospective basis as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or on a prospective basis to new modifications from any date within an interim period that includes or is subsequent to the date of the issuance of a final update, up to the date that financial statements are available to be issued. The amendments provided in this ASU do not apply to contract modifications made, as well as new hedging relationships entered into, after December 31, 2022, and to existing hedging relationships evaluated for effectiveness for periods after December 31, 2022, except for certain hedging relationships existing as of December 31, 2022, that apply certain optional expedients in which the accounting effects are recorded through the end of the hedging relationship. We are currently evaluating the effect of this new standard on our consolidated financial statements and have not adopted any of the transition relief available under the new guidance as of December 31, 2021.

NOTE 2. REVENUE

The following tables disaggregate our revenue by source (in thousands):

	For the Year Ended December 31, 2021			
	Financial Services	Benefits and Insurance Services	National Practices	Consolidated
Accounting, tax, advisory and consulting	$ 734,026	$ —	$ —	$ 734,026
Core Benefits and Insurance Services	—	319,684	—	319,684
Non-core Benefits and Insurance Services	—	12,639	—	12,639
Managed networking, hardware services	—	—	28,456	28,456
National Practices consulting	—	—	10,120	10,120
Total revenue	**$ 734,026**	**$ 332,323**	**$ 38,576**	**$ 1,104,925**

	For the Year Ended December 31, 2020			
	Financial Services	Benefits and Insurance Services	National Practices	Consolidated
Accounting, tax, advisory and consulting	$ 629,778	$ —	$ —	$ 629,778
Core Benefits and Insurance Services	—	286,361	—	286,361
Non-core Benefits and Insurance Services	—	11,397	—	11,397
Managed networking, hardware services	—	—	26,458	26,458
National Practices consulting	—	—	9,903	9,903
Total revenue	**$ 629,778**	**$ 297,758**	**$ 36,361**	**$ 963,897**

	For the Year Ended December 31, 2019			
	Financial Services	Benefits and Insurance Services	National Practices	Consolidated
Accounting, tax, advisory and consulting	$ 616,567	$ —	$ —	$ 616,567
Core Benefits and Insurance Services	—	283,783	—	283,783
Non-core Benefits and Insurance Services	—	12,445	—	12,445
Managed networking, hardware services	—	—	25,982	25,982
National Practices consulting	—	—	9,647	9,647
Total revenue	**$ 616,567**	**$ 296,228**	**$ 35,629**	**$ 948,424**

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. Anticipated realization is defined as the fixed fee divided by the product of the hours anticipated to complete a performance obligation and the standard billing rate. Anticipated realization rates are applied to hours charged to a contract when recognizing revenue. At the end of each reporting period, we evaluate the work performed to date to ensure that the amount of revenue recognized in each reporting period for the client arrangement is equal to the performance obligations met.

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.

Prior to recognizing revenue for outcome-based arrangement, we estimate the transaction price, including variable consideration that is subject to a constraint based on risks specific to the arrangement. We evaluate the estimate in each reporting period and recognize revenue to the extent it is probable that a significant reversal of revenue will not occur. Revenue is 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

Benefits and Insurance Services provides brokerage and consulting along lines of service which include group health benefits consulting and brokerage, property and casualty brokerage, retirement plan advisory, payroll, human capital management, actuarial, life insurance and other related 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. We pay commissions monthly and require the recipient of the commission to be employed by us at the time of the payment. Failure to remain employed at the date the commission is payable results in the forfeiture of commissions that would otherwise be due. Therefore, we have determined that the requirement of continued employment is substantive and accordingly, do not consider the commissions to be incremental costs of obtaining the customer contract and consequently a contract acquisition cost is not recognized for those commissions.

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, our 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 from a carrier 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 from a carrier 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, as provided by a third party, multiplied by an agreed upon rate. Advisory services revenue is calculated monthly or quarterly based on the estimated value of assets under management, as it is earned over the duration of the reporting period and relates to performance obligations satisfied during that period. The variability related to the estimated asset values used to recognize revenue during the reporting period is resolved and the amount of related revenue recognized is adjusted when the actual value of assets under management is known.

- 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 the volume of tasks may differ month to month, our 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, our 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, 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 outcome-based. Revenue for fixed fee and time and expense arrangements is recognized over the performance period based upon actual hours incurred, while revenue for outcome-based arrangements is recognized similar to the outcome-based arrangements in the Financial Services practice group.

Transaction Price Allocated to Future Obligations - The revenue recognition standard requires the disclosure of the aggregate amount of transaction price allocated to performance obligations that have not yet been satisfied as of the reporting date. 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. In regards to contracts with terms in excess of one year, certain contract periods related to our government healthcare consulting, group health and benefits consulting, and property and casualty insurance businesses have an original specified contract duration in excess of one year, however, the agreements provide CBIZ and the client with the right to cancel or terminate the contract with no substantial penalty. We have applied the provisions of Topic 606 and the FASB Transition Resource Group memo number 10-14, and note that the definition of contract duration does not extend beyond the goods and services already transferred for contracts that provide both the Company and the client with the right to cancel or terminate the contract with no substantial penalty.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net balances at December 31, 2021 and 2020 were as follows (in thousands):

	2021	2020
Trade accounts receivable	$ 190,710	$ 167,575
Unbilled revenue, at net realizable value	67,616	63,494
Total accounts receivable	258,326	231,069
Allowance for doubtful accounts	(16,158)	(14,894)
Accounts receivable, net	$ 242,168	$ 216,175

Changes in the allowance for doubtful accounts on accounts receivable are as follows (in thousands):

	2021	2020	2019
Balance at beginning of period	$ (14,894)	$ (14,379)	$ (13,389)
Provision	(9,422)	(9,323)	(8,433)
Charge-offs, net of recoveries	8,158	8,808	7,443
Balance at end of period	$ (16,158)	$ (14,894)	$ (14,379)

NOTE 4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net at December 31, 2021 and 2020 consisted of the following (in thousands):

	2021	2020
Buildings and leasehold improvements	$ 41,894	$ 37,022
Furniture and fixtures	29,588	28,006
Capitalized software	34,474	34,503
Equipment	27,206	23,467
Total property and equipment	133,162	122,998
Accumulated depreciation	(89,739)	(81,652)
Property and equipment, net	$ 43,423	$ 41,346

Depreciation expense for property and equipment was $10.8 million, $9.6 million and $8.3 million in 2021, 2020 and 2019, respectively.

NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

A summary of changes in the carrying amount of goodwill by operating segment for the years ended December 31, 2021 and 2020 were as follows (in thousands):

	Financial Services	Benefits and Insurance Services	National Practices	Total Goodwill
Gross	$ 378,294	$ 260,033	$ 33,873	$ 672,200
Accumulated impairment	$ (44,047)	$ (7,733)	$ (32,207)	$ (83,987)
Net at December 31, 2019	$ 334,247	$ 252,300	$ 1,666	$ 588,213
Additions	34,785	62,654	—	97,439
Divestitures and other adjustment	(993)	(1,576)	—	(2,569)
Gross	412,086	321,111	33,873	767,070
Accumulated impairment	(44,047)	(7,733)	(32,207)	(83,987)
Net at December 31, 2020	$ 368,039	$ 313,378	$ 1,666	$ 683,083
Additions	58,646	1,800	—	60,446
Divestitures and other adjustment	—	(2,786)	—	(2,786)
Gross	470,732	320,125	33,873	824,730
Accumulated impairment	(44,047)	(7,733)	(32,207)	(83,987)
Net at December 31,2021	$ 426,685	$ 312,392	$ 1,666	$ 740,743

We review goodwill at the reporting unit level at least annually, as of November 1, for impairment. We had five reporting units at November 1, 2021. No goodwill impairment was recognized as a result of the annual evaluation.

The components of goodwill and other intangible assets, net at December 31, 2021 and 2020 were as follows (in thousands):

	2021	2020
Goodwill	$ 740,743	$ 683,083
Intangibles :		
Client lists	249,422	207,084
Other intangibles	11,454	11,244
Total intangibles	260,876	218,328
Total goodwill and other intangibles assets	1,001,619	901,411
Accumulated amortization:		
Client lists	(152,326)	(137,284)
Other intangibles	(8,510)	(7,377)
Total accumulated amortization	(160,836)	(144,661)
Goodwill and other intangible assets, net	$ 840,783	$ 756,750

Amortization expense for client lists and other intangible assets was $16.3 million, $13.6 million and $14.1 million in 2021, 2020 and 2019, respectively. The weighted-average useful lives of total intangible assets, client lists and other intangible assets were 7.4 years, 7.5 years and 5.0 years, respectively. Other intangible assets are amortized over periods ranging from 3 to 15 years. Based on the amount of intangible assets subject to amortization at December 31, 2021, the estimated amortization expense is $16.7 million for 2022, $15.5 million for 2023, $13.8 million for 2024, $12.3 million for 2025 and $10.4 million for 2026.

NOTE 6. FINANCIAL INSTRUMENTS

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 are classified as Level 1 in the fair value hierarchy. 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 classified as Level 2 in the fair value hierarchy.

Concentrations of Credit Risk - Financial instruments that may subject us to concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. We place our cash and cash equivalents with highly-rated financial institutions, limiting the amount of credit exposure with any one financial institution. Our client base consists of large numbers of geographically diverse customers dispersed throughout the United States; thus, concentration of credit risk with respect to accounts receivable is not significant.

Available-For-Sale Debt Securities - Available-for-sale debt securities consist primarily of corporate and municipal bonds. The net par values of these securities total $37.0 million and $24.9 million at December 31, 2021 and 2020, respectively. The bonds have maturity dates or callable dates ranging from January 2022 through November 2025, 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.

At December 31, 2021, unrealized losses on the securities were not material and have not been recognized as a credit loss because the bonds are investment grade quality and management is not required or does not intend to sell prior to an expected recovery in value. The bond issuers continue to make timely principal and interest payments.

The following table summarizes our bond activity for the years ended December 31, 2021 and 2020 (in thousands):

	2021	2020
Fair value at January 1	$ 25,708	$ 60,659
Purchases	26,980	3,447
Redemptions	(6,530)	(22,078)
Maturities	(8,347)	(15,409)
Change in bond premium	1,517	(857)
Fair market value adjustment	(658)	(54)
Fair value at December 31	$ 38,670	$ 25,708

In addition to the available-for-sale securities discussed above, we also held other depository assets in the amount of $1.1 million at December 31, 2021. We did not have any depository items at December 31, 2020. Those depository assets are classified as Level 1 in the fair value hierarchy.

Interest Rate Swaps - We utilize interest rate swaps to manage interest rate risk exposure associated with our floating-rate debt under the 2018 credit facility, or the forecasted acquisition of such liability. Under these interest rate swap contracts, we receive cash flows from counterparties at variable rates based on LIBOR and pay the counterparties a fixed rate. To mitigate counterparty credit risk, we only enter into contracts with selected major financial institutions with investment grade ratings and continually assess their creditworthiness. There are no credit risk-related contingent features in our interest rate swaps nor do the swaps contain provisions under which we would be required to post collateral. We do not purchase or hold any derivative instruments for trading or speculative purposes.

The designation of a derivative instrument as a hedge and its ability to meet the hedge accounting criteria determine how we reflect the change in fair value of the derivative instrument. A derivative qualifies for hedge accounting treatment if, at inception, it meets defined correlation and effectiveness criteria. These criteria require that the anticipated cash flows and/or changes in fair value of the hedging instrument substantially offset those of the position being hedged.

We had no fair value hedging instruments at December 31, 2021 or 2020. Our interest rate swaps are designated as cash flow hedges. Accordingly, the interest rate swaps are recorded as either an asset or liability in the accompanying Consolidated Balance Sheets at fair value. The mark-to-market gains or losses on the swaps are deferred and included as a component of accumulated other comprehensive loss (“AOCL”), net of tax, to the extent the hedge is determined to be effective, and reclassified to interest expense in the same period during which the hedged transaction affects earnings. The interest rate swaps are assessed for effectiveness and continued qualification for hedge accounting on a quarterly basis. For the years ended December 31, 2021 and 2020, the interest rate swaps were deemed to be highly effective.

The following table summarizes our outstanding interest rate swaps and their classification in the accompanying Consolidated Balance Sheets at December 31, 2021 and 2020 (in thousands). Refer to Note 7, Fair Value Measurements, to the accompanying consolidated financial statements for additional disclosures regarding fair value measurements.

	December 31, 2021		
	Notional Amount	Fair Value	Balance Sheet Location
Interest rate swap	$ 20,000	$ (120)	Other current liability
Interest rate swaps	$ 45,000	$ (496)	Other non-current liabilities
Interest rate swap	$ 50,000	$ 405	Other non-current asset

	December 31, 2020		
	Notional Amount	Fair Value	Balance Sheet Location
Interest rate swap	$ 10,000	$ (13)	Other current liability
Interest rate swaps	$ 85,000	$ (2,552)	Other non-current liabilities

During the fourth quarter of 2021, we entered into a new 5-year interest rate swap with a notional value of $30 million and fixed rate of 1.249%. One interest rate swap with a notional value of $10 million and fixed rate of 1.120% expired during the first quarter of 2021. As of December 31, 2021, we have four interest rate swaps outstanding. Under the terms of the interest rate swaps, we pay interest at a fixed rate plus applicable margin as stated in the agreements, 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 December 31, 2021 is (i) $20.0 million – 1.770% - May, 2022, (ii) $15.0 million – 2.640% - June, 2023, (iii) $50.0 million - 0.885% - April, 2025 and (iv) $30.0 million - 1.249% - December, 2026.

During the next twelve months, the amount of the December 31, 2021 AOCL balance that will be reclassified to earnings is expected to be immaterial. The following table summarizes the effects of the interest rate swap on our accompanying Consolidated Statements of Comprehensive Income for the years ended December 31, 2021 and 2020 (in thousands):

	Gain (loss) recognized in AOCL, net of tax		Loss reclassified from AOCL into expense		
	Twelve Months Ended December 31,		Twelve Months Ended December 31,		Location
	2021	2020	2021	2020	
Interest rate swaps	$ 929	$ (1,525)	$ (1,152)	$ (974)	Interest expense

NOTE 7. FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The inputs used to measure fair value are classified into the following hierarchy:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 — Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability
- Level 3 — Unobservable inputs for the asset or liability

We endeavor to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As circumstances change, we will reassess the level in which the inputs are included in the fair value hierarchy.

For the years ended December 31, 2021 and 2020, there were no transfers between the valuation hierarchy Levels 1, 2 and 3. The following table summarizes our assets and (liabilities) at December 31, 2021 and 2020 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	December 31, 2021	December 31, 2020
Deferred compensation plan assets	1	136,321	127,332
Available-for-sale debt securities	1	38,670	25,708
Other depository assets	1	1,144	—
Deferred compensation plan liabilities	1	(136,321)	(127,332)
Interest rate swaps, net	2	(211)	(2,565)
Contingent purchase price liabilities	3	(79,139)	(54,391)

Contingent Purchase Price Liabilities - During the years ended December 31, 2021 and 2020, we recorded expense of $2.4 million and income of $0.6 million, respectively, due to accretion, adjusting for expected results of acquired businesses and the revaluation of stock related to contingent payments. These changes are included in Other income, net in the accompanying Consolidated Statements of Comprehensive Income. Refer to Note 18, Business Combinations, for further discussion of our acquisitions and contingent purchase price liabilities.

The following table summarizes the change in fair value of our contingent purchase price liabilities identified as Level 3 for the years ended December 31, 2021 and 2020 (pre-tax basis, in thousands):

		Contingent Purchase Price Liabilities
Beginning balance — January 1, 2020	$	(32,089)
Additions from business acquisitions		(37,617)
Settlement of contingent purchase price payable		14,686
Change in fair value of contingency		1,396
Change in net present value of contingency		(767)
Balance — December 31, 2020	$	(54,391)
Additions from business acquisitions		(39,666)
Settlement of contingent purchase price payable		17,285
Change in fair value of contingency		(554)
Change in net present value of contingency		(1,813)
Balance — December 31, 2021	$	(79,139)

NOTE 8. INCOME TAXES

For financial reporting purposes, income from continuing operations before income taxes includes the following components (in thousands):

		2021		2020		2019
United States	$	92,847	$	103,306	$	92,710
Foreign (Canada)		193		182		179
Total	$	93,040	$	103,488	$	92,889

Income tax expense (benefit) included in the accompanying Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019 was as follows (in thousands):

	2021	2020	2019
Continuing operations:			
Current:			
Federal	$ 12,369	$ 21,926	$ 12,776
Foreign	52	78	48
State and local	3,397	5,584	4,110
Total	15,818	27,588	16,934
Deferred:			
Federal	5,029	(1,968)	3,685
State and local	1,282	(479)	1,221
Total	6,311	(2,447)	4,906
Total income tax expense from continuing operations	22,129	25,141	21,840
Discontinued operations:			
Operations of discontinued operations:			
Current	(5)	(11)	(107)
Deferred	—	—	(1)
Total income tax expense from discontinued operations	(5)	(11)	(108)
Total income tax expense	$ 22,124	$ 25,130	$ 21,732

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

	2021	2020	2019
Tax at U.S. federal statutory rates	$ 19,538	$ 21,733	$ 19,507
State taxes (net of federal benefit)	4,498	5,354	4,774
Business meals and entertainment — non-deductible	190	458	987
Change in valuation allowance	435	176	932
Reserves for uncertain tax positions	(104)	(1,290)	(263)
Share-based compensation	(4,187)	(2,394)	(4,773)
Non-deductible expenses	1,408	787	713
Other, net	351	317	(37)
Provision for income taxes from continuing operations	$ 22,129	$ 25,141	$ 21,840
Effective income tax rate	23.8 %	24.3 %	23.5 %

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2021 and 2020, were as follows (in thousands):

	2021	2020
Deferred tax assets:		
Net operating loss carryforwards	$ 1,202	$ 1,249
Allowance for doubtful accounts	3,613	3,288
Employee benefits and compensation	33,549	30,151
Lease costs	5,726	6,291
State tax credit carryforwards	189	1,291
Deferral of employer FICA taxes	1,961	3,983
Other deferred tax assets	589	424
Total gross deferred tax assets	46,829	46,677
Less: valuation allowance	(2,046)	(2,663)
Total deferred tax assets, net	44,783	44,014
Deferred tax liabilities:		
Client list intangible assets	250	524
Goodwill and other intangibles	57,740	49,680
Property and equipment	1,488	2,071
Other deferred tax liabilities	745	491
Total gross deferred tax liabilities	60,223	52,766
Deferred income taxes, net	$ (15,440)	$ (8,752)

We have established valuation allowances for deferred tax assets related to certain employee benefits and compensation, state net operating loss (“NOL”) carryforwards and state income tax credit carryforwards at December 31, 2021 and December 31, 2020. The net decrease in the valuation allowance of $0.6 million for the year ended December 31, 2021 primarily related to changes in the valuation allowance for NOLs and state tax credit carryforwards.

In assessing the realization of deferred tax assets, management considers all available positive and negative evidence, including projected future taxable income, scheduled reversal of deferred tax liabilities, historical financial operations and tax planning strategies. Based upon review of these items, management believes it is more-likely-than-not that the Company will realize the benefits of these deferred tax assets, net of the existing valuation allowances.

We file income tax returns in the United States, Canada, and most state jurisdictions. CBIZ's federal income tax returns for years ending prior to January 1, 2018 are no longer subject to examination. With limited exceptions, our state and local income tax returns and non-U.S. income tax returns are no longer subject to tax authority examinations for years ending prior to January 1, 2017 and January 1, 2016, respectively.

The availability of NOLs and state tax credits are reported as deferred tax assets, net of applicable valuation allowances, in the accompanying Consolidated Balance Sheets. At December 31, 2021, we had state net operating loss carryforwards of $36.4 million and a state tax credit carryforward of $0.2 million. The state net operating loss carryforwards expire on various dates between 2022 and 2041 and the state tax credit carryforward expires on various dates between 2022 and 2029.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	2021	2020	2019
Balance at January 1	$ 1,536	$ 2,536	$ 2,819
Additions for tax positions of the current year	161	150	145
Additions for positions of prior years	400	—	—
Settlements of prior year positions	(374)	—	(282)
Lapse of statutes of limitation	(129)	(1,150)	(146)
Balance at December 31	$ 1,594	$ 1,536	$ 2,536

Included in the balance of unrecognized tax benefits at December 31, 2021 are $1.0 million of unrecognized tax benefits that, if recognized, would affect the effective tax rate. We believe it is reasonably possible that certain of these unrecognized tax benefits could change in the next twelve months. We expect reductions in the liability for unrecognized tax benefits of approximately $0.1 million within the next twelve months due to expiration of statutes of limitation. Given the number of years that are currently subject to examination, we are unable to estimate the range of potential adjustments to the remaining balance of unrecognized tax benefits at this time.

We recognize interest expense, and penalties related to unrecognized tax benefits as a component of income tax expense. During 2021, we recorded a decrease of $0.2 million in accrued interest, and, as of December 31, 2021, we had recognized a liability for interest expense and penalties of $0.2 million and $0.2 million, respectively, relating to unrecognized tax benefits. During 2020, we recorded an immaterial decrease in accrued interest, and, as of December 31, 2020, we had recognized a liability for interest expense and penalties of $0.4 million and $0.2 million, respectively, relating to unrecognized tax benefits.

NOTE 9. DEBT AND FINANCING ARRANGEMENTS

2018 credit facility

Our primary financing arrangement is the 2018 credit facility, which 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. The 2018 credit facility matures on April 3, 2023. The balance outstanding under the 2018 credit facility was $155.3 million and $108.0 million at December 31, 2021 and 2020, respectively. Effective interest rates, including the impact of interest rate swaps associated with the 2018 credit facility, were as follows:

	2021	2020
Weighted average rates	1.88%	2.45%
Range of effective rates	1.06% - 3.64%	1.10% - 4.75%

We have approximately $234.5 million of available funds under the 2018 credit facility at December 31, 2021, based on the terms of the commitment. Available funds under the credit facility are based on a multiple of earnings before interest, taxes, depreciation and amortization as defined in the credit facility, and are reduced by letters of credit, performance guarantees, other indebtedness and outstanding borrowings under the credit facility. Under the 2018 credit facility, loans are charged an interest rate consisting of a base rate or Eurodollar rate plus an applicable margin, letters of credit are charged based on the same applicable margin, and a commitment fee is charged on the unused portion of the credit facility.

The 2018 credit facility contains certain restrictive covenants customary for facilities of this type, including restrictions on indebtedness, liens or other encumbrances, making certain payments, investments, or to sell or otherwise dispose of a substantial portion of assets, or to merge or consolidate with an unaffiliated entity. The 2018 credit facility also limits our ability to make dividend payments. Historically, we have not paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. Our Board of Directors has discretion over the payment and level of dividends on common stock, subject to the limitations of the credit facility and applicable law. The credit facility contains a provision that, in the event of a defined change in control, the credit facility may be terminated. In addition, the 2018 credit facility contains financial covenants that require us to meet certain requirements with respect to (i) a total leverage ratio and (ii) minimum fixed charge coverage ratio which may limit our ability to borrow up to the total commitment amount. As of December 31, 2021, we are in compliance with all covenants.

Other line of credit

We have an unsecured $20.0 million line of credit by and among CBIZ Benefits and Insurance, Inc., our wholly owned subsidiary, and the Huntington Bank. We utilize this line of credit 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 6, Financial Instruments, for further discussion regarding these investments. The line of credit, which was renewed on August 5, 2021 and will terminate on August 4, 2022, did not have a balance outstanding at December 31, 2021 and 2020. Borrowings under the line of credit bear interest at the prime rate.

Interest expense

Interest expense, including amortization of deferred financing costs, commitment fees, line of credit fees, and other applicable bank charges, was as follows (in thousands):

	2021	2020	2019
2018 credit facility	$ 3,843	$ 4,919	$ 5,672
Other line of credit	—	1	22
Other	25	63	71
	$ 3,868	$ 4,983	$ 5,765

NOTE 10. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of accumulated other comprehensive loss at December 31, 2021 and 2020 were as follows (in thousands):

	2021	2020
Net unrealized (loss) gain on available-for-sale securities, net of income tax (benefit) expense of $(51) and $128, respectively	$ (127)	$ 351
Net unrealized loss on interest rate swap, net of income tax (benefit) of $(41) and $(618), respectively	(101)	(1,900)
Foreign currency translation	(739)	(720)
Accumulated other comprehensive loss	$ (967)	$ (2,269)

NOTE 11. COMMITMENTS AND CONTINGENCIES

Acquisitions - The purchase price that we normally pay for businesses and client lists consists of two components: an up-front non-contingent portion, and a portion which is contingent upon the acquired businesses or client lists' future performance. The fair value of the contingent purchase price consideration is recorded at the date of acquisition and re-measured each reporting period until the liability is settled. Shares of our common stock that are issued in connection with acquisitions may be contractually restricted from sale for periods up to one year. Acquisitions are further disclosed in Note 18, Business Combinations.

Indemnifications - We have various agreements in 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 the Company customarily agrees 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 are 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 December 31, 2021, we were not aware of any obligations arising under indemnification agreements that would require material payments, and therefore have not recorded a liability.

Employment Agreements - We maintain severance and employment agreements with certain of our executive officers, whereby such officers may be entitled to payment in the event of termination of their employment. We also have arrangements with certain non-executive employees which may include severance and other employment provisions. We accrue for amounts payable under these contracts and arrangements as triggering events occur and obligations become known. During the years ended December 31, 2021, 2020 and 2019, payments under such contracts and arrangements were not material.

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 $3.4 million and $1.7 million at December 31, 2021 and 2020, respectively. In addition, we provide license bonds to various state agencies to meet certain licensing requirements. The amount of license bonds outstanding was $2.3 million and $2.2 million at December 31, 2021 and 2020, respectively.

Legal Proceedings - On December 19, 2016, CBIZ Operations, Inc. (“CBIZ Operations”) was named as a defendant in a lawsuit filed by Zotec Partners, LLC ("Zotec") in the Marion County Indiana Superior Court. After various amendments, the lawsuit asserts claims under Indiana law for securities, statutory and common law fraud or deception, unjust enrichment, breach of contract, and vicarious liability against CBIZ Operations and a former employee of CBIZ MMP in connection with the sale of the CBIZ MMP medical billing practice to Zotec. The plaintiff claims that CBIZ Operations had a duty to disclose the unknown fact that the former employee had a financial arrangement with a Zotec vendor at the time CBIZ Operations sold CBIZ MMP to Zotec. The plaintiff has been seeking damages of up to $177.0 million out of the $200.0 million transaction price. Trial was held in October 2021. The jury found in favor of CBIZ on all fraud, contract and other claims before it. Zotec’s remaining claim for Indiana statutory securities fraud and CBIZ’s counterclaim for breach of contract against Zotec will be addressed by the trial Judge at a later date.

In addition to the item disclosed above, the Company is, from time to time, subject to claims and suits arising in the ordinary course of business. We cannot predict the outcome of all such 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 matters.

On June 24, 2021, CBIZ settled the case previously brought by UPMC, d/b/a University of Pittsburgh Medical Center, and a health system it acquired in connection with actuarial services provided by the Company. Under the terms of the settlement, CBIZ paid a total settlement amount of $41.5 million and recorded a settlement loss of $30.5 million.

On September 27, 2021, the Superior Court for Maricopa County, Arizona, granted CBIZ’s motion to dismiss with prejudice all of the remaining claims filed in connection with the previously disclosed lawsuits arose out of the bankruptcy of Mortgages Ltd, a mortgage lender to developers in the Phoenix, Arizona area. Therefore, all litigation related to these matters has been dismissed or settled without payment by CBIZ.

NOTE 12. EMPLOYEE BENEFITS

Employee Savings Plan - We sponsor a qualified 401(k) defined contribution plan that covers substantially all of our employees. Participating employees may elect to contribute, on a tax-deferred basis, up to 80% of their pre-tax annual compensation (subject to a maximum permissible contribution under Section 401(k) of the Internal Revenue Code). Matching contributions by us are 50% of the first 6% of base compensation that the participant contributes, and additional amounts may be contributed at the discretion of the Board of Directors. Participants may elect to invest their contributions in various funds including: equity, fixed income, stable value, and balanced-lifecycle funds.

Employer contributions (net of forfeitures) made to the plan during the years ended December 31, 2021, 2020 and 2019 were approximately $13.2 million, $12.2 million and $11.1 million, respectively.

Non-qualified Deferred Compensation Plan - We sponsor a non-qualified deferred compensation plan, under which certain members of management and other highly compensated employees may elect to defer receipt of a portion of their annual compensation, subject to maximum and minimum percentage limitations. The amount of compensation deferred under the plan is credited to each participant's deferral account and a non-qualified deferred compensation plan obligation is established by us. An amount equal to each participant's compensation deferral is transferred into a rabbi trust and invested in various debt and equity securities as directed by the participants. The assets of the rabbi trust are held by us and recorded as "Assets of deferred compensation plan" in the accompanying Consolidated Balance Sheets.

Assets of the non-qualified deferred compensation plan consist primarily of investments in mutual funds, money market funds and equity securities. The values of these investments are based on published market prices at the end of the period. Adjustments to the fair value of these investments are recorded in "Other income, net," offset by the same adjustments to compensation expense (recorded as "Operating expenses" or "G&A expenses" in the accompanying Consolidated Statements of Comprehensive Income).

We recorded income of $19.5 million, $15.4 million, and $19.2 million related to these investments for the year ended December 31, 2021, 2020 and 2019, respectively. These investments are specifically designated as available to us solely for the purpose of paying benefits under the non-qualified deferred compensation plan. However, the investments in the rabbi trusts would be available to all unsecured general creditors in the event that we become insolvent.

Deferred compensation plan obligations represent amounts due to plan participants and consist of accumulated participant deferrals and changes in fair value of investments thereon since the inception of the plan, net of withdrawals. This liability is an unsecured general obligation of ours and is recorded as "Deferred compensation plan obligations" in the accompanying Consolidated Balance Sheets.

The assets and liabilities related to the non-qualified deferred compensation plan at December 31, 2021 and 2020 were $136.3 million and $127.3 million, respectively.

NOTE 13. COMMON STOCK

Share Repurchase Program - Our Board of Directors approved various share repurchase programs that were effective during the years ended December 31, 2021 and 2020. Under these programs, shares may be purchased in the open market or in privately negotiated transactions according to SEC rules.

The Share Repurchase Program does not obligate us to acquire any specific number of shares and may be suspended at any time. Repurchased shares are held in treasury and may be reserved for future use in connection with acquisitions, employee share plans and other general purposes. Under our credit facility, described in Note 9, Debt and Financing Arrangements, share repurchases are unlimited when total leverage is less than 3.0. When leverage is greater than 3.0, the annual share repurchase is limited to $35.0 million.

Under the Share Repurchase Program, we repurchased 3.0 million and 2.3 million shares on the open market at a cost (including fees and commissions) of $96.4 million and $57.6 million during the years ended December 31, 2021 and 2020, respectively. Shares repurchased to settle statutory employee withholding related to vesting of stock awards were 0.1 million shares at a cost of $3.0 million during the year ended December 31, 2021 and 0.1 million shares at a cost of $2.0 million during the year ended December 31, 2020.

NOTE 14. EMPLOYEE STOCK PLANS

Employee Stock Purchase Plan - The 2007 Employee Stock Purchase Plan ("ESPP"), which has a termination date of June 30, 2024, allows qualified employees to purchase shares of common stock through payroll deductions up to a limit of $25,000 of stock per calendar year. The price an employee pays for shares is 85% of the fair market value of our common stock on the last day of the purchase period. Purchase periods begin on the sixteenth day of the month and end on the fifteenth day of the subsequent month. Other than a one-year holding period from the date of purchase, there are no vesting or other restrictions on the stock purchased by employees under the ESPP. The total number of shares of common stock that can be purchased under the ESPP shall not exceed 2.0 million shares.

Stock Awards – Effective May 9, 2019, the CBIZ shareholders approved CBIZ, Inc. 2019 Stock Omnibus Incentive Plan (“2019 Plan”), which amended and restated the CBIZ, Inc. 2014 Stock Incentive Plan (“2014 Plan”), of which we have granted various stock-based awards through the year ended December 31, 2021. Effective January 1, 2020, the 2019 Plan replaced and superseded the 2014 Plan. The operating terms of the 2019 Plan are substantially similar to those of the 2014 Plan. Under the 2019 Plan, which expires in 2029, a maximum of 3.1 million stock options, restricted stock or other stock based compensation awards may be granted. Shares subject to award under the 2019 Plan may be either authorized but unissued shares of our common stock or treasury shares. The terms and vesting schedules for the share-based awards vary by type and date of grant. At December 31, 2021, approximately 2.0 million shares were available for future grant under the 2019 Plan.

During the years ended December 31, 2021, 2020 and 2019, we recognized compensation expense (before income tax expense) for these awards as follows (in thousands):

	2021	2020	2019
Stock options	$ 1,291	$ 1,878	$ 1,848
Restricted stock units and awards	5,603	4,960	4,375
Performance share units	4,513	2,031	1,031
Total share-based compensation expense	$ 11,407	$ 8,869	$ 7,254

Stock Options - Certain employees and non-employee directors were granted stock options. Stock options awarded to non-employee directors have generally been granted with immediate vesting. Stock options awarded to employees are generally subject to a 25% incremental vesting schedule over a four-year period commencing from the date of grant. At the discretion of the Compensation Committee of the Board of Directors, options awarded under the 2019 Plan may vest in a time period shorter than four years. Stock options expire six years from the date of grant and are awarded with an exercise price equal to the market value of our common stock on the date of grant. Stock options may be granted alone or in addition to other awards and may be of two types: incentive stock options and non-qualified stock options. During the year ended December 31, 2021 and 2020, we granted 50 thousand and 50 thousand stock options to non-employee directors, respectively. We did not grant any stock options during the year ended December 31, 2019.

Stock option activity during the year ended December 31, 2021 was as follows (number of options in thousands):

	Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2020	1,820	$ 15.02		
Granted	50	$ 32.64		
Exercised	(647)	$ 11.30		
Outstanding at December 31, 2021	1,223	$ 17.71	1.98 years	$ 26.2
Vested and exercisable at December 31, 2021	1,075	$ 17.47	1.93 years	$ 23.3

- The weighted-average grant-date fair value of stock options granted during the years ended December 31, 2021 and 2020 was $0.4 million and $0.3 million, respectively.
- The aggregate intrinsic value of stock options exercised during each of the years ended December 31, 2021, 2020 and 2019 was $13.6 million, $8.9 million and $18.8 million, respectively. The intrinsic value is calculated as the difference between our stock price on the exercise date and the exercise price of each option exercised.

- At December 31, 2021, we had unrecognized compensation cost for non-vested stock options of $0.2 million to be recognized over a weighted average period of approximately 0.35 years.

We utilized the Black-Scholes-Merton option-pricing model to determine the fair value of stock options on the date of grant. The fair value of stock options granted during the years ended December 31, 2021 and 2020 were $8.10 and $5.79, respectively. The following weighted average assumptions were utilized:

	2021	2020
Expected volatility (1)	27.49 %	27.27 %
Expected option life (years) (2)	4.71	4.67
Risk-free interest rate (3)	0.74 %	0.19 %
Expected dividend yield (4)	— %	— %

(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 it takes the option to vest.

(3) The risk-free interest rate assumption was 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.

Restricted Stock Units and Awards - Under the 2019 Plan, certain employees and non-employee directors were granted restricted stock units and awards. Restricted stock units and awards are independent of option grants and vest at no cost to the recipients. Restricted stock units and awards are subject to forfeiture if employment terminates prior to the release of restrictions, generally one to four years from the date of grant. Recipients of restricted stock units and awards are entitled to the same dividend and voting rights as holders of other CBIZ common stock, subject to certain restrictions during the vesting period, and these are considered to be issued and outstanding from the date of grant. Shares granted under the 2019 Plan cannot be sold, pledged, transferred or assigned during the vesting period**.**

Restricted stock units and awards activity during the year ended December 31, 2021 was as follows (in thousands, except per share data):

	Number of Shares	Weighted Average Grant-Date Fair Value (1)
Non-vested at December 31, 2020	461	$ 21.03
Granted	174	$ 28.62
Vested	(246)	$ 20.00
Non-vested at December 31, 2021	389	$ 25.07

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

- At December 31, 2021, we had unrecognized compensation cost for restricted stock units and awards of $5.5 million to be recognized over a weighted average period of approximately 0.72 years.

- The total fair value of shares vested during the years ended December 31, 2021, 2020 and 2019 was approximately $4.9 million, $4.6 million and $3.9 million, respectively.

- The market value of shares awarded during the years ended December 31, 2021, 2020 and 2019 was $5.0 million, $4.3 million and $4.5 million, respectively. This market value was recorded as unearned compensation and is recognized as expense ratably over the periods which the restrictions lapse.

- Awards outstanding at December 31, 2021 will be released from restrictions at dates ranging from February, 2022 through February, 2024.

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

The following table presents our PSU award activity during the twelve months ended December 31, 2021 (in thousands, except per share data):

	Performance Share Units	Weighted Average Grant-Date Fair Value Per Unit (1)
Outstanding at December 31, 2020	307	$ 22.18
Granted	140	$ 27.56
Adjustments for performance results (2)	26	$ 19.82
Outstanding at December 31, 2021	473	$ 23.64

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

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

NOTE 15. EARNINGS PER SHARE

The following table sets forth the reconciliation of the numerator and the denominator of basic earnings per share and diluted earnings per share from continuing operations for the years ended December 31, 2021, 2020 and 2019 (in thousands, except per share data):

	Year Ended December 31,		
	2021	2020	2019
Numerator:			
Income from continuing operations	$ 70,911	$ 78,347	$ 71,049
Denominator:			
Basic			
Weighted average common shares outstanding	52,637	54,288	54,299
Diluted			
Stock options (1)	683	802	1,288
Restricted stock awards	192	195	234
Contingent shares (2)	—	74	74
Performance share units	211	—	—
Diluted weighted average common shares outstanding (3)	53,723	55,359	55,895
Earnings Per Share:			
Basic earnings per share from continuing operations	$ 1.35	$ 1.44	$ 1.31
Diluted earnings per share from continuing operations	$ 1.32	$ 1.42	$ 1.27

(1) For the years ended December 31, 2021, 2020 and 2019, a total of 23 thousand, 253 thousand and 482 thousand stock based awards, respectively, were excluded from the calculation of diluted earnings per share as their exercise prices would render them 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 conditions have been met. For further details, refer to Note 18, Business Combinations.

(3) The denominator used in calculating diluted earnings per share did not include 0.3 million and 0.3 million performance share units for the twelve months ended December 31, 2021 and 2020, respectively. The performance conditions associated with these performance share units were not met and consequently none of these performance share units were considered as issuable for the years ended December 31, 2021 and 2020.

NOTE 16. LEASES

We determine if a contract is a lease at inception. We have leases for office space and facilities, automobiles and certain information technology equipment. All of our leases are classified as operating leases and the majority of which are for office space and facilities.

Supplemental balance sheet information related to the Company's operating leases as of December 31, 2021 and 2020 was as follows (in thousands):

	December 31, 2021	December 31, 2020
Weighted-average remaining lease term	6.4 years	6.7 years
Weighted-average discount rate	3.54 %	3.6 %

The components of lease cost and other lease information as of and during the year ended December 31, 2021 and 2020 are as follows (in thousands):

	December 31, 2021	December 31, 2020
Operating lease cost	$ 35,584	$ 34,781
Cash paid for amounts included in measurement of lease liabilities		
Operating cash flows for operating leases	$ 38,042	$ 35,426

Our leases have remaining lease terms ranging from 1 to 10 years. These leases generally contain renewal options for periods ranging from two to five years. Because the Company is not reasonably certain to exercise these renewal options, the options are not included in the lease term, and associated potential option payments are excluded from lease payments.

Maturities of operating lease liabilities at December 31, 2021 and minimum cash commitments under operating leases at December 31, 2020 were as follows (in thousands):

	December 31, 2021
2022	$ 36,202
2023	33,490
2024	29,153
2025	27,779
2026	23,213
Thereafter	50,311
Total undiscounted lease payments	200,148
Less: imputed interest	(23,754)
Total lease liabilities	$ 176,394

	December 31, 2020
2021	$ 36,270
2022	30,354
2023	27,709
2024	24,401
2025	22,662
Thereafter	52,432
Total undiscounted lease payments	193,828
Less: imputed interest	(21,325)
Total lease liabilities	$ 172,503

NOTE 17. RELATED PARTIES

The following is a summary of certain agreements and transactions between or among us and certain related parties. Management reviews these transactions as they occur and monitors them for compliance with our Code of Conduct, internal procedures and applicable legal requirements. The Audit Committee reviews and ratifies such transactions annually, or as they are more frequently brought to the attention of the Audit Committee by our Director of Internal Audit, General Counsel or other members of Management.

A number of the businesses acquired by us are located in properties owned indirectly by and leased from persons employed by us, none of whom are members of our senior management. In the aggregate, we paid approximately $2.3 million, $2.2 million and $2.4 million during the years ended December 31, 2021, 2020 and 2019, respectively, under such leases.

We maintain joint-referral relationships and ASAs with independent licensed CPA firms under which we provide administrative services in exchange for a fee. These firms are owned by licensed CPAs who are employed by our subsidiaries and provide audit and attest services to clients including our clients. The CPA firms with which we maintain ASAs operate as limited liability companies, limited liability partnerships or professional corporations. The firms are separate legal entities with separate governing bodies and officers. We have no ownership interest in any of these CPA firms, and neither the existence of the ASAs nor the providing of services thereunder is intended to constitute control of the CPA firms by us. CBIZ and the CPA firms maintain their own respective liability and risk of loss in connection with performance of each of its respective services, and we do not believe that our arrangements with these CPA firms result in additional risk of loss.

NOTE 18. BUSINESS COMBINATIONS

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. CBIZ has 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.

During the year ended December 31, 2021, we completed the following acquisitions:

- Effective January 1, 2021, we acquired substantially all the assets of Middle Market Advisory Group ("MMA"). MMA, based in Englewood, Colorado, is a provider of tax compliance and consulting services to middle market companies and family groups in the real estate, automotive, technology and SAAS, construction, and manufacturing industries. Operating results are reported in the Financial Services practice group.

- Effective April 1, 2021, we acquired substantially all the assets of Wright Retirement Services, LLC ("Wright"). Wright, located in Valdosta, Georgia, specializes in third party administration services for retirement plan sponsors. Operating results are reported in the Benefits and Insurance practice group.
- Effective May 1, 2021, we acquired substantially all of the non-attest assets of Bernston Porter & Company, PLLC ("BP"). BP, based in Bellevue, Washington, is a provider of comprehensive accounting and financial consulting services including tax, forensic, economic and valuation services and transaction services to a wide range of industries with specialties including construction, real estate, hospitality, manufacturing and technology. Operating results are reported in the Financial Services practice group.
- Effective June 1, 2021, we acquired all of the issued and outstanding membership interests of Schramm Health Partners, LLC dba Optumas ("Optumas"). Optumas, based in Scottsdale, Arizona, is a provider of actuarial services to state government health care agencies to assist in the administration of Medicaid programs. Operating results are reported in the Financial Services practice group.
- Effective September 1, 2021, we acquired all of the non-attest assets of Shea Labagh Dobberstein ("SLD"). SLD, based in San Francisco, California, is a provider of professional accounting, tax and advisory services to privately held businesses, individuals and nonprofit organizations. Operating results are reported in the Financial Services practice group.
- Effective December 1, 2021, we acquired substantially all the assets of Kenneth Weiss & Company, P.C. dba Weiss & Company (“Weiss”). Weiss, based in San Diego, California, is a provider of tax compliance and consulting services to family groups and individuals. Operating results are reported in the Financial Services practice group.

Annualized aggregated revenue for these acquisitions is estimated to be approximately $74.4 million. Pro forma results of operations for these acquisitions are not presented because the effects of these acquisitions were not significant either individually or in aggregate to our consolidated “Income from continuing operations before income taxes.”

During the year ended December 31, 2020, we acquired substantially all of the assets of the following businesses.

- Effective February 1, 2020, we acquired substantially all the assets of Alliance Insurance Services, Inc. ("Alliance"), a provider of insurance and advisory services based in Washington DC. Alliance is included as a component of our Benefits and Insurance Services practice group.
- Effective February 1, 2020, we acquired substantially all the assets of Pension Dynamics, LLC ("PD"), a full service retirement and benefits plan advisor based in Pleasant Hill, California. PD is included as a component of our Benefits and Insurance Services practice group.
- Effective February 1, 2020, we acquired substantially all the assets of Sunshine Systems, Inc. ("Sunshine"), a payroll solutions provider based in Massachusetts. Sunshine is included as a component of our Benefits and Insurance Services practice group.
- Effective July 1, 2020, we acquired substantially all the assets of Prince-Wood Insurance, L.L.C. ("PWI"), a provider of financial insurance and advisory services based in Woodbridge, Virginia. PWI is included as a component of our Benefits and Insurance practice group.
- Effective September 1, 2020, we acquired substantially all the assets of ARC Consulting LLC and ARC Placement Group LLC (collectively "ARC"), a provider of financial, insurance and advisory services based in San Francisco, California. ARC is included as a component of our Financial Services practice group.

- Effective December 1, 2020, we acquired substantially all the assets of BeyondPay, Inc., a full service human capital management and payroll service provider based in Clinton, New Jersey. BeyondPay is included as a component of our Benefits and Insurance practice group.

- Effective December 31, 2020, we acquired substantially all the assets of Borden Perlman Insurance Agency, Inc. ("BP"), a leading provider of financial, insurance and advisory services located in Ewing, New Jersey. BP is included as a component of our Benefits and Insurance practice group.

Annualized aggregated revenue for these acquisitions is estimated to be approximately $45.2 million. Pro forma results of operations for these acquisitions are not presented because the effects of these acquisitions were not significant either individually or in aggregate to our consolidated “Income from continuing operations before income taxes.”

We anticipate completion of the purchase accounting for certain 2021 acquisitions by June 30, 2022, and, as such, provisional amounts of certain assets acquired, liabilities assumed, and purchase price are reported as of December 31, 2021. Adjustments made in 2021 related to 2020 acquisitions were immaterial.

The following table summarizes the aggregated consideration and preliminary purchase price allocation for the acquisitions completed during the year ended December 31, 2021 and 2020, respectively (in thousands):

	2021	2020
Common stock issued (number)	207	339
Common stock value	$ 6,940	$ 8,698
Cash paid	66,651	73,372
Other payable	—	59
Recorded contingent consideration	39,665	38,901
Total recorded purchase price	$ 113,256	$ 121,030
Accounts receivable acquired, net	$ 9,838	$ 5,381
Fixed assets acquired	1,473	—
Identifiable intangible assets acquired	42,422	20,703
Operating lease right-of-use asset acquired, net	19,153	2,746
Other assets acquired, net	848	967
Operating lease liability acquired - current	(3,020)	(793)
Other current liabilities acquired	(1,771)	(3,460)
Operating lease liability acquired - noncurrent	(16,133)	(1,953)
Goodwill	60,446	97,439
Total net assets acquired	$ 113,256	$ 121,030
Maximum potential contingent consideration	$ 41,720	$ 43,052

Provisional estimates of fair value are established at the time of each acquisition and are subsequently reviewed within the first year of operations subsequent to the acquisition date to determine the necessity for adjustments. Fair value estimates were provisional for some of the 2021 acquisitions as of December 31, 2021, primarily related to the value established for certain identifiable intangible assets and contingent purchase price consideration associated with those acquisitions.

The following table summarizes the aggregated goodwill and intangible asset amounts resulting from those acquisitions for the twelve months ended December 31, 2021 and 2020, respectively (in thousands):

	Twelve Months Ended December 31,			
	2021		2020	
	Financial Services	Benefits & Insurance	Financial Services	Benefits & Insurance
Goodwill	$ 58,646	$ 1,800	$ 34,785	$ 62,654
Client list	40,950	1,290	—	19,350
Other intangibles	136	46	485	868
Total	$ 99,732	$ 3,136	$ 35,270	$ 82,872

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

The following table summarizes the changes in contingent purchase price consideration for previous acquisitions and contingent payments made for previous business acquisitions during the year ended December 31, 2021 and 2020, respectively (in thousands):

	2021	2020
Net expense (income)	2,367	(629)
Cash settlement paid	13,785	12,461
Shares issued (number)	109	91

Divestitures

Divested operations and assets that do not qualify for treatment as discontinued operations are recorded as “(Loss) gain on sale of operations, net” in the accompanying Consolidated Statements of Comprehensive Income. In 2021, we sold one business for $9.7 million in the Benefit and Insurance practice group and recorded a gain of $6.3 million. In 2020, we sold a small book of business in the Benefit and Insurance practice group and two small accounting firms in the Financial Services practice group and recorded a loss of $0.5 million.

NOTE 19. SEGMENT DISCLOSURES

Our business units have been aggregated into three practice groups: (i) Financial Services, (ii) Benefits and Insurance Services and (iii) National Practices, 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 practice group is provided in the table below.

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

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

Upon consolidation, intercompany accounts and transactions are eliminated, thus inter-segment revenue is not included in the measure of profit or loss for the practice groups. Performance of the practice groups is evaluated on income (loss) from continuing operations before income tax expense (benefit) excluding those costs listed above, which are reported in the “Corporate and Other”.

We operate in the United States and Canada and revenue generated from such operations during the years ended December 31, 2021, 2020 and 2019 was as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
United States	$ 1,103,183	$ 962,272	$ 946,801
Canada	1,742	1,625	1,623
Total revenue	$ 1,104,925	$ 963,897	$ 948,424

There is no one customer that represents a significant portion of our revenue.

Segment information for the years ended December 31, 2021, 2020 and 2019 is presented below (in thousands). We do not manage our assets on a segment basis, therefore segment assets are not presented below.

	For the Year Ended December 31, 2021				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 734,026	$ 332,323	$ 38,576	$ —	$ 1,104,925
Operating expenses	608,238	271,650	34,494	31,253	945,635
Gross margin	125,788	60,673	4,082	(31,253)	159,290
Corporate general and administrative expenses	—	—	—	56,150	56,150
Legal settlement, net	—	—	—	30,468	30,468
Operating income (loss)	125,788	60,673	4,082	(117,871)	72,672
Other income (expense):					
Interest expense	—	—	—	(3,868)	(3,868)
(Loss) gain on sale of operations, net	(289)	6,284	—	—	5,995
Other income, net	263	827	3	17,148	18,241
Total other (expense) income	(26)	7,111	3	13,280	20,368
Income (loss) from continuing operations before income tax expense	$ 125,762	$ 67,784	$ 4,085	$ (104,591)	$ 93,040

	For the Year Ended December 31, 2020				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 629,778	$ 297,758	$ 36,361	$ —	$ 963,897
Operating expenses	525,209	248,357	32,637	19,148	825,351
Gross margin	104,569	49,401	3,724	(19,148)	138,546
Corporate general and administrative expenses	—	—	—	46,066	46,066
Operating income (loss)	104,569	49,401	3,724	(65,214)	92,480
Other income (expense):					
Interest expense	—	(34)	—	(4,949)	(4,983)
(Loss) gain on sale of operations, net	(612)	103	—	—	(509)
Other income, net	262	196	1	16,041	16,500
Total other (expense) income	(350)	265	1	11,092	11,008
Income (loss) from continuing operations before income tax expense	$ 104,219	$ 49,666	$ 3,725	$ (54,122)	$ 103,488

	For the Year Ended December 31, 2019				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	$ 616,567	$ 296,228	$ 35,629	$ —	$ 948,424
Operating expenses	515,240	246,245	32,474	29,537	823,496
Gross margin	101,327	49,983	3,155	(29,537)	124,928
Corporate general and administrative expenses	—	—	—	44,406	44,406
Operating income (loss)	101,327	49,983	3,155	(73,943)	80,522
Other income (expense):					
Interest expense	—	(57)	—	(5,708)	(5,765)
Gain (loss) on sale of operations, net	578	—	—	(161)	417
Other (expense) income, net	(121)	238	1	17,597	17,715
Total other income	457	181	1	11,728	12,367
Income (loss) from continuing operations before income tax expense	$ 101,784	$ 50,164	$ 3,156	$ (62,215)	$ 92,889

NOTE 20. SUBSEQUENT EVENTS

Share Repurchase Program

On February 10, 2022, our Board of Directors authorized the continuation of the Share Repurchase Program, which has been renewed annually for the past seventeen years. It is effective beginning March 31, 2023, to which the amount of shares to be purchased will be reset to 5.0 million, and expires one year from the respective effective date. This authorization allows us to purchase shares of our common stock (i) in the open market, (ii) in privately negotiated transactions, or (iii) under Rule 10b5-1trading plans.

Marks Paneth Acquisition

Effective January 1, 2022, we acquired all of the non-attest assets of Marks Paneth LLP ("Marks Paneth"). Marks Paneth, based in New York City, is a provider of a full range of accounting, tax and consulting services to a wide range of industries. Marks Paneth is included as a component of our Financial Services practice group. Mayer Hoffman, an unrelated party, acquired the attest assets from Marks Paneth in a separate transaction.

Purchase price consideration consisted of approximately $81.25 million in cash paid at closing, subject to a customary working capital adjustment, and a contingent purchase consideration, or earnout, of up to a maximum of $75.25 million which consisted of cash and shares of CBIZ common stock. The earnout is payable contingent upon Marks Paneth's future performance. The cash portion of the initial purchase price and the earnout amounts discussed above will be reduced by the purchase price paid by Mayer Hoffman for the assets related to the attestation services of Marks Paneth in a separate transaction.

According to the terms of the purchase agreement, we agreed to issue up to approximately $7.52 million in CBIZ shares of common stock as part of the earnout (representing 10% of the earnout). These shares will be offered and issued to the limited number of sellers in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933. The shares of common stock to be issued pursuant to the terms of the purchase agreement may not be sold, assigned, transferred, pledged, made subject of any hedging transaction, or otherwise disposed of for a period of one year following the date of each issuance of common stock, subject to certain exceptions in the purchase agreement.

Exhibit 21.1

SUBSIDIARY COMPANIES OF CBIZ, INC.
DECEMBER 31, 2021

Company Name	State of Formation
Associated Insurance Agents, Inc.	MN
CBIZ Accounting, Tax & Advisory of Atlanta, LLC	DE
CBIZ Accounting, Tax & Advisory of Chicago, LLC	DE
CBIZ Accounting, Tax & Advisory of Colorado, LLC	DE
CBIZ Accounting, Tax & Advisory of Kansas City, LLC	OH
CBIZ Accounting, Tax & Advisory of Maryland, LLC	DE
CBIZ Accounting, Tax & Advisory of Memphis, LLC	DE
CBIZ Accounting, Tax & Advisory of Minnesota, LLC	DE
CBIZ Accounting, Tax & Advisory of New England, LLC	DE
CBIZ Accounting, Tax & Advisory of New York, LLC	DE
CBIZ Accounting, Tax & Advisory of Northern California, LLC	DE
CBIZ Accounting, Tax & Advisory of Ohio, LLC	DE
CBIZ Accounting, Tax & Advisory of Orange County, LLC	DE
CBIZ Accounting, Tax & Advisory of Phoenix, LLC	DE
CBIZ Accounting, Tax & Advisory of St. Louis, LLC	DE
CBIZ Accounting, Tax & Advisory of Southwest Florida, LLC	DE
CBIZ Accounting, Tax & Advisory of Topeka, LLC	DE
CBIZ Accounting, Tax & Advisory of Utah, LLC	DE
CBIZ Accounting, Tax & Advisory of Washington, LLC	DE
CBIZ Accounting, Tax & Advisory of Wichita, LLC	DE
CBIZ Accounting, Tax & Advisory, LLC	DE
CBIZ Acquisition 42, LLC	DE
CBIZ APG, LLC	DE
CBIZ ARC Consulting, LLC	DE
CBIZ Beatty Satchell, LLC	DE
CBIZ Benefits & Insurance Services, Inc.	MO
CBIZ CMF Business Solutions Canada	BRITISH COL, CAN
CBIZ Corporate Recovery & Litigation Services, LLC	OH
CBIZ Credit Risk Advisory Services, LLC	DE
CBIZ East, Inc.	OH
CBIZ Financial Solutions, Inc.	MD
CBIZ Gibraltar Real Estate Services, LLC	DE
CBIZ Insurance Services, Inc.	MD
CBIZ Investment Advisory Services, LLC	DE
CBIZ KA Consulting Services, LLC	DE
CBIZ Life Insurance Solutions, Inc.	OH
CBIZ MHM Golden State, LLC	DE

CBIZ MHM Northern California, LLC	DE
CBIZ MHM of Florida, LLC	DE
CBIZ MHM, LLC	DE
CBIZ M & S Consulting Services, LLC	DE
CBIZ M.T. Donahoe & Associates, LLC	DE
CBIZ National Tax Office, LLC	DE
CBIZ Network Solutions, LLC	DE
CBIZ Network Solutions Canada, Inc.	ONTARIO, CAN
CBIZ Operations, Inc.	OH
CBIZ Optumas, Inc.	AZ
CBIZ Private Equity Advisory, LLC	DE
CBIZ Retirement Consulting, Inc.	OH
CBIZ Risk & Advisory Services, LLC	TX
CBIZ Security & Advisory Services, LLC	DE
CBIZ Service Corp.	OH
CBIZ Southern California, LLC	DE
CBIZ Tax & Advisory of Nebraska, Inc.	OH
CBIZ Technologies, LLC	DE
CBIZ Valuation Group, LLC	DE
CBIZ West, Inc.	DE
Gallery Advisors, LLC	DE
MHM Retirement Plan Solutions, LLC	DE
OneCBIZ, Inc.	DE
Summit Retirement Plan Services, Inc.	OH
Weekes & Callaway, Inc.	FL

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-135912, 333-76179, 333-64109, and 333-27825) on Form S-3, (Nos. 333-90749, 333-46687, and 333-15413) on Form S-3, as amended, (Nos. 333-40313 and 333-81039) on Form S-4, as amended, (Nos. 333-145495, 333-62148, 333-74647, 333-35049, and 333-176219) on Form S-8, and (No. 333-197284) on Form S-8, as amended, of CBIZ, Inc. of our report dated February 25, 2022, with respect to the consolidated financial statements of CBIZ, Inc., and the effectiveness of internal control over financial reporting which report appears in the Form 10-K of CBIZ, Inc. dated February 25, 2022.

/s/ KPMG LLP
Cleveland, Ohio
February 25, 2022

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 Annual Report on Form 10-K 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 fourth 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: February 25, 2022

/s/ JEROME P. GRISKO, JR.

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

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER OF CBIZ, INC.

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

1. I have reviewed this Annual Report on Form 10-K 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 fourth 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: February 25, 2022	/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 Annual Report on Form 10-K for the period ended December 31, 2021 (the “Form 10-K”) 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-K 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-K fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: February 25, 2022

/s/ JEROME P. GRISKO, JR.

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

Subscribed and sworn to before me
on February 25, 2022.

/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 Annual Report on Form 10-K for the period ended December 31, 2021 (the “Form 10-K”) 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-K 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-K fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: February 25, 2022

/s/ WARE H. GROVE

Ware H. Grove

Chief Financial Officer

Subscribed and sworn to before me
on February 25, 2022.

/s/ MICHAEL W. GLEESPEN

Name: Michael W. Gleespen

Title: Notary Public & Attorney-At-Law

Registered in Franklin County, Ohio

No Expiration Date